CANADA

DEBATES OF THE SENATE

OFFICIAL REPORT

(HANSARD)

THE HONOURABLE JEAN MARCHAND, P.C.
SPEAKER

1980-81-82-83
FIRST SESSION, THIRTY-SECOND PARLIAMENT
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VOLUME III

(June 16, 1981 to March 9, 1982)

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The Speaker

THE HONOURABLE JEAN MARCHAND, P.C.

The Leader of the Government

THE HONOURABLE HORACE ANDREW OLSON, P.C.

The Leader of the Opposition

THE HONOURABLE JACQUES FLYNN, P.C.

THE SENATE

Tuesday, June 16, 1981

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

Prayers.

DISTINGUISHED VISITOR IN GALLERY

HONOURABLE JOSEPH R. SMALLWOOD, P.C.

Hon. Frederick W. Rowe: Honourable senators, I would like to draw your attention to the fact that we have in the gallery tonight one of Canada's most distinguished citizens in the person of the Honourable J. R. Smallwood, the only living Father of Confederation.

Hon. Senators: Hear, hear.

PRIVILEGE

STATEMENT BY SENATOR BONNELL

Hon. M. Lorne Bonnell: Honourable senators, I rise on a question of personal privilege, to call your attention to remarks that I have read in *Debates of the Senate* of Wednesday, June 10, 1981, at page 2501, by the Honourable Jean-Paul Deschatelets as follows:

> I have therefore been authorized by Honourable Senators Cameron, Inman, Molson, Beaubien, Cook, Lang, Deschatelets, Thompson, Bell, Manning, Lafond, Lawson, and Bonnell, who subscribe to this declaration of independence, to request you, Mr. Speaker, to permit them to be seated together in the Senate Chamber.

Honourable senators, I should like to state emphatically that at no time did I discuss with the Honourable Senator Deschatelets the declaration of independence or ask that I be permitted to change my seating arrangement, and at no time did I discuss with the Honourable Senator Deschatelets the constitutional resolution which is now before the courts, either its pros or its cons.

I should further like to state that at the time the amendments were before the Senate I did not vote either pro or con, because I was out of the country at the time the vote on the amendments was taken.

Hon. Jacques Flynn (Leader of the Opposition): That's a good reason.

Senator Bonnell: However, if I could have been present, I would have voted in support of the constitutional resolution and its amendments.

Some Hon. Senators: Hear, hear.

Hon. Martial Asselin: Strike one out.

Senator Bonnell: Let me further state that if the Supreme Court of Canada should find the constitutional resolution and its amendments within the jurisdiction of the Parliament of Canada, I intend to support same.

Senator Flynn: The honourable senator's point of privilege should be on what Senator Deschatelets said. However, if he wants to start a debate, I have no objection.

Hon. Royce Frith (Deputy Leader of the Government): He spoke about the Constitution.

Senator Flynn: Very good. Your Honour, if the honourable senator wants to raise a question of privilege because he was misquoted or misunderstood regarding sitting with the new group, that is his own business; but if he wants to discuss the constitutional package at this time, he will have to allow everyone to get into the debate.

Hon. Raymond J. Perrault (Leader of the Government): Senator Bonnell deserves the full parliamentary courtesies which should be extended to any member under circumstances of this kind. I am shocked to think that the Leader of the Opposition would rise in his place to dispute the matter.

Senator Flynn: I am never shocked when I am criticized by someone like the Leader of the Government in the Senate.

Senator Bonnell: Honourable senators, on page 2501, in the fourth paragraph, Senator Deschatelets states:

> We believe that over the years we have lost sight of the original role that the Fathers of Confederation expected the Upper House to play—

I should like to state that I do not believe that I have lost sight of the original role that the Fathers of Confederation expected the Senate to play.

• (2005)

Senator Flynn: That is what the Prime Minister said!

Senator Bonnell: I have also found in my ten years in this chamber that I have been able to speak and vote with freedom of action. I have never been told, at any time, by the leader or the whip how I should vote on any issue.

I should further like to state that I have full confidence in the leadership of the Right Honourable Pierre Elliott Trudeau and of the Leader of the Government in the Senate, as well as of the honourable senators who are cabinet ministers.

An Hon. Senator: And our whip.

Some Hon. Senators: Oh, oh!

Some Hon. Senators: Hear, hear!

Senator Bonnell: And I include the deputy leader and our whip. Therefore, honourable senators, I would ask—

Senator Flynn: To stay where you are.

Senator Bonnell: —that my name be removed from the record of the statement made by Senator Jean-Paul Deschatelets on June 10, 1981, which is to be found at page 2501 of *Debates of the Senate*, line 6, with respect to the senators who authorized Senator Deschatelets to say they subscribed to a declaration of independence.

Hon. Jean-Paul Deschatelets: Honourable senators, I rise on a question of privilege. What I have to say covers two points.

First, may I say that the statement made by the Honourable Senator Bonnell speaks for itself, and, of course, I accept it.

Secondly, last Wednesday I asked, on behalf of a number of senators, that we be seated together in the chamber, and I am told that though the matter has been discussed by both whips a decision has been delayed. Would the government leader, or his deputy, inform us of the reason for this delay?

Senator Perrault: Honourable senators, apart from the fact that I have received no formal, personal request from any senator to relocate in this chamber, the matter is clearly within the jurisdiction of the Honourable Senator Petten, who is the government whip.

Senator Flynn: No, no.

Senator Frith: And within the jurisdiction of the Honourable Senator Macdonald, the opposition whip.

Senator Perrault: Senator Petten may wish to discuss the matter.

Hon. William J. Petten: Honourable senators, Senator Macdonald and I did discuss briefly the matter of relocating senators in this chamber. However, in light of what Senator Bonnell has just had to say, I do not think he has left us in any doubt that his name was included in error.

Senator Flynn: We thought at the time that it was in error.

Senator Perrault: Let Senator Petten make his statement.

Senator Asselin: You're so nervous, Ray.

Senator Petten: I think, in light of what we have just heard, each individual senator who would like his seat moved should speak to me directly, and I, together with Senator Macdonald, will try to accommodate such honourable senators.

Senator Deschatelets: Honourable senators, I should like to know if the Honourable Senator Petten could see that the seating arrangements are completed for Thursday next at 2 o'clock. Although Senator Bonnell has explained that his name should not be included in the list, I should imagine that the Honourable Senator Petten could make room for about 16 honourable senators.

Senator Petten: Honourable senators, I will do my best to accommodate honourable senators, but I cannot give an undertaking now that it will be accomplished by next Thursday, or even the following Thursday. Senators who wish to be seated in a different place in this chamber must also realize that we have to get other senators to move in order to accommodate them. It will therefore take more than two or three days to do this.

Senator Flynn: On this question of privilege, it seems to me that the government whip is attributing to himself much more authority than he in fact has. Of course, I am willing to give him a lot of authority, but the decision in this matter is up to His Honour the Speaker. Of course, His Honour will require co-operation from the whips and from the leaders on both sides of the house. That is what was offered last week. However, when Senator Petten says that nobody spoke to him, and they must come to him and beg—

• (2010)

Senator Petten: I did not say that.

Senator Flynn: —I suggest that that is somewhat exaggerated. Senator Deschatelets made a request of the Speaker. I suggest that the whips should have gone to see the Speaker to offer their co-operation if he needed it, because the Speaker can decide these matters. It has been the tradition of the British Parliament that whenever a member wants to sit in a different seat, the matter is resolved by the Speaker.

Senator Petten: Honourable senators, I was not suggesting that anybody should come to me on bended knee and ask for a seat. I have been doing this job on behalf of the government for some six and a half years now.

Senator Perrault: And you have been doing it very well.

Senator Petten: It was my understanding, rightly or wrongly, that the government whip has the responsibility—and it is a responsibility that I have shared jointly with my friend, Senator John Macdonald, for the past six and a half years—for the seating of senators in the chamber. If I am in error I stand subject to correction.

Senator Flynn: Well, this is a correction.

Senator Petten: That may well be. I repeat what I said earlier; I have always tried to accommodate honourable senators to the best of my ability in any of their requests. I cannot say to my honourable colleague, Senator Deschatelets, that his request will be complied with by next Thursday. Again, I have to refer to what our colleague, Senator Bonnell, has said. His name was used in error, and perhaps there are others—I do not know, and I am not suggesting there are. If honourable senators would make individual requests, I am sure things would be made a lot easier.

Senator Flynn: A request directed to His Honour the Speaker or to you?

The Hon. the Speaker: Honourable senators, although I am not ready to say that I have authority or do not have authority, I will say that I have never been consulted about the seating arrangement of the Senate. I was informed of it at the first sitting. I saw where you were seated. That is the only role I played. I do not know if my predecessor had a different experience. However, I would like the Honourable Leader of the Opposition to find a precedent that indicates that I have

this authority. If I do, I shall make a decision; if I do not, I shall make no decision.

Senator Perrault: Honourable senators, I would add an additional comment. I have been contacted by Senator Edward Lawson, the independent from British Columbia, who has expressly stated that he does not want to change his seat in the Senate and that he fully intends to support the constitutional proposals of the government. He will make a statement when he is next in the chamber.

Senator Flynn: When will that be?

Hon. Jack Marshall: There will be a change in government by that time.

Senator Perrault: I have conveyed this information because, apparently, there are some senators who do not want to change their seating arrangements. Indeed, Senator Inman, as well, has informed the government that she wishes to remain in her present location in the chamber. Whether the honourable and distinguished senator has changed her mind on that point, I do not know.

Because of these events, I rather question the role that Senator Deschatelets appears to have assumed—that he is the spokesman for every member in the group of senators named by him the other day. Certainly, the whips do not appear to have received the same requests as those which, apparently, have been communicated to Senator Deschatelets.

Hon. Hartland de M. Molson: Honourable senators, I wonder whether the Leader of the Government has any right to make that statement. All of those names were given to Senator Deschatelets. Senator Bonnell, who was away, says now that he did not subscribe to the declaration, and we take his word for it. However, the Leader of the Government has absolutely no right to say that Senator Deschatelets is speaking off the top of this head. Senator Deschatelets is a sincere, honourable senator who has a longer history in Parliament than that of Senator Perrault. He has been a Speaker of this house, a former minister, and a member of the leader's party for 27 years. I do not think that the leader has any right at all to ascribe to him any motive that is not the most honourable.

Some Hon. Senators: Hear, hear.

● (2015)

Senator Perrault: The point, Senator Molson, is that some senators have indicated to the government whip that they do not want their physical locations in this chamber changed. That is the only point to which I am addressing myself.

Senator Molson: It is not. You are addressing yourself to Senator Deschatelets.

Senator Perrault: Senator Molson, I have the floor at the present time.

Senator Asselin: You are nervous. Why are you so nervous?

Senator Perrault: May I suggest, then, that in order to clarify the situation the honourable senators in that group may wish to make their seating preferences known to their respective whips personally?

Senator Molson: May I just say that you are dragging your feet? It has been very apparent, and it is all around Ottawa, "Just watch it. They are just going to drag and drag their feet so that this gets downplayed." But that is not my point here.

Hon. H. A. Olson (Minister of State for Economic Development): Who is ascribing motives now?

Senator Molson: My point is that you have no right, Senator Perrault, to ascribe motives that are less than honourable to Senator Deschatelets.

Some Hon. Senators: Hear, hear.

Hon. Donald Cameron: Honourable senators—

Senator Flynn: Mr. Speaker, on a point of order—

The Hon. the Speaker: Senator Cameron.

Senator Cameron: Honourable senators, I have heard rumours to the effect that I am moving my seat. I want to say quite emphatically that I am quite happy where I am, and I am going to stay here.

Senator Perrault: That makes three.

Senator Flynn: I agree that this is the way to do it. If they do not want to move, they should rise right away. I suggest to Senator Inman that, if it is her wish to stay where she is, she should rise right away. It is a question of privilege.

With respect to Senator Lawson, if he is not able to be here, it will be too late to raise a question of privilege when he comes, if he ever comes.

Hon. Daniel Riley: That is a most unfair statement.

Senator Flynn: No, it is not.

Senator Riley: Yes, it is.

Senator Flynn: No, it is not. Can you deny that Senator Lawson is very seldom here?

Hon. F. Elsie Inman: Honourable senators, I said I would prefer to stay in my own seat until the fall. I have to change then to go down lower because I am finding it difficult to walk up this far and back. I mentioned to the Whip quite a long time ago that I was going to have to change in the fall because I was finding it difficult to walk down this far.

Senator Flynn: That is not clear. I don't think Senator Inman has made her point clear.

Senator Marshall: Mr. Speaker, I should like to raise a point of order, for clarification. When Senator Deschatelets made his statement this evening, I understood him to request a change in location for 16 members of the Senate. Could he clarify that, please?

Senator Deschatelets: Certainly there was no mistake there. I surely mentioned that I would like to have room made for 16 senators. There might be 12; there might be 14 in a week from now. I don't know. I am just asking that room be made for 16. That is all.

Hon. Charles McElman: Is the Honourable Senator Deschatelets speaking as head of a group?

Senator Deschatelets: I made it perfectly clear, Senator McElman, if you will refer to the statement I read on Wednesday last, that I was speaking on behalf of a number of honourable senators, and I have no authority whatsoever to go outside the statement I made then.

Senator McElman: On the question of privilege before the house, honourable senators, it seems from what has taken place thus far this evening that one cannot tell the players without a program.

Senator Marshall: That's right.

• (2020)

Senator McElman: Without suggesting anything untoward with respect to my honoured and honourable friend, Senator Jean-Paul Deschatelets, it seems to me that doubts have been created in many minds.

Senator Flynn: They haven't been created in your mind, so you have no problem.

Senator McElman: I know that there is doubt in my mind and that there is doubt in the minds of others. It seems only fair for those who are directly involved, as well as for other senators who are—

Senator Molson: You are not involved.

Senator McElman: Excuse me, Senator Molson. You have always given me the consideration that I have given you—that of not interrupting when you speak. In your capacity as the Chairman of the Standing Committee on Standing Rules and Orders, I think you should observe that courtesy.

It seems to me only fair to the Senate as a whole, especially those senators who have been named, that, instead of being represented by a spokesman, those who are here should rise individually in their places and state either that they wish a change in seating or that they do not wish a change in seating. It seems to me that this is the only fair way to dispose of this entire question. Senators are responsible people, and they should speak for themselves.

Senator Frith: Honourable senators, I would like to make one reference to complete the contributions on the question of the role of the whip on the question of seating. I remind honourable senators of the declaration made on June 10, 1981 by Senator Deschatelets, who is reported at page 2500 of *Hansard* as saying:

> These senators are not changing party affiliation, nor are they forming or joining a new party—

Those words should be remembered when considering the role of both party whips. Apparently none of the senators is changing party affiliation.

Senator Asselin: What do you want to prove by that?

Senator Flynn: What is your interpretation?

Senator Frith: My interpretation is—

Senator Asselin: What are you trying to prove?

Senator Frith: Give me a chance.

[Senator McElman.]

Senator Flynn: It's about time.

Senator Frith: It's about time? I have not had a chance.

Senator Perrault: Oh come on; you are all in a bad mood.

Senator Frith: During the period I have been here—and I realize that is not as long as certain other honourable senators, have been here—this is the first time that the question of the seating of senators who do not wish to change party affiliation has been raised on the floor of the chamber rather than privately with the party whips.

Hon. John Morrow Godfrey: Honourable senators, I would like to know how those of us who have an eye on the seats that are being vacated can make an application. To be specific, I have my eye on Senator Cook's seat, because I want to sit next to Senator Neiman.

Hon. Eric Cook: If the request is granted, the honourable senator may have my seat.

DEPARTMENT OF LABOUR ACT

BILL TO AMEND—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-4, to amend the Department of Labour Act, and acquainting the Senate that they had passed the bill without amendment.

PROHIBITION OF INTERNATIONAL AIR SERVICES BILL

MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-7, to provide for the prohibition of certain international air services, and acquainting the Senate that they had passed the bill without amendment.

• (2025)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

> Capital Budget of the Royal Canadian Mint for the year ended December 31, 1980, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1980-2246, dated August 27, 1980, approving same.
>
> Capital Budget of the Royal Canadian Mint for the year ending December 31, 1981, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1981-1281, dated May 14, 1981, approving same.
>
> Report of VIA Rail Canada Inc., including its accounts and financial statements certified by the auditors, for the year ended December 31, 1980, pursuant to sections

75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Capital Budget of the National Harbours Board for the year ending December 31, 1981, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1981-1415, dated May 28, 1981, approving same.

Document entitled "Government Response to the Report of the Parliamentary Task Force on North-South Relations", issued by External Affairs.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

SEVENTH REPORT OF STANDING JOINT COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. John M. Godfrey: Honourable senators, I have the honour to present the seventh report of the Standing Joint Committee on Regulations and other Statutory Instruments. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*For text of report see appendix, p. 2553.*)

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

Senator Godfrey: Honourable senators, I move that this report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

BUSINESS OF THE SENATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Deputy Leader of the Government concerning the business of the Senate this week and next week. Last Thursday, as I recall, the Deputy Leader mentioned that we were to receive Bill C-57. As we all know from the official record of the House, it has been decided to allow a certain time for the consideration of Bill C-57. If use had been made of the time that elapsed since then the bill would have already been passed in the other place and would certainly have been referred to us by now in view of the majority enjoyed by the government in the other place. It is even more loyal than its majority here!

The point I wanted to make is this: it now seems that the other place does not plan to proceed with Bill C-57 before next week. In view of the general schedule given to us by the Deputy Leader—and I am not suggesting that he should be bound by it—it seems to me that if the government intends to adjourn for the summer recess let us say at the end of this month, by sending this bill to us so late, this might create a problem for the Senate because of the vital importance of the bill.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the information that I received this week, including what I said last week, agrees in nearly every detail with the information of the Leader of the Opposition. It is not correct that this bill will not be considered at all in the other place this week; it is simply that it will not be disposed of.

I plan to ask the leadership of the other place tomorrow for more precise information as to when exactly we can expect Bill C-57, as well perhaps as other bills. According to my information—and that is not only what I have heard personally—and to the rumours which are going around, Bill C-57 will receive final consideration with third reading on division next Monday or Tuesday. If it should be Monday afternoon, nothing will be changed for us since we intend to sit Monday evening. If it should be Monday evening or even Tuesday afternoon, I quite agree that we have to discuss other arrangements.

Senator Flynn: When the deputy leader asks the Leader of the House of Commons for this information, would he tell him that it is not fair for the House of Commons to delay unduly passage of a bill and refer it to the Senate only a few days or a few hours before the time set for adjournment. Of course, there would be no difficulty in the Senate sitting after the House of Commons has adjourned, but we must remember that it would have to be called back for royal assent.

Senator Frith: Agreed.

• (2030)

[*English*]

CANADIAN BROADCASTING CORPORATION

STRIKE BY FRANCOPHONE JOURNALISTS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government. Does he have a reply to my question concerning the strike by francophone journalists of the French network of the CBC, and to my suggestion that the problem be referred to the Standing Senate Committee on Transport and Communications to inquire into what is really blocking the settlement? That strike has now gone on for four months, if not five.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I do not have a current report on the state of negotiations. Hopefully, that might be forthcoming tomorrow.

Senator Flynn: Hopefully. This is the third time I have asked this question.

ENERGY

OIL—CANADA-MEXICO AGREEMENT

Hon. Guy Charbonneau: Honourable senators, I would like to direct a question to the Minister of State for Economic Development. In the last few weeks many major oil producing nations have lowered the price of their production, and spot market prices have tumbled. Is the minister able to tell us if Canada's agreement with Mexico provides for downward adjustment of the price to reflect falling international prices?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take that question as notice because I want to be very precise in the answer. I cannot give an answer off the top of my head with respect to the terms and conditions of either upward or downward movement.

PARLIAMENT BUILDINGS

TEMPORARY RELOCATION OF SENATORS IN EAST BLOCK

Hon. Martial Asselin: Honourable senators, last week I asked Senator Perrault a question about the fact that senators located in the East Block were asked to move out and be relocated in a new building. I mentioned that we were told that the members of the House of Commons who were in the East Block were supposed to be treated the same way, or is this a fact. We know now that only senators are going to be moved out. I would like to know from the Leader of the Government why senators have to suffer this injustice.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the honourable senator asked that question the other day and it is an important question. Senator Graham was contacted and he has some information on that matter. He is not in the chamber at the moment but I know he is in the building. Perhaps we can defer a reply until later this evening. I believe the essence of his reply will be that he has contacted authorities organizing the economic summit. It is his proposal that these authorities be called before a meeting of the Senate Committee on Internal Economy, Budgets and Administration for cross-examination on certain points. As well, there may be additional information available at the present moment of which I am not aware. However, a message will be sent to Senator Graham's office to ascertain whether he may be able to provide further information this evening.

Senator Asselin: Are you aware that the members of the other place will not move out?

Senator Perrault: I am not familiar with all of the details. The chronology of events is not completely known to me. However, Senator Graham has given priority to the matter and, as I have said, he may be in a position to provide information for all honourable senators later this evening.

Hon. Jack Marshall: Honourable senators, I have a supplementary question. Could the Leader of the Government extract from Senator Graham or those other wise individuals why it is necessary to move senators out of their offices for seven weeks when the summit conference is held within those confines for only one day, and to go to the expense of providing desks for 10 or 12 senators and the added expense of other services when it is so unnecessary, and to relocate them in places which are an embarrassment to their position. These senators are being relocated in offices which are worse than those occupied by the security guards and messengers.

Senator Perrault: Honourable senators, those are very pertinent and relevant questions and an opportunity will be found to answer them.

Senator Asselin: Who is going to answer them?

THE ECONOMY

REGULATION—REPORT OF ECONOMIC COUNCIL OF CANADA

Hon. C. William Doody: Honourable senators, I have a question for the Leader of the Government in the Senate. Last week the Economic Council of Canada presented its study on regulations and their effect on the Canadian economy. Some of the conclusions drawn in that study were very far-reaching and serious. Would the honourable senator indicate which minister has specific responsibility for the numerous recommendations of that report, and when those recommendations will be implemented?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, like all such reports, it is of interest to the government. There is no obligation that all of the recommendations of any report prepared for the government by any advisory body should be implemented by that government. The honourable senator is aware of that fact, in view of his extensive experience in government. I am sure during his period as a minister he did not accept all of the recommendations contained in any royal commission report or in any other advisory report. However, may I suggest that the question be answered by Senator Olson who is doing a magnificent job as Minister of State for Economic Development?

Senator Roblin: He sure is.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, Senator Doody ought to remember that the reference was made to the Economic Council of Canada by a first minister's meeting. Therefore, I suppose it is in keeping with that that some indication with respect to some of the recommendations for deregulation be considered by both levels of government. Senator Doody asked a couple of other questions that are not applicable. He asked if any minister has been designated to implement those recommendations but, of course, there is no decision at this point in time to implement any of the recommendations. These are recommendations and some of the cost factors as to the studies, and subsequently, the Economic Council itself put forward something less than a majority report. However, the matter has not reached the stage of designating a minister or even which, if any, recommendation ought to be implemented.

Senator Doody: I certainly thank the minister for applying himself so assiduously to avoiding the answer to the question. It is the first time I have had two ministers simultaneously

decline to answer, and that takes so much time. If my memory serves me correctly, the reference was instigated on the recommendation of the Prime Minister himself. Would it be fair to say that he would be the minister responsible for reporting on it?

Senator Olson: No, I did not say that I would be the minister reporting on the study. The other part of my honourable friend's memory is inaccurate too. The reference did, in fact, come directly from a first minister's meeting, and, obviously, the Prime Minister carried that reference to the Economic Council of Canada. I would also like to remind my honourable friend that even though he was unable to detect the answer, if he will carefully review it tomorrow, he will find that it was a very complete and accurate answer in the circumstances.

Senator Doody: If I cannot detect the answer tomorrow, will the honourable senator give me another clue for the game as it progresses?

Senator Olson: Honourable senators, I shall never cease to try.

PARLIAMENT BUILDINGS

TEMPORARY RELOCATION OF SENATORS IN EAST BLOCK

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Graham is now in the chamber and has some information on the question that was raised earlier. May I say for the record that Senator Graham was here earlier this evening and left only very briefly on an important matter.

Hon. Jacques Flynn (Leader of the Opposition): He also does a magnificent job.

• (2040)

Hon. B. Alasdair Graham: Honourable senators, with respect to the questions asked about the summit conference and the allocation of space in the East Block and elsewhere, immediately upon hearing of the concerns expressed in this chamber last week I contacted Mr. Derek Burney, the administrator for the 1981 summit conference. I will be meeting with him tomorrow, and he will be meeting with the full Internal Economy, Budgets and Administration Committee on Thursday morning at 11 o'clock to explain fully the situation, the program and the plans for the summit conference with respect to space that will be required.

Hon. Martial Asselin: Honourable senators, I have a supplementary question for the chairman of the committee. Is it not true that when we asked to meet with you and the members of your committee, you told us that if we were going to move, the members of the House of Commons on the first floor were going to move also?

Senator Graham: Honourable senators, my understanding at that particular time was that there would be some movement. At that time I could not give, nor would I undertake to give—nor would I be in a position to do so—a blanket assurance that all members of the other place who occupy space in the East Block would be required to move at exactly the same time and on exactly the same date as honourable senators who occupy space on the second floor. My understanding was that at some point in time, for security reasons, the building would, for the most part, be vacated by all people who occupied space in the building.

Hon. Joseph-Philippe Guay: Honourable senators, I believe it might be wise to await the outcome of the meeting on Thursday morning; but I would not want to let Senator Graham be under the false impression that we are all wrong and he is right in this sense. At that first meeting of the committee of which he is chairman the question was asked—and many honourable senators mentioned the fact—as to why senators were being moved and members of the other place were to remain on the main floor. One senator, in particular—in fact, it was a member of the opposition—requested that the information be obtained to assure the senators that not only senators would be moved but that all would be moved at that time.

I should like to tell Senator Graham, and other honourable senators, that my hearing is very good, and I recall very well—and I am not asking anyone to support me in this—that at a subsequent meeting we were told that not only senators would be moved but also members of the other place.

Some Hon. Senators: Hear, hear.

Senator Guay: I am telling Senator Graham that now so that on Thursday morning he, and also the administrator, will be in a better position to tell us why there has been a change of mind on this particular matter.

Senator Graham: Honourable senators, on that particular point, it should be recognized that the main meetings with respect to the summit conference to be held in Ottawa will be held in chambers provided on the second floor, and that the leaders of the various countries participating will occupy space that is now occupied by senators on the second floor. Honourable senators have to vacate their offices in that building earlier than honourable members of the other place, for reasons of security and because of the elaborate communications system that has to be installed in that space.

Hon. Jack Marshall: Honourable senators, I have a supplementary question dealing with the matter of security. It was my understanding that the reason we were moved out so early was in order that security measures could be taken, and I can understand that; but it is difficult for me to reconcile how there can be security provided for those attending the summit conference when there will still be people not only on the first floor—such as members of Parliament and ministers of the government in the other place—but also on the third floor, where there are public servants, clerks, messengers and security people. How can we reconcile the fact that we are a security risk and the others are not?

Further, it is difficult to reconcile the fact that a summit conference that will take place for one day on the second floor is so vital to the world and to the economic situation that we

senators, who do not cause anyone any harm, should be asked to move out because we are a security risk.

Senator Graham: Honourable senators, I believe that those and other questions should be properly addressed to the administrator of the summit conference at the meeting on Thursday morning. Since Senator Marshall is also a valuable member of that committee, I am sure he will be able to get the information he seeks at that time.

Hon. G. I. Smith: Honourable senators, I should like to direct a supplementary question to the Chairman of the Internal Economy, Budgets and Administration Committee. I assume, without knowing it to be the case, that the Government of Canada has jurisdiction over all Canadian property, including these two chambers. I wonder if the honourable senator can inform us specifically who is exercising that authority in commanding senators to do this or that at the present time, because it seems to me to be a matter which concerns all honourable senators. I am not in that building and will not be affected by that arrangement in any way, so far as I now know, although if things continue the way they are, perhaps they will come over here and move out members of the opposition. In any event, who has that authority?

Senator Graham: Honourable senators know that a special secretariat has been set up under the chairmanship of a former distinguished ambassador in this country, Mr. Derek Burney. Several months ago, when we had the initial indication that they would require this particular space, a meeting was held of the Internal Economy, Budgets and Administration Committee, when the requirements, as we even knew them at that time, were explained to all members of the committee. We then voted to accept the proposition that was put forward with respect to allowing the people who required this space to take it over between the dates that had been given and those on which we would be returning to that space.

Hon. Fernand-E. Leblanc: Honourable senators, as one of those honourable senators who has been moved, I would like to know why the second floor is more of a security risk than either the first or third floors. It would seem that it was agreed that the second floor was a security risk; so we were moved out last Friday. Why should it not apply also to the first floor? I understand that for security purposes it is much easier to look after the first floor than the second floor. I have been moved, and I have accepted the situation, but I do not like it.

Senator Graham: Honourable senators, again I am sure that all of these questions will be answered on Thursday morning. Those honourable senators who are members of the committee will recall that the actual meetings of the leaders at the summit conference to be held in Ottawa are to be held on the second floor of the East Block, and the leaders themselves, for the purpose of carrying on their ordinary work, will be occupying space that is now occupied by honourable senators.

Senator Asselin: Who is going to get mine?

Senator Smith: Honourable senators, I should like to ask a supplementary question. I am not sure that I understood correctly the answer given by the Chairman of the Internal Economy, Budgets and Administration Committee to my earlier supplementary question.

[Senator Marshall.]

• (2050)

Perhaps I could state what I think he said, and ask him if it is correct. I think he said, in effect, that the administrator of the secretariat of this conference, to whom he referred as "the distinguished former ambassador", but whose name I do not recall, was responsible for finding the space to accommodate the people who will be attending this conference, and those accompanying them, that that administrator had made a request of the Internal Economy Committee of this Senate that certain space be made available so far as the Senate was concerned, and that the Internal Economy Committee agreed to certain things. I wonder if he would confirm whether my general understanding of that is correct, and, if so, will he tell us what the Internal Economy Committee did agree to, because I am not a member of that committee, and I would like to know?

Senator Graham: Honourable senators, I do not have instant recall, and I believe it would probably be more appropriate to table, at a future date—if necessary, tomorrow or Thursday—the minutes of the meeting at which that particular discussion took place. Perhaps we could also table the request for space as well as the conclusions reached during the deliberations of the Internal Economy Committee.

Senator Smith: I would certainly agree to that; but perhaps the honourable chairman would not mind telling me whether my recollection of what he said about who asked for this, and who is in charge, and so on, is correct.

Senator Graham: Yes. My understanding is very similar to yours.

HEALTH AND WELFARE

SACCHARIN—BAN ON USE

Hon. Sidney L. Buckwold: Honourable senators, my question is directed to the Leader of the Government in the Senate. I am sure honourable senators will be pleased to know that this refers to a much sweeter subject than some of those things we have been discussing this evening.

I refer to the ban in Canada on the use of saccharin. Honourable senators will recall that the Senate took a very real interest in this subject several years ago, referring the matter to our Standing Senate Committee on Health, Welfare and Science, and some of us felt that the Government of Canada at that time, through the Minister of National Health and Welfare, perhaps acted prematurely, and, indeed, perhaps over-reacted, to the situation.

The reason for my question at this time is that according to a recent news despatch—and I am quoting from a newspaper, if honourable senators will allow me to do it—our American friends have continued to extend what they call the moratorium on the ban against saccharin for another two years. In other words, they have not as yet seen fit to ban saccharin as

an additive for the use of those individuals who find it a very important food substitute.

My question to the honourable the leader is: Is Canada considering a removal of the ban? Are there any other countries in the world that ban saccharin as Canada does? Is there any new information that might be useful with regard to the results of the ban in Canada, and is there any other scientific information that could be made available?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, because of the technical nature of the question it will be taken as notice. I know that all honourable senators are in accord with the Honourable Senator Buckwold that this is an important question, and it certainly will be given priority attention.

ENERGY

NUCLEAR ENERGY—INTERDEPARTMENTAL REPORT

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for Economic Development.

In view of the fact that the interdepartmental report on the nuclear industry has been leaked to the press—in fact, portions of it are carried in this morning's *Le Devoir*—will the minister undertake to obtain a copy of that report and table it in the Senate?

Hon. H. A. Olson (Minister of State for Economic Development): No, honourable senators, I will not undertake to obtain a copy of a leaked document—an allegedly leaked document—but I will refer the matter to the Minister of Energy, Mines and Resources, who plays the leading role with respect to that matter, and will get his comments respecting the authenticity of the alleged leak.

Senator Murray: May I ask the Minister of State for Economic Development whether, in fact, the interdepartmental committee on the nuclear industry has reported?

Senator Olson: I will obtain that information too.

Senator Murray: Well, the departments for which the minister has some responsibility in the economic policy field are represented on that interdepartmental committee. Surely the minister must know whether or not there is a report in existence.

Senator Olson: The minister gave an undertaking less than half a minute ago that he will obtain that information, too, because what is important here, of course, is whether that interdepartmental committee has in fact completed its report and presented it to the minister, or to a group of ministers. When I have ascertained that, I will let the honourable senator know.

INDUSTRY

INDUSTRIAL STRATEGY—MINISTERIAL RESPONSIBILITY

Hon. G. I. Smith: Honourable senators, I would like to direct a question to the Minister of State for Economic Development. Is he the minister responsible for the development of an industrial strategy for Canada?

Hon. H. A. Olson (Minister of State for Economic Development): No, he is not.

Senator Smith: Would the honourable the minister say who is the minister responsible for the development of that industrial strategy?

Senator Olson: The honourable senator will know that the Minister of Industry, Trade and Commerce has made a number of comments respecting that matter, and, furthermore, he will also know that when a complete policy—an acceptable, complete and approved policy—is reached by the government, on all its aspects, which are many and varied, then the announcement no doubt will be made by that minister—namely, the Minister of Industry, Trade and Commerce.

Senator Smith: Honourable senators, I cannot refrain from observing that perhaps I know as much about what I know as the honourable the minister knows about what I know. I might suggest that he refrain from allegations as to what I know, unless he is willing to maintain for himself the same kind of accuracy he says we should follow, and he should be very careful with regard to making allegations about what anybody knows.

Having made that little dissertation, which is only about half as long as the honourable the minister would have made in similar circumstances, I would like to ask him if he can say what progress has been made in the formulation of this industrial strategy.

Senator Olson: Honourable senators, in response to the first part of the honourable senator's remarks, I want to say that I did not wish to offer any discourtesy to my honourable friend at all. It is just that I find it useful from time to time to fill in the gaps on things that I am sure honourable senators know. I hope he does not take offence at the way I put it.

With regard to the question concerning the progress that has been made, I think this is relative. I could say that a great deal of progress has been made, but perhaps my honourable friend would not agree with me; so it is something of a subjective reply.

Senator Smith: Honourable senators, is the honourable the minister able to say whether some basic tenets or principles with regard to this policy have been developed and accepted by the Government of Canada?

Senator Olson: Honourable senators, a great deal of that was outlined by the Minister of Industry, Trade and Commerce, I think, more than a year ago.

Senator Smith: Well, I am not surprised that it takes over a year to make very much progress. That is no surprise at all, so I will not say that I am surprised. It is most interesting to note, however, that after a year the minister is not able to give me a more complete and satisfactory answer than he has been able to do.

• (2100)

POST OFFICE

POSSIBLE DISRUPTION OF SERVICE

Hon. Ernest C. Manning: Honourable senators, I would like to raise a question with the Leader of the Government in the Senate on a matter that may be of serious public importance in the next few weeks. I am sure we have all seen the rather disturbing reports in the last few days to the effect that the inside postal workers are moving to a position where we may see the mail service of Canada tied up by the end of this month. I am sure we all hope that that will not happen, but my reason for raising this question now is the timetable that has been mentioned here with regard to the adjournment of Parliament. Past experience has indicated that those who engineer these disruptions make a habit of having them start just after Parliament has adjourned, so that Parliament is not in a position to deal with a situation that can become very serious for the public unless Parliament is recalled.

I would ask, honourable senators, first of all, whether the government is giving consideration to this possible disruption and what it will mean to the Canadian people. Secondly, does the government now have the legislative power necessary to deal with the situation, should it arise, without having to recall Parliament? In view of the summit conference coming up, I think the recalling of Parliament would be extremely difficult. Honourable senators will surely agree that, in light of the difficulties facing, in particular, small business people in this country today in terms of financial problems, high interst costs and all of those things, it would be absolutely disastrous—in my view, at least—for the government to permit the essential mail services of this country to be disrupted for any period of time. Even a matter of a week would be extremely serious.

My question really is: Is the government aware of the possibilities? Particularly, does the government now possess all the legislative authority necessary to deal with such an emergency if it should arise? If the government does not possess that power, and in view of the timetable that has been announced, it seems to me that it would have to be addressed immediately in order for that authority to be obtained before Parliament adjourns. This would seem to me the logical thing to do, rather than to take a chance on the disruption not occurring and then having to recall Parliament to head off a serious national emergency.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the government is monitoring the situation very closely. However, I will take the question as notice. Certainly, there is no power held by the government which would enable it, in some unilateral fashion, to forestall a work stoppage of the kind described. However, we will await detailed information from the Minister of Labour.

Senator Manning: May I ask one supplementary question? In view of past experience, not just with regard to the Post Office but also with regard to those occasional serious disruptions that occur in other vital public services, would it not be desirable for the government to consider some form of emergency legislation which could be invoked in situations of this kind to prevent serious public harm being done, without having to recall Parliament and incurring the costs and the inevitable delay before that long process could be gone through?

I raise this second point because, if the government is going to look at this in connection with a threatened postal strike, I would suggest that any examination might be broadened to see whether, as a general principle, there should be some authority of that kind to take care of this type of national situation between the time Parliament adjourns and it reconvenes.

Senator Perrault: Certainly, the Honourable Senator Manning advances an interesting proposal. The question of strikes and lockouts in relation to the public interest has attracted a great deal of attention, not only from all of Canada's political parties but also from individual senators and members of Parliament who serve in the House of Commons. The government would welcome the views of any honourable senator on this important subject.

As I am sure the Honourable Senator Manning is aware, a great many work stoppages occur in sectors which are not within federal jurisdiction. Certainly, the Post Office is within federal jurisdiction, but such incidents as the police strike which occurred in Halifax or in the maritime provinces are under provincial jurisdiction.

This is an important question and it may well be that at some point a committee of the Senate should focus its attention on what has become a vital issue for many Canadians.

Hon. Robert Muir: I have listened with great interest to the distinguished and Honourable Senator Manning. To clarify something in my mind, may I ask the government leader this question? Is it not correct that it is the law of the land that the Government of Canada, in the other place and in this place, gave those in government employment the right to strike after due negotiations? I realize there are many problems and inconveniences involved in recalling Parliament during an adjournment. However, we have the law to consider. As the Leader of the Government has said, quite a number of other disruptions—lockouts, wildcat strikes and so on—have nothing to do with federal government employees. Therefore, the federal government has no jurisdiction over such disputes.

Simply to affirm my own understanding, didn't the government of the day and, I presume, this Senate pass that law?

Senator Perrault: Honourable senators, the Honourable Senator Muir has made a valid point. As I recall, when the right to collective bargaining was extended to federal employees it had the support of all of Canada's political parties. Therefore, it would be inappropriate to have machinery in place which would remove the right to collective bargaining should some public inconvenience be caused. Of course, situations arise where the public interest is affected so gravely that governments must take extraordinary action. Indeed, the Senate has assisted in the resolution of such problems, as all of us are aware.

However, Senator Muir makes a good point. We cannot, on the one hand, extend the right of free, collective bargaining and, on the other hand, remove that right arbitrarily and capriciously.

NORTHERN PIPELINE

FINANCING

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have three delayed answers to questions asked on June 9, 1981. I believe that the answers contain fairly important information to a number of senators here. Though I am prepared to read the answers in their entirety, because they are rather lengthy I would ask that they be taken as read.

Hon. Senators: Agreed.

Senator Olson: Senator Roblin asked a question with regard to the costs for the Canadian segments of the pipeline project.

(*The answer follows:*)

In my reply to Senator Roblin's question of June 9, 1981, I indicated that the costs for the Canadian segments of the pipeline had not increased significantly from the estimates prepared by Foothills earlier. Further details have been brought to my attention which I would like to provide to the honourable senators.

Foothills Pipe Lines (Yukon) Ltd.'s most recent estimate of $8.367 billion for the Canadian segments of the pipeline was filed with the National Energy Board in April, 1980. The company is now in the process of revising its estimates to take into account the increases in inflation and interest rates which have occurred since the time when the last estimates were calculated. It is my understanding that the company will be in a position to file revised estimates with the National Energy Board before the end of 1981.

As honourable senators may be aware, in March and April of this year, the NEB held public hearings to consider the final design cost estimates for the eastern and western legs. Costs for Phase I of the project were estimated by Foothills to be $821,321,000. The board's decision is expected in the next several weeks.

Senator Olson: Senator Manning asked what the cost of Alaskan gas would be when it begins to flow through the pipeline system.

(*The answer follows:*)

Honourable senators should understand that it is difficult to determine the initial cost of the Alaskan gas which is expected to be delivered to the lower 48 states in the mid-1980s.

I think it is important to consider what alternate fuels may cost at that time and the fact that these other sources of supply may not be readily accessible to consumers in the lower 48 states.

While it is anticipated that Alaskan gas may cost more than competing fuels in the early years, there is a provision in the United States for the rolling in of the price of Alaskan gas with that of other supplies available. Further, a major proportion of the costs of Alaskan gas will, in the initial years of delivery, reflect the high cost of transportation. As the capital costs of the pipeline system are depreciated, the price of Alaskan gas will begin to decrease significantly.

Senator Olson: Senator Buckwold asked what the position of Canadian gas producers would be when Alaskan gas begins to flow through the Alaska Highway gas pipeline system.

(*The answer follows:*)

As I indicated to the honourable senator on June 9, 1981, the National Energy Board authorized last year the export of surplus Canadian gas through the southern segments of the pipeline system. For the western leg, the total authorized export on a firm and conditional basis between 1980-81 and 1987-88 amounts to 702.7 billion cubic feet ($19{,}906.5 \times 10^6$ m^3). For the eastern leg, total authorized volumes on a firm and conditional basis over the period 1981-82 to 1987-88 amounts to 2.6 trillion cubic feet ($73{,}663.2 \times 10^6$ m^3).

Gas exports may continue for the full period of time specified in the licence, if the mainline system has been completed and Alaskan gas is flowing, provided that additional looping is not required to accommodate both flows.

As set out in the NEB's Phase IV (b) "Reasons for Decisions" of May, 1980, additional facilities to carry Alberta gas were not certificated under the Northern Pipeline Act. The companies would be required to file another application with the NEB to seek a Certificate of Public Convenience and Necessity if additional facilities were required.

Gas is expected to begin to flow through the western leg by October, 1981. In the fall of 1982, gas is scheduled to begin to flow through the eastern leg.

There was a take-or-pay provision included in the export licence issued by the NEB which would obligate the U.S. shippers to take-or-pay 85 per cent of the contracted volumes of gas in any given year.

In April, 1980, the Federal Energy Regulatory Commission in the United States ruled that, in view of the fact that it had no control over the price of Canadian gas, it could not permit the U.S. shipper to enter into a contract with this level of take-or-pay. Instead, FERC developed a "minimum bill" system which, in effect, imposed a revenue cap on the take-or-pay contracts. U.S. shippers would be obligated to take-or-pay 85 per cent of the contracted volumes of gas at the former Canadian border price of $3.45 per thousand cubic feet. FERC subsequently included an escalation provision which allows the revenue cap to increase according to the U.S. Natural Gas Policy Act inflation factor. Under the FERC formula, the mini-

mum assured revenue for the eastern and western legs would amount to $1.113 billion per year. This amount would increase annually according to the inflation factor.

TRANSPORT

GOVERNMENT POLICY RE INTERNATIONAL AND DOMESTIC AIR ROUTES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Nurgitz on April 2, 1981, concerning the government's international air policy; the dropping of unprofitable routes by Air Canada; and government policy on deregulation. I ask that the answer be taken as read.

Hon. Senators: Agreed.

(*The answer follows:*)

Government policy on international air services continues to be based on the existence of two flag carriers operating under a single integrated plan. This plan consists of a division of the world into geographic areas where each carrier is entitled to operate. At present, the government believes that the needs of the travelling public are adequately served by this two-carrier policy. The remarks by the President of Air Canada, to which the honourable senator refers, were based on the president's own views and did not reflect government policy.

In recent years, Air Canada has been allowed to suspend service to the following points, but retains the right to reintroduce service at some future date: Brussels, Prague and Moscow (January 1977), Vienna (March 1977), Shannon (November 1979), and Copenhagen (January 1981).

With respect to domestic air services, the Minister has endorsed the previous government's policy of controlled deregulation, under which competition should be allowed to increase progressively as markets mature. This policy is based on the recognition that competition can yield real benefits to the public, but that it can also lead to carrier instability and inadequate service in low density markets.

AIR FREIGHT RATES BETWEEN NORTHERN COMMUNITIES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Adams on May 21, 1981, concerning air freight rates between northern communities. The answer is rather long, and I ask that it be taken as read.

Hon. Senators: Agreed.

(*The answer follows:*)

The honourable senator's remarks of May 21, 1981 are factually correct. However, they present a very fragmented view of the air freight rate situation which demands clarification.

Firstly, for certain given situations all over the country rate anomalies do exist. What one must consider, in looking at freight rates for a given region, is the normal way in which goods are moving as opposed to these anomalies or exceptions. The honourable senator surely knows that the situation he has represented is, indeed, the exception rather than the rule. He knows that to move a small package in the north, one would tend to use the mails as opposed to air freight, as air freight for such small items is expensive—as it is in the south. The fixed administrative costs as a proportion of the value of the shipment for the movement of small packages are, relatively speaking, higher than those for larger volume shipments. However, the honourable senator should be well aware that it is exactly those large volume consignments, or shipments over 200 pounds, that make up the majority of the air freight business in the north. I am happy to inform the honourable senator that freight rates for large volume consignments have been relatively stable. In fact, these rates have risen only an average of about 10 per cent in 1980-81 and these rates filed by Calmair as of May 8, 1981, are less than the Transair rates of 1979 and the PWA rates filed on January 28, 1980. For the benefit of the honourable senator I have obtained copies of the freight rate increases for large volume shipments and I would be happy to make them available to him.

The overall subject of air freight rates in the north is one that has received very close attention from the Canadian Transport Commission as is indicated by the recent hearings on air services in the Keewatin District January 13 to January 23, 1981. While the recent bankruptcy of Lambair, a carrier which provided charter service to this region, has upset, to some extent, the balance between chartered and scheduled services, I am sure that other carriers will enter this market. I would like to reassure the honourable senator that this situation in the north is not one which is at rest within this government but is receiving very active attention.

HEALTH AND WELFARE

HEALTH OF JAMES BAY CREE INDIANS—GOVERNMENT POLICY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Nurgitz on May 26, 1981, concerning the health of the James Bay Cree Indians. Since the answer is quite lengthy, I ask that it be taken as read.

Hon. Senators: Agreed.

(*The answer follows:*)

The responsibility for health care of the Cree Indian people in the James Bay area was finally transferred on March 31, 1981, under the James Bay and Northern Quebec Agreement, to the Quebec government and the Cree Board of Health and Social Services.

There has been considerable debate on medical, legal and political issues relating to the agreement, on the services that are being provided and on responsibilities for these services. Although responsibility for health matters

now rests with the Government of Quebec, the Minister of National Health and Welfare has on a number of occasions stated that, in response to a request by Quebec and the Cree Health Board, she would be very happy to have officials and consultants in her department provide advice in specialized health areas.

Following a standing committee meeting of Health, Welfare and Social Affairs on Tuesday, May 26, 1981, a motion was adopted which called on the Minister of National Health and Welfare to convene meetings involving Health and Welfare, Indian Affairs and Northern Development, authorities of the Province of Quebec responsible for health, and representatives of the James Bay Cree, in order to resolve some of the problems. The Minister of National Health and Welfare has therefore written to the Honourable Pierre-Marc Johnson, Minister of Social Affairs, suggesting that they should meet together with the Honourable John Munro and representatives of the Cree people.

It is hoped that at such a meeting it will be possible to resolve a number of the questions regarding responsibilities and services. In the meantime the Minister of National Health and Welfare will continue to volunteer the use of departmental consultants upon request from all concerned parties and ensure that the departmental hospital at Moose Factory continues to make its services available for referral of patients.

FOREIGN AFFAIRS

CANADIAN INVOLVEMENT IN PROPOSED CARIBBEAN AID PROGRAM

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Macquarrie on June 10, 1981, concerning Canadian involvement in a proposed Caribbean economic aid program. I ask that the answer be taken as read.

Hon. Senators: Agreed.

(*The answer follows:*)

Prime Minister Trudeau has discussed with the Presidents of Mexico and the United States a summit meeting of Canada, the United States and Mexico at a date to be determined.

While the agenda has not been fixed, Canada would, in principle, favour the discussion of the situation in the Caribbean Basin, an area of common interest to the three participants.

During the course of recent discussions with the United States, the American proposal was explained in detail to Canadian officials. These ideas are presently being examined and a response is being prepared.

However, in general, Canada supports efforts to assist the states of the region with their economic development. In Jamaica in January, the Secretary of State for External Affairs announced that Canada intended to intensify and deepen its economic and political relationships with the states of the Commonwealth Caribbean in particular.

HER MAJESTY THE QUEEN

MOTION CONDEMNING ACT OF VIOLENCE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I seek leave of the Senate to move a motion with respect to Her Majesty the Queen.

Hon. Duff Roblin (Deputy Leader of the Opposition): Yes.

Senator Perrault: In the other place yesterday there was unanimous support for a resolution which deplored the wanton act of violence which occurred during the recent official birthday ceremonies in London.

• (2110)

Honourable senators, with leave, seconded by the Leader of the Opposition, I would like to move—

The Hon. the Speaker: Is leave granted?

Senator Roblin: To what page of *Hansard* are you referring?

Senator Perrault: I am referring to page 10577 of *House of Commons Debates* for Monday, June 15.

Senator Asselin: Are you proposing the same motion?

Senator Perrault: It is the same motion, yes, as it appears in *Votes and Proceedings*.

Senator Asselin: Why not have a different motion?

Senator Perrault: No, honourable senators, I would like to use the words used in the other place, and then we will have the unanimous view of the Canadian Parliament.

I wish to move a motion relating to the wanton act of violence perpetrated against Her Majesty the Queen during her official birthday ceremonies. I therefore move, seconded by the Honourable Senator Flynn, with leave of the Senate and notwithstanding rule 45(1)(h):

> That this House expresses to Her Majesty its extreme shock at the violence which occurred during her official birthday celebrations;
>
> That this House expresses its admiration to Her Majesty for her outstanding courage during the ordeal; and
>
> That this House condemns all such violent acts, especially those acts against public figures during the discharging of their duties.

Senator Asselin: We should have passed the same motion respecting the Pope.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. John M. Macdonald: Honourable senators, I understood that instead of speaking on the first first order I would yield to Senator Everett, who is prepared to speak on Order No. 3. I can proceed now, but I believe that was the understanding.

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

Hon. Royce Frith (Deputy Leader of the Government): Well, the intention with regard to Orders 3 and 5 was that they should be dealt with together. They appear on the Order Paper separated by Order No. 4 which stands in my name, and I did discuss with Senator Macdonald whether we would start the day with Orders 3 and 5 and deal with them together. I think that was our understanding, so I ask that Order 4 stand and that Orders 3 and 5 be called first?

Senator Flynn: Are you asking also that Orders 1 and 2 stand?

Senator Frith: I am sorry, yes, that is correct. I had intended having them called first to see what would happen, but we could have them stand.

The Hon. the Speaker: Is it agreed, honourable senators, that Orders 1, 2 and 4 stand and that Orders 3 and 5 be called together?

Hon. Senators: Agreed.

THE ESTIMATES

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A)—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance on supplementary estimates (A) laid before Parliament for the fiscal year ending 31st March, 1982, which was presented on June 11, 1981.

Hon. Douglas D. Everett: Honourable senators, I will deal briefly with supplementary estimates (A). The report of the committee is an appendix to the *Minutes of the Proceedings of the Senate* of June 11, which you have before you now. There is only one item in the supplementary estimates, although it is a rather large one that concerns the petroleum compensation payments. The amount of the estimate is $2.1433 billion, raising the total of the petroleum compensation payments to $5.1587 billion.

If senators consult the report, they will see that it does give a breakdown of the items that go into that increase, and I might just say that legislation will be introduced to permit the compensation fund to operate as a revolving fund and receive revenues through the petroleum and special compensation charges, and, as it does now, make payments which are called petroleum compensation payments. The only item that will appear in the budget will be the difference between those two items.

I might say that had this method been followed for the main estimates for 1981-82, the total of the main estimates would have been reduced by over $2.5 billion, and if it had applied to the main estimates and to this supplementary estimate (A), the total of these two estimates would have been reduced by over $4.81 billion.

I think that is all I need to say on that particular subject. If there are any questions, I will do my best to answer them.

On motion of Senator Lamontagne, debate adjourned.

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE ON MAIN ESTIMATES

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance on the estimates laid before Parliament for the fiscal year ending 31st March, 1982, which was presented on June 10, 1981.

Hon. Douglas D. Everett: Honourable senators, I should like to deal with the report of the Standing Senate Committee on National Finance on the main estimates, which was presented and printed as an appendix on June 10.

Senator Roblin: You will find that referred to at page 2500 of *Hansard*.

Senator Everett: Yes, that is right. It is at page 1265 of the *Minutes of the Proceedings of the Senate* for June 10.

Under the heading of the estimates for the year ending March 31, 1982, we have been continuing our hearings in the National Finance Committee on the subject of government policy and regional disparities. I believe we have had 41 hearings on that particular study. Today we concluded those hearings with the appearance of the Minister of Finance and President of the Treasury Board of the Province of Newfoundland. The committee will be meeting during the next two days and we hope that the first draft of our report will be completed during the summer recess.

Also in respect of the main estimates we heard from the Chairman of the Economic Council of Canada; the Governor of the Bank of Canada; the Deputy Minister of Finance, and the President of the Treasury Board. If honourable senators consult the report, which can be found in the *Minutes of the Proceedings of the Senate* for June 10, they will see a report of the evidence given by those witnesses. I will not go over that because it is there to be read, but I should like to give honourable senators some brief thoughts on the position of the Canadian economy at this time, as I see it.

I suppose it is true to say that it is hard to think of an economy being in a worse position. We have high and accelerating inflation. Today businesses raise prices and everybody just treats them with a shrug. You go to a hotel at which you previously paid a rate of $65 a day and find that you now have to pay $85, $90 or $100 a day, and you just say, "Oh, that is inflation." You go for a meal and find that the price has increased by $4 or $5, and you say, "That is inflation."

I remember a time when, if somebody raised a price, very often he would lose his market. But that does not seem to be happening today. If you look at wage demands, you see they are starting to run at 17 per cent to 20 per cent per year; and in our economy we still have to absorb a considerable amount of the mandated energy price increases that have not been absorbed already. In addition to that, we are operating well below our potential capacity. It is true that our growth rate was high in the first quarter, but almost everybody who comments on the economy expects it to fall during the rest of the year. Our productivity increases are extremely low. Our exchange rate is under pressure. The high U.S. interest rates are the basic cause of this, but it is also exacerbated by the fact that we have no oil-sharing agreement and by our constitutional disputes.

• (2120)

As far as the exchange rate is concerned, we will probably be unhappy no matter what happens. Let us assume for a moment that it stays where it is. What we would have is an exchange rate that today is adequate for our manufacturers to sell into the export market but lower than required for the producers of primary products to sell into those export markets. As a result, when wage demands are made on those primary producers, they are not resisted in the way they are normally resisted, and they are transmitted quite quickly to other businesses across Canada. So it is even difficult to leave our exchange rate where it is. If our exchange rate falls, it contributes to greater inflation. If it rises, it puts our manufacturing industries in difficulty as far as their export business is concerned.

In addition to that, the control of the money supply is becoming increasingly stringent, and we have extremely high interest rates which are not helped by the fact that large amounts of money have to be borrowed by the federal government to finance its deficit. There is no question that the continuing stringent money supply control will contribute even more to the economic slowdown.

Roughly, that is the situation we are in today. It is a very serious and difficult situation. It is true that the Bank of Canada has been applying a restrictive monetary policy. Many suggestions have been made towards the possibility of squeezing inflation out of the economy without any pain to anybody. There are those who say, "Let us just live with inflation. As far as the distributive effect of inflation is concerned, studies show that no particular group has suffered from inflation, so why not just decide that we will live with inflation?"

The Governor of the Bank of Canada told us that the problem with that suggestion is that one can never be assured that inflation will be controlled at any particular rate. In addition, it means that as long as there is continuing inflation, more and more funds will be applied to the acquisition of assets rather than to investment in productive resources. In such a scenario longer term financing becomes increasingly difficult, as it is today with lenders being very reluctant to lend money other than on the very shortest terms.

Under such a scenario, there would be constant uncertainty about the policies of the Government and the Bank of Canada, and there would be a heightened possibility of a disastrous mistake in policy in such a climate. If we say that we are prepared to live with inflation and if inflation continues to mount, as it most certainly would, there would come a time, as historically it has always come, where it would become totally outrageous and where a disaster might well result in a total breakdown of the economy.

There are those who say, "Well, let us reduce interest rates. We will have a tight monetary policy, but we will reduce interest rates." But suppose lower interest rates were mandated through government action. In other words, the government merely says that certain interest rates will be reduced. Which segment of the economy would they choose? Whatever segment or sector that it did choose, demand would immediately flow to that sector. Let us assume for the moment that the government has decided that it will mandate a lowering of interest rates on home mortgages. There are already speculative excesses in housing, which would become worse as a result of such an announcement. I suppose the government could ease monetary policy and in that way reduce interest rates, but it seems to me that that would be extremely short-term relief, for inflation would accelerate and the interest rates in the longer term would tend to reflect that inflation. In addition to that, of course, our exchange rate would drop, which would also contribute to inflation. There have also been suggestions that we should lower our interest rates and let the exchange rate drop. Governor Bouey said that he did not think that we could be sure that the exchange rate would stop at any determinable level. If we decided to reduce interest rates by a more accommodative monetary policy, the expectations that are already embedded in this economy would clearly become rampant.

There are also those who say, "Well, what we ought to do is balance the federal budget. The root of all inflation is our running a deficit." This is a favourite argument of the businessman. Governor Bouey said that the fact that we are running a deficit has no effect on our monetary policy; that we are not monetizing that deficit. The Economic Council of Canada showed us studies from its most recent report which indicate that balancing the deficit would have very little effect on our inflation rate. In fact, if one thinks about it, those who say that balancing the budget would cure inflation must logically look at the situation right across the country, and if one looks at the combined provincial budgets and federal budgets, I believe one will find them in surplus. As a matter of fact, you can go back in history and find situations of inflation with the budget in surplus. There are very good and valid reasons to balance a budget, but to suggest that by doing so you will cure inflation is, in my judgment, totally misleading.

• (2130)

There are those who say that what we ought to have is a tax-based incomes policy—the acronym is "TIP." This is the latest concept in incomes policies. We have tried controls in Canada. They have not stopped inflation. I think you would

agree, whether you are for or against controls, that they distort investment patterns and the very perception that there may be controls can start off, as it may be doing today, a new round of price and wage increases. Once you get into controls—and we found this the last time—you either have to abandon them and return to inflation rates that are probably higher than the ones you started with, or you have to make them more and more stringent and run the risk of gradually strangling a free economy. We are presented with this TIP idea which is made to look extremely attractive by its proponents and which looks very simple because it uses the tax system. I suggest to you that, as simple as it looks, when it is put into operation it will be complex and suffer from every defect of the control system. I do not believe that any control system should be used except in the most serious of circumstances and certainly should not be used as a threat, for all it does is accelerate price and wage increases.

There are also those who say we can get through this without pain if we have what are called "supply-side measures." They say, "What you want to do is increase the supply to meet the demand. If you do that, nobody is going to be hurt; everybody is going to be happy." They suggest measures to increase investment; measures to ensure the efficient operation of the economy; and measures to improve productivity. There is a school of economists now in the United States who have great influence on American policy. They are the supply-side economists and they are saying that if you put supply policies into operation you can lick the inflationary problem.

I agree that supply policies are absolutely necessary to achieve an efficient economy, but they may take a long time to be effective since their one quality is that they operate in the medium to long term, and they do not operate in the short term. I do not believe they will be effective in controlling inflation, although they are necessary for other reasons. I think it is a cruel hoax to suggest that, through supply policies, it will be possible to control the rate of inflation. I do not think it is true.

There are those who suggest we can get through this by what they call "gradualism"—we can do what we must, but we will do it over a long period of time and it will not hurt very many people. The fact of the matter is that we have been doing that now for four or five years. It has not worked, and the agony is being prolonged. Gradualism very much contributes to the "stagflation" that we are suffering from today and, in the end, as the gradualism becomes more and more stringent, it eventually works and the very crunch that you try to avoid you are confronted with.

Finally, there are those who say, "Really, what we need to control inflation is a combination of all of these measures." That sounds very effective. Why not employ all of the measures? It seems to me that if we do, we will get the feeling that everyone is being treated equally and that nobody is being made to suffer by having to pay more than the other fellow. It is fine to use all the measures, providing you are not using all the measures in a way that causes you to misuse the one effective policy available to you.

[Senator Everett.]

Running through this whole problem of our economy is the great difficulty of expectations. Expectations of continuing inflation are extremely high. That is one of the reasons for "stagflation." It is one of the reasons that some of the best brains in the country are not spending their time trying to analyze how they can increase investment in productive resources. They are spending their time trying to analyze how they can beat inflation by buying collectables, land, gold, and so forth. That is what the brains are doing, and they are doing it, for the most part, fairly successfully, but it is not doing much for the economy of the country.

How people feel about an economy is crucial to its operation. We have to destroy those inflationary expectations. We have to convince people that, when they invest their money in anything, there are winners and there are losers. People today are convinced that, if they put their money into Vancouver real estate, they cannot do anything but win, and until they are convinced that their investments can result in losses as well as profits, those expectations will continue. In doing this, somehow or other we must maintain public buoyancy—that is, the feeling that the economy is sound and growing—and we must try, if possible, to avoid public panic and despair. This is a tall order, and the question is: How should we go about it?

A number of policies are available to us. It seems to me that what is important is to know just how they are effective. In generic terms, it seems to me that there are two types of policies. There are those that will improve the general operation of the economy such as incentives to encourage productive investment; the reduction of regulations; measures to improve the functioning of our labour markets such as manpower training programs; even balancing the budget; and reducing the size of government. All of those policies can contribute to a more efficient economy, but they take time to be effective, and they are only effective if they are applied evenly over the medium-to-long term.

• (2140)

They will assist our economy to grow and through growth we can provide greater benefits to society and, indeed, they will reduce the inflationary tendencies in our economy. But they will not reduce inflation. The only way to reduce inflation is to reduce demand, and the only way I know to reduce demand is a restrictive monetary policy which works by slowing down the economy. I admit it is uneven in its application. It has the potential to go too far. When we find every country in the free world applying restrictive monetary policies, there are real dangers. But it will do the job and it will do it in the short-to-medium term.

I believe our stance should be one of recognizing that a restrictive monetary policy applied over the necessary period of time is absolutely essential to destroy expectations and to destroy inflation. We should support the governor and encourage him to continue the policy until it does work. We should not confuse the idea that because we balance the budget, reduce taxes, conclude an energy agreement with Alberta, spend money on manpower training, or adopt all the other supply policies that are available to us, that we are going to

reduce inflation. Those initiatives are necessary. They have always been necessary. They will make the economy work better. But to use those policies to avoid doing the right thing to reduce inflation—which is a restrictive monetary policy applied until inflation is brought under control—is to really almost come close to destroying the fabric of this economy. If we do not do it now, then people are going to become so convinced that the central bank and the government do not mean business, that there will be no stopping inflation. I do not think there is any painless way of doing it. I think we have to suffer pain. I think we have to take risks. If there is any stance that the government should take over all the other policies it is to support the Governor of the Bank of Canada in the correct policy for reducing inflation.

Hon. G. I. Smith: Honourable senators, I should like to ask Senator Everett a question relating to the supplementary estimates (A), but before I do so, although I could find many things to disagree with him in his very well thought-out speech, I want to congratulate him on the thoughtfulness and eloquence with which he presented it.

Hon. Senators: Hear, hear.

Senator Smith: My question relates to the last paragraph in the committee's report concerning supplementary estimates (A) which is found at page 2531 of *Hansard* for June 11. It has to do with what I think he referred to as the probability of legislation being introduced to create a revolving fund in relation to the petroleum and special compensation charges. The last sentence of this report reads:

> If it had been applied—

That is the revolving fund idea.

> —to the Main Estimates and these Supplementary Estimates, the total of these two estimates would have been reduced by over $4.81 billion.

That is a very large sum of money. My question is: Does that mean, therefore, the government would be able to spend, if this comes about, $4.81 billion without a vote in the estimates?

Senator Everett: What it means is that the revenue, prior to the legislation that is intended, came from the Consolidated Revenue Fund. Therefore, the expenditure would show in the estimates. What will happen now is the revenues will be derived from petroleum and special compensation charges to the oil industry, and those charges will go into a revolving fund. The petroleum compensation payments will be paid out of that revolving fund. By virtue of the way in which the Financial Administration Act works, all that would be shown in the estimates then is the difference between what goes into the revolving fund and what is paid out.

Senator Smith: I am not arguing the point but only seeking enlightenment, but on the basis of the figure presented in this last sentence of the report, it seems to mean that $4.81 billion would be paid out of the revolving fund without a vote in the expenditure estimates of the government.

Senator Everett: If they balance that probably would be the case; if they do not balance, the amount will appear as an estimate. That is the difference between the payments out of, and the payments into, the revolving fund.

Senator Smith: I appreciate if there was a deficit in the revolving fund it would have to be made up by a vote from the Consolidated Revenue Fund or some other fund, in any event. What I am really asking about is whether this figure of $4.81 billion used here as an illustration of the decreased amount would need to be shown in the estimates. Does that not mean that, using the illustration in the report, there would be, indeed, $4.81 billion that would not have to be shown in the estimates and, therefore, would not require an estimate vote?

Senator Everett: I think essentially, you are correct about the $4.81 billion. I would like to check on that and perhaps give you an enlarged answer at a later date. My understanding is that it would not appear as part of the estimates. The only thing that would appear would be that amount needed to make up the revolving fund.

Senator Smith: I look forward to that answer, and I thank the honourable senator.

Hon. Henry D. Hicks: Honourable senators, I would like to raise a point with Senator Everett which bothers me. I listened to his argument very closely supporting the position taken by the Governor of the Bank of Canada. Although I am not an economist and not as knowledgeable as some other senators in this chamber about econmic matters, I understand the argument that you curb inflation by increasing the cost of money. Hence, people do not spend so much and the cycle comes around and prices do not continue to ascend. What bothers me is that in the present climate, even though interest rates are very high and money is very expensive, people continue to borrow and pay the high interest rates because of the confidence they have in the economy or because of the sureness with which they feel that inflation is going to go on in any case. I think that high interest rates are in themselves inflationary because they add to the cost of money and, hence, add to the cost of goods. Would Senator Everett be prepared to enlighten me in my understanding or misunderstanding of this situation?

• (2150)

Senator Everett: It is my belief that high interest rates are the result of normal jockeying between the supply of money and the demand for money. In a sense it is wrong to say that what the central bank does is say that the interest rate is going to be at a certain level. What is truer is that they try to keep the growth of the money supply, or whatever aggregates they look at, at a certain level. Dependent upon the demand for money at that time that can cause interest rates to increase or decrease.

It is true that they use an interest rate to determine how fast the aggregates grow, but that is a mechanism that is used. In fact, what they are trying to do is target a certain growth for the aggregates, and within that growth there is a demand for money; and if that demand is high it will cause interest rates to be high. It is obviously true that since interest is a cost of doing business in the initial stages, it does add to costs—

Senator Hicks: And to inflation.

Senator Everett: —and to prices and to the price level; but the effect of controlling the supply of money, and indeed the high interest rates themselves, in time does mean that the economy slows down and that people are less willing to make those investment decisions.

At this particular point, if you can buy a house and your perception is that the house will increase in value by, say, 25 per cent a year, you may well not think it very bad to take a mortgage at 18 per cent a year. I will admit that the high interest rates are a cost and a factor in prices, and they do have an effect of changing the price level, but I would argue that in time what happens is that the economy does start to dampen down; and as it dampens down the supply of funds is reduced and the interest rates, as a consequence, drop—unless the central bank further tightens the supply of money, in which case it can keep those interest rates riding high for a longer time, but the drop in the economy will be even greater.

Hon. Lowell Murray: Honourable senators, there are many questions that I would like to ask Senator Everett following his excellent speech, but I will confine myself to one or two. I would like to return, first, to the matter that was raised by our colleague, Senator Smith, a few moments ago in connection with supplementary estimates (A), and the fact that henceforth only the difference between the amounts paid in compensation and the amounts collected through the petroleum and special compensation charges will be reported in the estimates.

I want to ask the honourable senator, frankly, what he thinks of this as a matter of budgetary practice. If the government raises $4 billion or $5 billion in a tax, whatever the nature of the tax, and spends it, whatever the program, no spending item will be shown in the estimates, and I suggest that, in principle it is wrong and that when you are dealing with sums of that order of magnitude this practice gives quite a false impression of the budgetary position of the government.

Senator Everett: Honourable senators, I do not think it is true to say that the amounts involved are not shown in the blue book of estimates. I believe that the amount received by the revolving fund and the amount expended from the revolving fund will be shown in the estimates; but the budgetary amount will be the shortfall, and therefore your budgetary expenditures will be reduced, as we see it, by the amount of the payment by the oil industry into the compensation revolving fund.

Senator Murray: I do not want to enter into a debate at this point, but I cannot think of a single argument to be advanced in favour of this practice, to be perfectly frank about it. I would like the committee, of which I am a member, to have a close look at this practice, because if it can be done with the oil import compensation fund, the government can start earmarking various taxes for various purposes all over the lot, and before we know it they will be netting out their expenditures in all kinds of areas. I would like to see the committee take a closer look at this, to see whether it is done in respect of other tax and spending measures, and express a judgment as to the propriety of this in terms of the government's accountability and its responsibility to Parliament for these spending programs.

Senator Everett: The honourable senator makes a very good point. It is something that has come up before in our hearings. It might be something on which it would be worthwhile to hold a few special hearings. There are other areas that are not dissimilar. For example, it is possible, if the government is making a payment which would be included in budgetary expenditures, to make that into some sort of tax relief, which then, so far as the recipient is concerned, may still be of similar value, but the government, on the other hand, has quite changed its budgetary practices by doing that.

So the point is well taken and, in fact, I would endorse the idea of perhaps having two or three hearings and exploring the whole issue of what should or should not be in. It is not something that has not been gone over by Parliament over many years, but perhaps the time has come to have another close look at it.

Senator Smith: Honourable senators, I would like to ask a supplementary question on that point. My memory was jogged by Senator Everett's reply. Does he recall that, in fact, this matter was discussed at some length approximately two or three years ago, and particularly addressed by Senator Grosart, and that as a result of that discussion even representatives of the Department of Finance were willing to agree that they should retreat from any such practices?

Senator Everett: I do recall that very vaguely, but it was in respect of user fees. I believe the subject was in respect of some sort of user fees in harbours.

Senator Roblin: The user fee par excellence.

Senator Everett: That is true. We did get an agreement on that, and so far as I know the Treasury Board has lived up to that agreement. But that would be another subject for the hearings.

Senator Murray: There is one matter relating to Senator Everett's comments on the state of the Canadian economy. He said, as I understood him, that wage demands are now in the area of 17 per cent to 20 per cent per year. He is not suggesting, I presume, that wage settlements are at that level. In any case, I wanted to ask him what the source of that information is, and, secondly, whether he will agree that in each of the last three years average wage settlements in this country have been considerably below the inflation rate.

● (2200)

Senator Everett: Honourable senators, I think there has been a reduction in real wages in this country. I think what I specifically said was that wage demands are starting to run in the area of 17 to 20 per cent per annum. In fact, I think there have been settlements that have run to 33 or 34 per cent over a period of two years. I believe I could produce details of some settlements of this magnitude.

I do not think it has been endorsed by the Government of British Columbia, but I read in the *Globe and Mail* today that

the doctors in British Columbia will settle for a 40 per cent increase over two years. I suppose the doctors might not like my lumping them in with the rest of the trade unions, but nonetheless that is a wage increase, and it would appear to be 40 per cent over two years. The burden of the article was that it would be accepted.

Senator Murray: I cannot resist asking the Chairman of the Standing Senate Committee on National Finance whether, in view of his statement to the effect that a balancing of our budget would have very little effect on the inflation rate, from which I infer that he thinks the size of the federal deficit is not an important element in Canadian inflation, what he thinks the principal elements are in the prolonged high rate of inflation that we have in this country today.

Senator Everett: I would like to say that my argument was that the idea of balancing the budget would not reduce inflation. I did not argue—in fact, I argued the other way—in favour of balancing the budget. My argument was that it was beneficial in the medium-to-long term in creating a more productive and growing economy.

I think there are good reasons for balancing the budget, but I think those people who say, as many businessmen do, that all that is wrong with this country is we have a budgetary deficit, and if we could only get the budget balanced our inflation problems would be over, are wrong. History does not support that. It is not true.

In that respect one of the things we came across when we were examining the budget—and this is nothing that is not public—was that out of roughly $62 billion of total spending, if you take out the transfer payments to people, the transfer payments to the provinces, the interest on the public debt and what we spend on national defence, you are left with $18 billion that is directly controllable by the federal government. I would like to see us operating with a more balanced budget, but I am always challenged by what it is that you cut. We can cut some of the $18 billion, but in relation to the $62 billion it is not going to be a devil of a lot. We then get down to the problem of what social programs we are going to cut, but who wants to bite the bullet on that? Then we get into the area that we are already into of discussion with the provinces as to who foots the bill there.

In this regard we are going to be discussing equalization and the question of the Established Programs Financing Act. I do not know who can go to the public and say, "This should be done," or "That should be done". It is my feeling that while we ought to be prudent about our expenditures—and I noticed that the Minister of Finance, the other day, was saying that there are no new programs that are going to be available to us because we just do not have the money—I really do not know where it is that we can make the kind of stringent cuts that would have to be made in order to balance the budget.

The only thing that is open to us is an increase in revenue. As the Economic Council said, how do we increase taxes when one of the major things that we want to do is reduce taxes in order to encourage investment? It seems to me that that takes us in one direction, and that is that we have got to get more oil revenues flowing to the federal government.

I am entranced with Mr. Lougheed's public relations, and his perception that everything that has gone wrong with energy in this country has been the fault of Mr. Trudeau and the Liberals. I just do not believe that. I think Mr. Lougheed is being intransigent. I do not think he is acting in the best interests of Canada. I do not think he is talking in terms of equalization. His province, like my province, was dependent on equalization at one time. Where is his feeling of history with regard to that fact? It seems just to have gone out of the window.

I apologize; I have departed a bit from your point. Nonetheless, I think that this problem of a budgetary deficit should be cured. I suspect that while we have to be a great deal more prudent about our expenditures—we are forced to do that—it is an energy-pricing agreement and a sharing of revenues that are necessary to put us on the right side.

Senator Smith: Honourable senators, I wonder if I might ask the honourable Senator Everett a further question, to which I will perhaps make the preliminary comment that I am sure he recognizes that in his last remarks he challenged us to a debate on a subject on which some of us have very strong feelings. I will avoid that challenge, not because I am afraid to take it up, but because this is perhaps not the proper occasion on which to do so. I want him to know that we do not all think as he does about that.

I was intrigued, however, as he talked about controlling the money supply, as to the mechanisms which he believes—"believes" is the way I guess I want to put it—are available to the Bank of Canada to control the money supply in the way in which I thought he was talking about, namely, a sort of a fine tuning, involving doing something as a consequence of which the money supply is tightened, and then loosening up a bit, as a consequence of which the money supply grows. That leads me to ask just what it is that he believes is the mechanism that can be applied to achieve this.

• (2210)

Senator Everett: I am not sure that I understand the honourable senator's question, and I apologize for that.

Senator Smith: It probably was not very well put.

Senator Everett: I am sure it was well put.

The Bank of Canada has had target ranges for the growth of the money supply—I believe largely M1—and it has been very successful in staying within those ranges. I do not know what I can add to that. In other words, the bank has been capable of setting targets and meeting those targets. All I am suggesting is that we support the governor of the bank in the fairly stringent range that he has now.

Senator Smith: Perhaps I will try to put my question a little more clearly, and perhaps the honourable senator's answer has clarified it in my own mind.

The Honourable Senator Everett has just said—no doubt correctly—that the central bank sets targets for the money

supply and it has been successful in achieving those targets. I do not quarrel with that assertion at all. I am merely asking him what the bank has done, after setting those targets, which has enabled it to achieve them?

Senator Everett: I suspect that I am getting on to fairly dangerous ground, but the bank does control the monetary base, which is reserves to the banking system plus currency. The governor has always said that their most reliable indicator of the success of controlling the aggregates is M1 or M1-B, which is currency plus demand deposits. I think their method of doing it is rather arcane—and Senator Lamontagne can probably correct me if I am wrong—but I believe they try to establish an interest rate at which they can either buy or sell government securities. By doing so, they can drain off deposits, thereby tightening the money supply, or add to those deposits, thereby having a more liberal money supply.

Senator Smith: That is a poor word to use.

Senator Everett: I beg your pardon?

Senator Smith: I apologize, I only meant to make a joke about the use of the word "liberal." Obviously it was not very successful.

Senator Murray: The honourable senator has said that our economy is operating at well below potential, yet he went on to say that the only way to attack inflation is to reduce demand. Let me put Senator Godfrey's question to you, then, Senator Everett. If 7 per cent unemployment is not enough slack in the economy, how much unemployment would be sufficient to attack inflation?

Senator Everett: When we conducted our hearings 10 years ago on Growth, Employment and Price Stability, I believe the accepted rate of unemployment was 3 per cent. We concluded, because of the several landing nets that were available to people, that probably the full employment on a disaggregated basis across Canada—which is a fairly vague figure—was probably 4 to 4½ per cent. The governor, when he appeared before us, indicated that it was somewhere in the neighbourhood of 6 to 7 per cent. I do not think I am misquoting him; Senator Roblin will correct me if I am.

The neighbourhood of 6 to 7 per cent is probably as low as you are going to get the disaggregated Canadian figure, because I think that indicates—one hesitates to use these figures today—the prime male unemployment rate running around 3 to 4 per cent or 2½ to 3½ per cent.

We have provided a lot of opportunities through unemployment insurance, with a high participation rate in employment in our economy, which means very often two members of a family or more are working. People can be unemployed at their option. I am not trying to be cruel or to ignore the plight of people who are unemployed. However, as I understand it, the fact of the matter is that unemployment figures arise out of a survey conducted by Statistics Canada in which they ask, "Are you looking for a job and have you been out of work for one week or more?" That is a fairly subjective test. However, I think there are a lot of people who have the option on that test to stay unemployed.

Therefore, I would think that yes, probably 6 to 7 per cent is about as low as we can reasonably get, unless we change some of the underlying rules, especially as they relate to unemployment insurance. Yes, I think that we would probably start to bump our heads against the top of the economy at that stage.

On motion of Senator Lamontagne, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 2537*)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

SEVENTH REPORT OF STANDING JOINT COMMITTEE

Tuesday, June 16, 1981

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its Seventh Report as follows:

(Statutory Instruments No. 12)

1. In accordance with its permanent reference, section 26 of the *Statutory Instruments Act,* S.C. 1970-71-72, C. 38, your Joint Committee has determined to draw to the special attention of both Houses:

SOR/77-869—as extended by SOR/81-25, Railway Passenger Services Adjustment Assistance Regulations.

SOR/78-286—Railway Passenger Services Contract Regulations.

SOR/78-287—Schedule D to the *Financial Administration Act,* amendment.

2. Your Committee's objections to these regulations are four fold.

(i) VIA Rail Canada Inc. has been established and set up in business—and in consequence almost all the railway passenger services of the country have been brought into government ownership, control and funding—pursuant to an involved use of subordinate powers, a dollar vote in an Appropriation Act and the three slim regulations under report. At no time has Parliament had the opportunity to debate and to settle what are very significant matters.

(ii) The operative dollar vote, Vote 52d, Department of Transport, *Appropriation Act No. 1, 1977,* refers only to "selected rail passenger services", yet SOR/78-286, made under that vote, purports to apply not only to passenger services operated over railway lines but also to other passenger services, and not only those in substitution for rail services but also those ancillary to them.

(iii) An item critical to the funding of the services provided by VIA Rail Canada Inc., the "prescribed portion" of the employee costs of the railway companies (for severance benefits, early retirement benefits and the like) in implementing the changeover to VIA Rail control of passenger services, has never been prescribed by a regulation made under Vote 52d, but is contained in an unpublished and, hence unscrutinized, statutory instrument.

(iv) The prerequisites to or limitations on payment of the "prescribed portion" need not be set out in a regulation. Any terms or conditions subject to which payment is to be made that are set by the Governor in Council by regulation must be obeyed, but if the minister sets any others, they may, without their being embodied in any regulation, be embodied in the arrangements entered into with the railway companies. Thus, the very terms of what was a vital part of the VIA Rail programme were left to the minister to determine in conjunction with the railway companies.

3. To explain its objections, your Committee must set out the rather complicated path followed in revamping railway passenger services under public auspices and funding without recourse being had to Parliament in any real way. The very provenance of VIA Rail Canada Inc., makes out the Committee's chief objection, that Parliament has been bypassed by the executive.

On 12 January 1977 Canadian National Railways incorporated a subsidiary, VIA Rail Canada Inc., under the provisions of the *Canada Business Corporations Act.*

By Vote 52d, Department of Transport, *Appropriation Act No. 1, 1977* (a dollar vote), VIA Rail Canada Inc., was deemed to be a railway company for the purposes of section 11 of the *Railway Act,* thus bypassing the Canadian Transport Commission and the public hearing process.

By Vote L56a, Department of Transport, *Appropriation Act No. 3, 1977-78,* the Minister of Transport was authorized to purchase "on behalf of and to hold in trust for Her Majesty in Right of Canada all of the issued common shares of VIA Rail Canada Inc. and to pay $100,000.00 in consideration thereof". Upon the completion of that purchase, VIA Rail Canada Inc. became a company the shares in which were all beneficially owned by the Queen. As such, it also became a Government Company within the meaning of the *Government Companies Operation Act* (as amended by item 4 of the Schedule to the *Canada Business Corporations Act,* S.C. 1974-75-76 cap. 33). As a Government Company, VIA Rail Canada Inc. became by virtue of section 3 of the *Government Companies Operation Act* an agent of Her Majesty and its powers could only be exercisable as an agent of Her Majesty.

By Order in Council, SOR/78-287, VIA Rail Canada Inc. was made a Crown Corporation by the addition of its name to Schedule D to the *Financial Administration Act.*

The whole authority for public funding of the VIA Rail operation and its takeover of railway passenger services provided by railway companies rests in the dollar vote, Vote 52d, Department of Transport, *Appropriation Act No. 1, 1977,* which reads as follows:

52d Surface Transportation—With respect to surface transportation:

(a) to deem VIA Rail Canada Inc., a railway company incorporated pursuant to Section 11 of the *Railway Act;*

(b) to authorize, subject to the approval of the Minister, VIA Rail Canada Inc. and any railway company to enter

into contracts for the purpose of providing a unified management and control of rail passenger services in Canada; and

(c) to authorize the Minister, subject to such terms and conditions as the Governor in Council may prescribe by regulations

(i) to enter into a contract with VIA Rail Canada Inc. with respect to

(a) the provision, management, or the operation of selected rail passenger services in such a manner as to improve efficiency, effectiveness and economy in rail passenger services in Canada;

(b) the reimbursement of the net cost to the corporation of operating a rail passenger service in accordance with the provisions of the contract;

(c) incentive payments for the efficient operation of the rail passenger services in accordance with the provisions of the contract;

(ii) to reimburse, out of monies to be appropriated by Parliament, a railway company for the prescribed portion of the cost incurred by the company for the provision of income maintenance benefits, layoff benefits, relocation expenses, early retirement benefits, severance benefits and other benefits to its employees where such costs are incurred as a result of the implementation of the provisions of the contract or discontinuance of a rail passenger service provided that the aggregate of the amounts payable annually pursuant to this authority for the purposes set out in Clauses (b) and (c) does not exceed $240,000,000—$1.

Upon this foundation hangs now all the law and the administration of almost all railway passenger services in Canada.

4. While your Committee questions the validity of the Railway Passenger Services Contract Regulations extending to non-raii services, its principal objection to the regulations under report is made in terms of its tenth criterion for the scrutiny of statutory instruments:

> Whether any Regulation or other Statutory Instrument within its term of reference, in the judgment of the Committee: . . .
>
> 10. in the absence of express authority to that effect in the enabling statute or prerogative, appears to amount to the exercise of a substantive legislative power properly the subject of direct parliamentary enactment, and not merely to the formulation of subordinate provisions of the technical or administrative character properly the subject of delegated legislation;

In your Committee's judgment, the settling of the legal regime to govern the now publicly owned, controlled and funded railway passenger service is too important a matter to be left to the corporate policy, and virtually unlimited corporate powers, of VIA Rail Canada Inc., a corporation wholly owned by the Crown, and to skeletal regulations made under a dollar vote which in the nature of procedure in the House of Commons cannot have been subjected to significant debate. Parliament should have been, and still should be, given the opportunity to debate the future and structure of railway passenger services in Canada and the manner of their management and control; and your committee is inclined to believe that this should include the maintenance of the jurisdiction of the Canadian Transport Commission over VIA Rail Canada. As things stand now, even if a bill to regulate railway passenger services and VIA Rail Canada Inc. were to be introduced, many important matters have been effectively foreclosed from Parliament's debate and disposition by the extensive and preemptive executive action that has already been taken. It is objectionable in principle that relationships between the new public railway passenger authority and the railway companies, and the takeover of services, should have been settled without parliamentary involvement.

5. It might well be thought unfortunate that your Committee has taken so long to raise these important considerations in a report to the Houses. Your Committee's predecessor but one was dealing with the VIA Rail issue at the dissolution of the Thirtieth Parliament in March 1979. Your Committee's immediate predecessor had but little time to do anything. By the opening of the Thirty-second Parliament the new VIA Rail system was fully in place and it was decided that what should be sought was the introduction of legislation to place the new system on a statutory footing. It may be that your Committee has been too patient in seeking assurances from the Minister of Transport that a bill to regularize VIA Rail Canada Inc.'s activities and powers would be introduced. Indications of the preparation of such a bill were received but lately it has become apparent that legislative action has become a retreating vision. Your Committee's joint chairmen's most recent correspondence with the Minister of Transport is attached as Appendix A to this report.

6. In objecting to the use of the regulations under report and to Vote 52d, Department of Transport, *Appropriation Act No. 1, 1977*, your Committee is doing no more than particularizing its predecessors' and its own general and principled objections to the making of regulations under votes in Appropriation Acts. In its Second Report for the Second Session of the Thirtieth Parliament (Statutory Instruments No. 1), the then Committee said:

> "In the review of statutory instruments the Committee has been struck by the number of instances of the use of Votes in Appropriation Acts as vehicles for the conferring of subordinate law-making powers, usually upon the Governor in Council. From 1st January 1972 to 30th June 1976 at least one hundred and four items of delegated legislation have to the knowledge of the Committee, been made pursuant to Votes. (The task of adding up the number is not easy since spent regulations are removed from the Index to Part II of the Canada Gazette at the

end of each calendar year in which their effect became spent.) The Committee fears that many, many more examples exist which have not been classed by the Crown's legal advisers as statutory instruments and of the existence of which the Committee has neither knowledge nor the means of knowledge.

The type of power to which the Committee is referring arises when moneys are voted by Parliament to be disbursed for a stated purpose but all the rules governing that expenditure, the determination of eligible recipients and so on, are left to be made by a subordinate authority. Parliament simply hands a sum of money to a subordinate with authority to spend it for a particular purpose, often vaguely stated, as that authority sees fit. The authority then makes a set of rules, often very elaborate, governing the expenditure of the money and, in effect, defining the purpose and objects of Parliament's bounty. Often the financial basis which gives the legal justification for the use of a Vote in an Appropriation Act is a fiction since the money voted is only one dollar.

The Committee has objected to

... the "filling up" and extension of old Votes, and old enabling powers, under a series of Votes commencing at some point in the intermediate or distant past which are then amplified in scope or altered in some one or more particulars by succeeding Votes. These successive Votes are often expressed "to extend the purpose" of an earlier Vote and the extensions in some instances are but barely related to the particular objects of the original Vote. The combination of the accumulation of extensions and the extreme generality of language in which almost all enabling powers in Votes are expressed renders the task of the Standing Joint Committee so difficult as to negate any effective scrutiny. To the extent that scrutiny is rendered ineffective, Parliament's control of the purse is subverted. The Committee has seen instances of deplorable vagueness and uncertainty as to the true extent of enabling power arising from such constant tinkering. Moreover, the Committee concludes that this practice shows that normal, substantive legislation is necessary to cover the particular subject matter dealt with by the series of Votes."

In its Fourth Report for the First Session of the Thirty-second Parliament (Statutory Instruments No. 10) your committee reported:

"The making of extensive subordinate laws on important matters such as VIA Rail Canada Inc. under Votes in Appropriation Acts also produces laws and policies never debated by Parliament. Your Committee's predecessor called for an end to this practice inimical to parliamentary sovereignty. It should stop and all existing subordinate laws made under Votes should be the subject of review as to merits by the appropriate Parliamentary Standing Committees."

APPENDIX A

June 26, 1980

The Honourable Jean-Luc Pepin,
Minister of Transport,
House of Commons,
Ottawa.

Dear Mr. Pepin:

Re: SOR/77-869, Railway Passenger Services Adjustment Assistance Regulations
SOR/78-286, Railway Passenger Services Contract Regulations
SOR/78-287, Schedule D to the Financial Administration Act, amendment

The Committee has considered your letter of 17th April last to its counsel, Mr. G. C. Eglington. We are instructed to enquire of the progress of the policy review to which you referred. The Committee is anxious to know whether and when a Bill for An Act to provide for VIA Rail Canada Inc. will be introduced.

Yours sincerely,

John M. Godfrey,
Joint Chairman,
Perrin Beatty,
Joint Chairman.

August 19, 1980

The Honourable John M. Godfrey,
The Senate,
Ottawa, Ontario.
K1A 0A4

Dear Senator Godfrey:

I would like to thank you and Mr. Beatty for your letter of June 26, 1980, as joint chairmen of the Standing Joint Committee of the Senate and the House of Commons on Regulations and other Statutory Instruments.

With respect to the possible introduction of a Bill to provide for a VIA Rail Canada Act, a Cabinet Submission which will seek decisions in respect of rail passenger services and of VIA Rail Canada Inc. in particular is now in the advanced stages of interdepartmental consultation.

The scheduling of such deliberations is always subject to possible interruptions; however, I anticipate that a Cabinet Decision on the issues raised in that Submission will be available to us by about the end of September.

Upon receipt of the Cabinet Decision, I shall be in a position to respond directly to your Committee on whether a VIA Rail Canada Act will likely be introduced.

Yours sincerely,

Jean-Luc Pepin

November 6, 1980

The Honourable Jean-Luc Pepin,
Minister of Transport,
House of Commons,
Ottawa, Ontario.

Dear Mr. Pepin:

Re: SOR/77-869, Railway Passenger Services—Adjustment Assistance Regulations
SOR/78-286, Railway Passenger Services Contract Regulations
SOR/78-287, Schedule D to the Financial Administration Act, amendment Jan. 12, 1981

Thank you for your letter of 19th August 1980 which the Committee considered at its meeting of 30th October.

We were instructed to ask whether the Cabinet decision to which you referred has been taken and when you will respond to the Committee's position on the need for the introduction of a VIA Rail Canada Bill.

Yours sincerely,

John M. Godfrey,
Perrin Beatty,
Joint Chairmen.

January 12, 1981

The Honourable John M. Godfrey and
The Honourable Perrin Beatty, P.C., M.P.,
Joint Chairmen,
Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments,
c/o The Senate,
Ottawa, Ontario
K1A 0A4
Dear Sirs:

I refer to your letter dated November 6 in which you questioned the status of the Cabinet decision pertaining to rail passenger services and the impact such a decision would have on the introduction of a VIA Rail Canada Bill.

The Cabinet has not as yet considered the submission to which I referred in previous correspondence. I expect the matter to be discussed early in the new year. Once a decision has been reached, I will advise your Committee on the requirement for a VIA Rail Canada Bill.

Yours sincerely,

Jean-Luc Pepin

March 19, 1981

The Honourable Jean-Luc Pepin, P.C., M.P.,
Minister of Transport,
Ottawa, Ontario
Dear Mr. Pepin:

Re: SOR/77-869, Railway Passenger Services Adjustment Assistance Regulations
SOR/78-286, Railway Passenger Services Contract Regulations
SOR/78-287, Schedule D to the Financial Administration Act, amendment

Your letter of 12th January last was before the Committee on 12th instant together with SOR/81-25 which extended the effective date of the Railway Passenger Services Adjustment Assistance Regulations to December 31, 1983.

The Committee wishes to have some definite time frame within which it can work and we are instructed to ask once again for some definite if not precise date by which a decision whether or not to proceed with a VIA Rail Canada Bill will be taken. Mindful of the fact that its position in this matter has been in suspense as it were since just before the March 1979 dissolution the Committee has adopted a time limit of 6 May 1981 on the decision to place a special report before both Houses.

Yours sincerely,

John M. Godfrey,
Perrin Beatty,
Joint Chairmen.

May 7, 1981

The Honourable John M. Godfrey, Q.C.
Joint Chairman
Standing Joint Committee of the Senate and House of Commons on Regulations & other Statutory Instruments
The Senate
Room 477-S
Ottawa, K1A 0A4
Dear Senator Godfrey,

Thank you for your letter of March 19, 1981, in which you seek a definite date for a decision on whether there is a requirement for a VIA Rail Canada Bill.

At present, there does not appear to be an immediate requirement for a VIA Rail Canada Act. Once the existing legislative framework has been sufficiently tested, it should be possible to establish whether a constituent act is definitely needed. I regret to inform you that, at this time, a decision on the matter is not possible.

Yours sincerely,

Jean-Luc Pepin

May 21, 1981

The Honourable Jean-Luc Pepin, P.C., M.P.,
Minister of Transport,
House of Commons,
Ottawa, Ontario.
Dear Mr. Pepin:

Re: SOR/77-869, Railway Passenger Services Adjustment Assistance Regulations
SOR/78-286, Railway Passenger Services Contract Regulations
SOR/78-287, Schedule D to the Financial Administration Act, amendment

The Committee considered your letter of 7th instant on Thursday last.

The Committee is of the view that there is an immediate requirement for a VIA Rail Canada Act and that the existing legislative framework, consisting of votes in Appropriation Acts which may not even support all the Regulations already

made, is inadequate. Your letter appeared to the Committee to avoid answering the issue it has raised. Consequently, the Committee feels that a report to the Houses is needed and will be considering this matter again on 28th May and 4th June. In the meantime, we shall appreciate receiving immediate clarification of your statement that "a decision on the matter is not possible". Does this mean that the Committee has been told nothing is now being done to bring in a VIA Rail Canada Bill?

As instructed by the Committee, we are sending a copy of this letter to the Government House Leader so that he will be on notice of the Committee's opinion that speedy action should be taken to introduce VIA Rail Canada legislation.

Yours sincerely,

John M. Godfrey,
Joint Chairman.
Perrin Beatty,
Joint Chairman.

cc: The Honourable Yvon Pinard

Respectfully submitted,

JOHN M. GODFREY,
Joint Chairman.

THE SENATE

Wednesday, June 17, 1981

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

Prayers.

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate with a change in the list of members appointed to serve on the Special Joint Committee on Official Languages.

(*For text of message, see today's* Minutes of the Proceedings of the Senate.)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Reports of the Atlantic Pilotage Authority, the Laurentian Pilotage Authority, the Great Lakes Pilotage Authority, Ltd., and the Pacific Pilotage Authority, including their accounts and financial statements certified by the Auditor General, for the year ended December 31, 1980, pursuant to section 28 of the *Pilotage Act*, Chapter 52, Statutes of Canada, 1970-71-72.

QUESTION PERIOD

[*English*]

TRANSPORT

AVIATION SAFETY—COMMISSION OF INQUIRY—REFERENCE OF REPORT TO DEPARTMENTAL COMMITTEE

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. I regret that I was unable to give him notice of my question and, therefore, it may be difficult for him to reply on the spur of the moment. I refer to the report rendered by Mr. Justice C. L. Dubin, Chairman of the Commission of Inquiry on Aviation Safety, and the fact that that report has been referred to a departmental committee by the minister. I would ask the Leader of the Government if he is able to provide us with the terms of reference under which this particular report has been referred to the committee.

There are two other points on which I would request some information. I should like to know whether any consideration was given to the establishment of a committee in which representatives of the main interested parties that appeared before the commission might have some input; and why it has been thought advisable to include the Air Administrator as a member of this review committee, in view of the fact that he has an undoubted conflict of interest arising from the commission's report.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice. While, of course, I am cognizant of the fact that a broad range of groups associated with the airline industry have made certain representations to the government with respect to actions which they would like to see taken, the details requested by the honourable senator must be obtained from the Minister of Transport. They will be obtained as quickly as possible.

Senator Roblin: Perhaps I could add that the minister is correct in his statement about the representation of the industry. My questions were indeed based on the views they presented at that time. It is a particularly prestigious delegation representing that industry because it includes the Air Transport Association of Canada, Canadian Air Line Pilots' Association, Canadian Air Traffic Control Association, Aircraft Operations Group, Canadian Air Line Flight Attendants Association, Canadian Owners and Pilots Association, Canadian Air Line Dispatchers Association, l'Association des Gens de l'Air du Québec, and the International Association of Machinists and Aerospace Workers.

I am sure that the government recognizes that these views must receive serious consideration. I would urge the minister to provide us with an answer as soon as he can.

● (1405)

AGRIGULTURE

DROUGHT RELIEF PROGRAM—ACTION BY SASKATCHEWAN CATTLE FARMERS

Hon. Nathan Nurgitz: Honourable senators, I have a question that I should perhaps put to the minister responsible for the Canadian Wheat Board, but I could perhaps put it to the minister responsible for economic development.

There is a report that the Saskatchewan cattle farmers have concluded that they have no alternative but to withhold their cattle—that is, in effect, to strike—because of alleged foot-dragging on the part of the federal government with respect to the 1980 drought relief payments. Could the minister indicate if he is prepared to accept this strike action on behalf of the

cattle producers, or, alternatively, whether the government is proposing to announce payments to all those who believe they would be eligible for them?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, we do not, of course, comment on whether or not there is validity to this kind of action being taken by anyone. I can say, however, that payments were made on the basis of the criteria set out for eligibility, and this includes a very high percentage of the number of people claiming distress arising from the drought in 1980.

There are always cases along the border of the geographical area, or, indeed, along the border, if you like, of the criteria, which require examination by a review committee. That has been done, and those files are now in the hands of the departments responsible—namely, the Department of Regional Economic Expansion, and the Department of Agriculture. Perhaps some modification has to be made to the rules in order to give a little more flexibility in these borderline cases.

I will try to obtain a report as to how many cases are left; but quite obviously we want to be fair, just and reasonable, and, as far as possible, to apply the criteria uniformly. My friend should realize, though, that there will always be problems in this kind of matter because of where you go from what is clearly a case within the qualifications to a case that is just slightly to one side. We want to be fair in this, too, but unfortunately there may be circumstances in which some rough justice has to be applied. We do want to try to be fair, though.

Senator Nurgitz: I wonder if the minister can assure us that every person clearly within the guidelines established by the government has been paid, and, consequently, that the statements being made by the Western Canada Cow-Calf Association are therefore totally in error, since there is a suggestion by that group that people within the guidelines have not been paid.

• (1410)

Senator Olson: Honourable senators know that anyone clearly within the guidelines has been paid. There are some people who thought they might be within the guidelines, but when the review board or the assessors looked over the applications perhaps they did not qualify for one reason or another. As my honourable friend knows, one of the criteria had to do with more than 50 per cent of normal precipitation falling during a certain period. The other had to do with harvesting more than 80 per cent of a normal crop during the period, which has been adjusted two or three percentage points—in fact, I think four percentage points—to try to accommodate that.

Therefore, I do not think there is anyone left who has not been paid who was clearly within the guidelines. However, there may be a few more who equally qualify but who, as he said, did not fall clearly within the guidelines as set out in the original application and the criteria related to it.

Hon. Duff Roblin (Deputy Leader of the Opposition): May I ask a supplementary question of the minister? Is it true that there are some 3,000 cases now under review or appeal? If so, who is responsible for deciding those cases?

Senator Olson: Honourable senators, I am not sure of the exact number of cases, but I would not be surprised if that were the number. The last time it was reported to me, I believe something like 22,000 applicants had been paid. There may be 2,000 or 3,000 cases outstanding, a figure generally in that area. I suppose that the minister will have to look at some modification, if we find that there are criteria which are disqualifying people who ought to be eligible, and make some change in those rules so that we can give instructions, if I may use that term, to Treasury Board to authorize payment.

Senator Roblin: I wonder if I could ask the minister to report to us, at his convenience, as to when these matters will be dealt with. After all, it is a long time since the event which concerns us occured. The Minister of Agriculture—who, incidentally, left his blind calf back in Saskatchewan, I believe; it did not reach Ottawa—is reported to have admitted that the matter has been handled somewhat poorly by the federal government. I do not know whether or not my honourable friend would care to agree with that opinion, if it is correclty ascribed to the minister, as I think it is. However, I should like to know from him when these decisions will be made. Will he please provide us with a statement of the terms of reference under which these awards are made? Perhaps he could let us know how much money has been paid out.

Senator Olson: I can obtain some of those figures. I will give an undertaking now to do so. However, perhaps this is one case where I could publicly disagree with the Minister of Agriculture, if it is correct that he said the goverment has handled this matter somewhat poorly. I think the government did a magnificent job of handling the whole situation, which is the usual kind of delivery system we expect.

Hon. Royce Frith (Deputy Leader of the Government): That is Senator Flynn's favourite phrase.

Hon. Jacques Flynn (Leader of the Opposition): A magnificient job!

Senator Olson: I know that we were breaking new ground along the way, what with bringing in new personnel in an effort to respond to a very difficult situation. As a matter of fact—and Senator Roblin will appreciate this—when the drought was completely assessed in western Canada, some areas were found to be fairly clearly defined by weather patterns. However, many of the areas where some of these payments were made looked like a polka-dot arrangement, with regard to precipitation, because of some heavy showers that relieved the drought situation. That factor makes it particularly difficult to set down uniform criteria. I think that under all the circumstances it was handled rather well.

Senator Nurgitz: I have one final supplementary on that very topic. Would the minister also confirm for us whether, of the many cases heard by the government-established appeal board, there were roughly 3,000 cases in which the appeal board recommended payment on which no payment has been made to date?

Senator Olson: The appeal board might have recommended payment in a number of cases, and that number might be 3,000. I have already given an undertaking to get the numbers involved. However, I think, to be more precise, it meant that there should be some amendment made to the regulation so that payment could be made.

● (1415)

TRANSPORT

DART CONTAINER LINE—ACQUISITION OF INTEREST BY CANADIAN PACIFIC

Hon. Richard A. Donahoe: Honourable senators, I should like to address a question to the Leader of the Government with respect to events he may not be aware of taking place in Nova Scotia that have serious implications both for the province and the Port of Halifax. I am referring to the acquisition by Canadian Pacific of a one-third interest in the United States shipping company, Dart Container Line.

The result of that move might well be that Dart Container Line, which has been a mainstay of the transportation business in Halifax, will transfer its operations to the St. Lawrence and to Montreal. Obviously, Nova Scotians are greatly concerned about this, and the Canadian Transport Commission has been holding an inquiry into the matter with a view to determining the propriety of what is taking place.

My question relates to that hearing because, in the course of that hearing, on behalf of the Province of Nova Scotia there was subpoenaed to appear before the Canadian Transport Commission a gentleman by the name of Mr. Bandeen. You will all be familiar with that name and the official position he occupies. My question stems from the fact that Mr. Bandeen has refused point blank to respect the subpoena; he has refused to appear before the commission; he has refused to give evidence before the commission relating to the transaction, and has, in effect, thumbed his nose at the Province of Nova Scotia and the commission as well.

One might understand that, but the reason advanced as to why he did not appear was that the subpoena had no legal effect on Mr. Bandeen, having been issued in Nova Scotia and served on him in another jurisdiction, and that, therefore, he could, based on that legalistic excuse, ignore the hearing.

Does the government, which the honourable leader represents in this house, approve of that kind of conduct on the part of the leader of a crown corporation which holds itself out as serving the interests of all of the people of Canada and not only the people of one region?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the honourable senator mentioned at the outset of his questioning that Canadian Pacific had acquired partial ownership in the Dart company; he then mentioned Mr. Bandeen's name. Of course, Mr. Bandeen is President of the CNR, and I am unclear whether both the CNR and the CPR were involved in a CTC hearing. The honourable senator may wish to clarify that part of his remarks. However, may I say that the honourable senator appears to be seeking a legal opinion and that—

[Senator Nurgitz.]

Senator Donahoe: No, no, not a legal opinion; merely an attitudinal opinion. What is the attitude of the government?

Hon. H. A. Olson (Minister of State for Economic Development): You are supposed to ask for facts, not opinions or attitudes.

Senator Perrault: Honourable senators, there seems to be a hypothetical question raised here. I will, however, take the question as notice.

Senator Donahoe: It is not hypothetical about Mr. Bandeen's refusal.

Senator Perrault: I should like to take the question as notice. I am not in possession of a copy of any letters allegedly sent by Mr. Bandeen to the CTC. I am not in possession of the records of the hearings held before the CTC. Under the circumstances, it would be most unfair, for the Leader of the Government in the Senate, or, indeed, any senator to offer opinions on such a matter.

Hon. Royce Frith (Deputy Leader of the Government): Unless they want to appear before the CTC.

Senator Perrault: But, honourable senators, an inquiry will go forward to the office of the Minister of Transport to obtain any information that may be available.

● (1420)

Senator Donahoe: Honourable senators, by way of a supplementary and in reply to the question, I should like to outline CN's position in this matter. CNR is a shareholder in some of these operations which are about to be transferred up the St. Lawrence, and there is no question about it. I did not include this fact in my opening remarks because I felt that someone would take exception and say that the nature of the question was argumentative or that I was entering into debate. I do not wish to enter into debate. I merely wish to know whether such conduct on the part of a head of a crown corporation meets with the approval of the government.

Senator Perrault: Honourable senators, is it fair for the honourable senator to parade before the Senate a number of allegations concerning a distinguished public servant of good reputation, and then to ask the Leader of the Government in the Senate whether he approves of some alleged misconduct or lack of responsiveness on the part of that person? I do not have available to me a transcript of any of the remarks allegedly made by the public servant or any copies of the correspondence. In light of the honourable senator's record as a minister in a provincial government, I appeal to his sense of fair play. Surely the honourable senator does not expect a response from this side, at this time, on such a matter.

Hon. Duff Roblin (Deputy Leader of the Opposition): To whom is he responsible, if not to you?

SASKATCHEWAN—REGINA AIRPORT EXPANSION

Hon. R. James Balfour: Honourable senators, I direct my question to the Leader of the Government in the Senate. Will

he ascertain whether the government has any intention of honouring the promises of three successive ministers of transport to undertake substantial work to expand the facilities at Regina Airport and, also, whether the so-called abbreviated proposal now before Treasury Board is considered an interim or stop-gap measure, or is it the ultimate or maximum that southern Saskatchewan can expect?

Senator Steuart: Hear, hear.

Senator Asselin: Now it is your turn, Senator Steuart.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the Minister of Transport has developed a program to provide airport facilities in this country second to none. I must, however, take as notice the honourable senator's question because I do not have the information regarding the schedule of the improvements at the present time.

Senator Asselin: Senator Steuart has a supplementary.

ENERGY

NUCLEAR ENERGY—INTERDEPARTMENTAL REPORT

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, last evening Senator Murray raised a question concerning what he referred to as an interdepartmental report on nuclear development which, he said, had been leaked to the press or to someone.

I contacted the Department of Energy, Mines and Resources, and they confirmed that they have completed the first draft of the nuclear industry review which is dated April 27, 1981. This draft has been distributed to various departments for their comment. Mr. Lalonde has not officially seen the report and, of course, would not agree to table it, even though parts of it have been leaked. Of course, we are not sure that it is a leak because such documents can never be confirmed as authentic. I am informed that officials of the Department of Energy, Mines and Resources are drafting a report on the nuclear industry. My colleague, the Minister of Energy, Mines and Resources, does not expect to see a copy of this report until it has been completed. We would not, of course, table a report that has not been finalized and seen by the minister responsible.

● (1425)

EFFECT OF NATIONAL ENERGY PROGRAM

Hon. H. A. Olson (Minister of State for Economic Development): I have one other delayed answer in response to a question raised on May 20 by Senator Balfour which concerns the value of drilling equipment that has been exported from Canada.

According to Statistics Canada, in the first four months of 1981 equipment to the value of $97 million has been exported from Canada under the classification: "Earth drilling, earth boring and related machinery and parts not otherwise specified". That has to be compared with total exports of such equipment during the calendar year 1980 worth $94.8 million.

While the greatest percentage of equipment contained under this heading would be utilized in petroleum-related drilling, non-petroleum drilling equipment—that is, equipment used for drilling water wells—would also be included in this grouping. Of this $97 million-worth of exports, over $78 million-worth was exported to the United States, with the remainder destined elsewhere, including Australia and Ethiopia.

To attribute this increase in the export of this domestic drilling equipment solely to the National Energy Program would be inaccurate. The excess of the natural gas supply over demand in this country has resulted in a downturn in the drilling industry which some industry spokesmen have ascribed to the National Energy Program. However, long before the National Energy Program was unveiled, the *Oil and Gas Journal* quoted the executive director of the Canadian Association of Oilwell Drilling Contractors, who predicted that no more than 5,000 wells will be drilled in Canada in 1981 compared with 8,300 last year. That is a drop of 40 per cent, and that has nothing to do with the federal government's National Energy Program.

CROWN CORPORATIONS

CANERTECH—MANDATE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on May 20, Senator Sherwood asked why Canertech had not been given a precise mandate to assign budget priority to the pursuit of the most environmentally attractive alternative technologies.

I should like to refer to the remarks made by the Honourable Marc Lalonde on the occasion of the opening of the Canertech office in Winnipeg on May 12. At that time, he clearly stated that Canertech's mandate is:

> —the commercialization of products and processes in conservation and renewable energy technologies.

Canertech Canada will concentrate on supporting commercial production of renewable energy and conservation technology, and it will reinforce the work of Canadian businesses engaged in this field by joint ventures and equity investments to fill the so-called "risk capital gap" and by offering other assistance in commercialization and marketing. This crown corporation may also enter into shared ventures with energy corporations established by provincial governments, or it may undertake commercial production on its own. Wherever necessary, the corporation will carry out research, development and demonstrations.

I think that the federal government's position relative to environmental protection is very well known and, in this regard, Canertech will place particular emphasis on such environmentally compatible projects as biomass energy conversion technology, and solar and wind energy systems.

May I say, additionally, honourable senators, that very soon dramatic new evidence will be presented to the Canadian people of the determination of this government to promote and to develop various forms of alternative energy in this country.

GOVERNMENT OF CANADA

PARLIAMENTARY SECRETARIES—VISITS TO UNITED KINGDOM

Hon. Raymond J. Perrault (Leader of the Government): In response to Senator Molson's question regarding visits of parliamentary secretaries to the United Kingdom during the last two months, I am informed that over this period the following parliamentary secretaries have visited the United Kingdom on official government business:

Mr. Ron Irwin, Parliamentary Secretary to Minister of Justice and Attorney General and Minister of State for Social Development;

Mr. Serge Joyal, Parliamentary Secretary to President of the Treasury Board;

Mr. David Collenette, Parliamentary Secretary to President of the Privy Council;

Mr. John Evans, Parliamentary Secretary to Deputy Prime Minister and Minister of Finance; and

Mr. Doug Frith, Parliamentary Secretary to Minister of National Health and Welfare.

Each of these parliamentary secretaries was in the United Kingdom for official government business related to their onerous departmental responsibilities as parliamentary secretaries.

Senator Asselin: On Constitution business.

Senator Perrault: In addition, Mr. Joyal represented Mr. Chrétien at the seminar on the Constitution at All Soul's College, Oxford University. I am given to understand that he made a very constructive contribution to that meeting. Given his knowledge of the government's Constitution project from his co-chairmanship of the Special Joint Committee on the Constitution, he was also, fortunately, available for meetings and discussions with British parliamentarians and members of the press to respond to questions about the project and to provide explanations as necessary. Of course, in Great Britain there is a lively interest in this entire process.

Senator Flynn: Indeed.

● (1430)

CANADIAN BROADCASTING CORPORATION

STRIKE BY FRANCOPHONE JOURNALISTS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I know that this will bring joy to the heart of the distinguished Leader of the Opposition—

Hon. Royce Frith (Deputy Leader of the Government): What heart?

Hon. Jacques Flynn (Leader of the Opposition): I am willing to compete with Senator Frith.

Senator Frith: He'll get me for that one.

Senator Perrault: —when I inform him that there will be a meeting this afternoon involving the director of mediation and conciliation for the Department of Labour, the journalists of Syndicat National du Cinéma et de la Télévision and other representatives to endeavour again to find a solution to the long-standing dispute between the Canadian Broadcasting Corporation and some of its journalists.

Hon. Jean-Paul Deschatelets: Honourable senators, could the Leader of the Government tell us whether this meeting will be held in Montreal or Ottawa?

Senator Perrault: Honourable senators, I spoke personally with the mediator just an hour ago, so I presume the meeting will be in Ottawa. As I have said, representatives of the Department of Labour will be directly involved in the discussions.

[*Translation*]

TRANSPORT

AIRLINES—SALE OF NORDAIR

Hon. Martial Asselin: Honourable senators, could the Leader of the Government answer now the question I asked him last week concerning possible new developments with regard to the sale of Nordair shares, or could he report progress on the situation? Also, would he accept a motion calling for the whole matter to be referred to the Committee on Transport and Communications, so that the minister and other interested parties may be heard with a view to finding a solution?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, an inquiry has gone forward but, as yet, I have not obtained the information requested by Senator Asselin. I was hopeful that we would have it today.

FISHERIES AND OCEANS

LICENSING POLICY FOR FISHERMEN—COMPOSITION OF REVIEW AND APPEAL COMMITTEES

Question No. 58 on the Order Paper—**By Hon. Jack Marshall:**

1. In the formation of the licensing policy for fishermen under the Department of Fisheries and Oceans, what are the names of those individuals who comprise the first level review committee, viz. the four full-time fishermen, the independent person, and the representative from the Department in the Province of Newfoundland?

2. What are the names of those individuals who comprise that committee which deals with (i) second level appeals (ii) final level appeals?

Reply by the Minister of Fisheries and Oceans:

1. DISTRICT 1 (ST. JOHN'S)

Committee 1:

Chairman: Thomas Best, Jr., Petty Harbour.

Independent Members: Thomas Griffiths, St. John's; John Moriarity, St. John's.

Fishermen: George E. Chafe, Petty Harbour; Joseph O'Leary, Trepassey; Peter Maher, Torbay; Gerard Chidley, Renews; Alex Day, Portugal Cove; Charles Roberts, St. John's.

Committee 2:

Chairman: James Corcoran, Riverhead.

Independent Members: Robert Halleran, St. Mary's Bay; Kevin Larner, Whitbourne.

Fishermen: Raymond Caul, Placentia Bay; Cyril Gibbons, St. Vincent's, S.M.B.; Adrian Canning, Placentia Bay; Philip A. Dohey, St. Bridges, Placentia Bay; Eric Bolt, Arnold's Cove; Freeman Cramm, Fair Haven, Placentia Bay.

Committee 3:

Chairman: Samuel B. Anthony, Grates Cove, Trinity Bay.

Independent Members: Harry Green, Green's Harbour, Trinity Bay; Graham Bursey, Clarke's Beach, Conception Bay.

Fishermen: Ray Dalton, Harbour Main; Norman Harnum, New Harbour, Trinity Bay; Harry Strong, Old Perlican, Trinity Bay; John Temple, Sunnyside; Lester Petten, Port-de-Grave, Conception Bay; Harold Parsons, Carbonear, Conception Bay.

DISTRICT 2 (MARYSTOWN)

Committee 1:

Chairman: Eric Miller, Fortune, F.B.

Independent Member: Cecil Legge, Fortune, F.B.

Alternate Independent: Willard Senior, Red Harbour.

Fishermen: Earl Reid, Baine Harbour; Don Paul, Burin; Lorne Whittle, St. Bernards; John Slaney, St. Lawrence.

Alternate Member: Eli Pike, St. Lawrence.

Committee 2:

Chairman: Max Lambert, Southport.

Independent Member: Max Balsom, Clarenville.

Alternate Independent: Gus Mifflin, Clarenville.

Fishermen: Ralph Simms, Hickman's Harbour; George Brown, St. Jones Within; John March, Lower Lance Cove; Rick Jackman, Canning's Cove.

Alternate Member: Austin King, Hickman's Harbour.

Committee 3:

Chairman: Ivan Russell, Bonavista, B.B.

Independent Member: William Maidment, Catalina.

Fishermen: William J. Randell, Bonavista, B.B.; Henry T. Verge, Old Bonaventure; Roy Sweet, Catalina; Pius Snow, Summerville.

Alternate Member: Albert M. Johnson, Little Catalina.

Committee 4:

Chairman: Wilfred Bartlett, Brighton.

Alternate Chairman: Ernest Pittman, Beachside.

Independent Member: Arthur Thoms, LaScie.

Alternate Independent: Ford Paddock, Beaumont.

Fishermen: James Shelley, Fleur De Lys; Rudy Noble, Nippers Harbour.

Committee 5:

Chairman: Edison Easton, Noggin Cove.

Alternate Chairman: Cyril Dalley, Durrells.

Independent Member: Harold Starkes, Lewisporte.

Alternate Independents: David Ings, Virgin Arm; Fred Cooze, Hillgrade; Ford Rideout, Embree.

Fishermen: Calvin Waterman, Twillingate; Harris Clarke, Cottrell's Cove.

DISTRICT 3 (GRAND FALLS)

Committee 1:

Chairman: Morley Rowe, Seldom.

Alternate Chairman: Cyril Coles, Deep Bay.

Independent Member: Father Edward Brophy, Tilting.

Alternate Independents: Frank Harnett, Seldom; Maxwell Barnes, Joe Batt's Arm.

Fishermen: Dan Decker, Joe Batt's Arm; Lloyd Hart, Fogo.

Committee 2:

Chairman: James Matchim, Eastport, B.B.

Alternate Chairman: Kenneth Lane, St. Chads.

Independent Member: Lloyd Hatcher, Lumsden.

Alternate Independent: Eugene Moss, Happy Adventure.

Fishermen: Arthur Sturge, Valleyfield, B.B.; George Collins, Dover, B.B.

Committee 3:

Chairman: John Hollett, Harbour Breton.

Alternate Chairman: Eldred Bambury, Pool's Cove.

Independent Member: Kevin Verge, Hermitage.

Alternate Independents: Donald Wagner, Harbour Breton; Claude Fever, McCallum.

Fishermen: Guy Herritt, Sandyville; Wilfred Roberts, Hermitage.

DISTRICT 4 (GOOSE BAY)

Committee 1:

Chairman: Ricky Rumbolt, Mary's Harbour, Labrador.

Independent Members: Rev. Donald Fowler, Mary's Harbour, Labrador; Pastor L. Day, Charlottetown, Labrador; Mrs. L. Campbell, Charlottetown, Labrador.

Fishermen: Harrison Campbell, Pinsents Arm, Labrador; David Chubbs, St. Lewis, Labrador; Paul Pye, Lodge Bay, Labrador; Earl Stone, Charlottetown, Labrador.

Committee 2:

Chairman: Howard Mesher, Cartwright, Labrador.

Independent Members: Howard Fequet, Cartwright, Labrador; Helen Michelin, Rigolet, Labrador.

Fishermen: Bruce Martin, Cartwright, Labrador; Irving Mesher, Paradise, Labrador; Charles Tooksoshima, Rigolet, Labrador; Water Keefe, Black Tickle, Labrador.

Committee 3:

Chairman: Toby Anderson, Makkovik, Labrador.

Independent Members: Rev. Father L. Paradis, Davis Inlet, Labrador; Sister Bosman, Davis Inlet, Labrador; Pastor Gillette, Postville, Labrador; Rev. R. Hunter, Nain, Labrador; Rev. L. Robinson, Makkovik, Labrador.

Fishermen: Chesley Flowers, Hopedale, Labrador; August Anderson, Nain, Labrador; Douglas Jacque, Postville, Labrador; Mervin Anderson, Makkovik, Labrador.

Committee 4:

Chairman: Wilson Gear, Happy Valley, Labrador.

Independent Member: Rev. Father Conway, Goose Bay, Labrador.

Fishermen: Rita Webber, Goose Bay, Labrador; John Webber, Goose Bay, Labrador; Cyril Michelin, Northwest River, Labrador; Richard Michelin, Northwest River, Labrador.

DISTRICT 5 (CORNER BROOK)

Committee 1:

Chairman: Dan Duffy, Port-au-Port.

Co-Chairman: Edgar Jones, Jacksons Arm.

Independent Members: Thomas McCarthy, Port-au-Port; Ike Davis, Port-aux-Basques; Rev. Edward King, Burgeo.

Fishermen: Allison Fillatre, St. Georges; Stewart Brown, Jacksons Arm; Wayne Sheppard, Lark Harbour; Al McCarthy, Highlands; Eric Gillam, Port-aux-Basques; Douglas Hann, Burgeo; Calmon Baggs, Isle Aux Morts; Michael Best, Rose Blanche; Clyde Durnford, François; Henry Neil, LaPoile; Peter Marche, Stephenville; William McDonald, Frenchman's Cove.

Committee 2:

Chairman: Clifford Doyle, New Ferrolle.

Co-Chairman: Asaph Payne, New Ferrolle.

Independent Member: Ralph Hoddinott, Brig Bay.

Fishermen: John Nedderson, Straitsview; Augustus Pynn, Quirpon; Gordon Parrell, Eddies Cove East; Garfield Way, Savage Cove.

Committee 3:

Chairman: Eric O'Brien, L'Anse-au-Loup.

Independent Member: Melvin Hancock, Forteau.

Fishermen: George Letto, L'Anse Au Clair; James Marshall, West Ste. Modeste; James Hudson, Jr., Pinware.

Although there were Departmental Co-ordinators to provide administrative assistance and advice on policies and procedures to the committees, these persons were not voting members of the committees.

2. (a) Committees which will deal with second level appeals have not yet been established.

(b) The final appeal is to the Minister of Fisheries and Oceans.

CANADA ELECTIONS ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Austin, seconded by the Honourable Senator Goldenberg, for the second reading of the Bill S-11, intituled: "An Act to amend the Canada Elections Act".—(*Honourable Senator Macdonald*).

Hon. John M. Macdonald: Honourable senators, I ask that this order stand until Senator Lamontagne has spoken to Orders No. 3 and 4.

Senator Asselin: Not again!

Hon. Douglas D. Everett: Honourable senators, since Senator Macdonald accommodated me last evening, and is now extending the same courtesy to Senator Lamontagne, I think the Senate should recognize what a fine fellow he is.

Hon. Senators: Hear, hear.

Hon. Jacques Flynn (Leader of the Opposition): You didn't have to wait until today to find that out.

Hon. Royce Frith (Deputy Leader of the Government): We already knew, but it was worthwhile verifying it.

Hon. Lowell Murray: Our whip is very popular.

Senator Flynn: Our own whip.

Order stands.

THE ESTIMATES

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE

The Senate resumed from yesterday the debate on the consideration of the report of the Standing Senate Committee on National Finance on the estimates laid before Parliament for the fiscal year ending March 31, 1982, which was presented on June 10, 1981.

Hon. Maurice Lamontagne: Honourable senators, I certainly support what Senator Everett has said, and I thank Senator Macdonald for his co-operation today.

[*Translation*]

Honourable senators, I intend to make a fairly lengthy statement on our monetary policy, which may seem quite academic at times, and I certainly apologize for that at the outset.

Hon. Martial Asselin: Quite scholarly.

Senator Lamontagne: First of all, I want to congratulate Senator Everett on his vigilance as chairman of the Standing Senate Committee on National Finance. In presenting the latest report of his committee last night, Senator Everett expressed several views which I share entirely, and this will become obvious as I proceed with my statement.

Senator Everett spoke as a Liberal and according to the dictates of his conscience, of that I have no doubt. I intend to follow his example, although my views will be completely opposed to his on one basic point, because I am firmly opposed to the present monetary policy. This difference of opinion will only serve to prove, once again, that it is possible and even normal to have differing views on specific points within a democratic party, and that one does not have to seek refuge in an isolated corner of this chamber to live with one's conscience and to defend one's personal convictions.

Senator Asselin: To defend our point of view.

[*English*]

Senator Lamontagne:

MONETARY POLICY ON TRIAL

In recent years, monetary policy has become one of our most controversial subjects. The conversion of the Bank of Canada to monetarism in 1975 was seen by many people as a novel experiment. This so-called new theory, in its simple form, merely reaffirms the old proposition that inflation results from too many dollars chasing too few goods. Therefore, the remedy, is obvious. The growth of the money supply has to be reduced and the level of interest rates must be increased. Recent years have shown quite clearly that the medicine, even applied at high doses, does not work in today's world. But we are told to be patient, that inflation has become chronic, and it will take more time and more doses before the patient is cured.

I, like many others, do not share this belief. Monetarism is new only in name. It is an old prescription that has failed in the past when it has been applied to conditions such as ours. This was the case in the late 1950s. In an article published in 1960, Nobel Prize winner Professor Paul A. Samuelson presented the following report card for the U.S. monetary authorities:

> —the performance of the Federal Reserve over the last few years, its laboratory work so to speak, would rate only a B; the Fed's rationalization of what it is doing, its essay questions, earn for it, I fear, a bare gentleman's C.

If I were making my own report card for the Bank of Canada today, I would give it a D for its performance because, as I will claim later, its remedy is applied to the wrong disease, but I would give it an A for the rationalization of what it is doing because the arguments it has used for its justification have convinced an impressive number of people, including two consecutive Canadian governments.

Before I deal specifically with current monetary policy, I would like to review recent economic trends and to make a distinction between demand-pull inflation and supply-push inflation because this distinction, in my view, is absolutely essential to an understanding of what is happening today.

Stagflation and Demand-Pull Inflation

The industrialized countries of the western world experienced a long period of economic growth and stability between 1950 and 1970. Towards the end of the 1960s, this rapid and sustained growth was perceived as normal. In 1970, for instance, the Economic Council of Canada was urging the government to abandon its role as a "balance wheel" in the economy because it was thought that serious slowdowns were something of the past.

The 1970s caught most observers by surprise. A recession in 1970 was followed by a boom, then by a more severe recession in 1974-75, a mild recovery and another recession in 1979-80. In spite of these three rather serious downturns in a decade, high inflation persisted throughout the 1970s; the consumer price index rose by 113 points during these 10 years, compared with only 34 points during the preceding 20 years.

● (1440)

A new word, "stagflation", that was mentioned by Senator Everett yesterday, was invented to characterize this paradoxical situation. For the conventional wisdom, the new expression represented really a contradiction in terms. Indeed, it claimed that there was only one type of inflation, namely demand-pull inflation, caused by an excessive effective demand and an overheated economy, accompanied by a rapid expansion of the money supply. Hence, persistent rising prices could not coincide with stagnation and excess productive capacity. In its puzzlement, the conventional wisdom explained the inflation that took place in the first part of the 1970s as a temporary consequence of so-called "accidental" factors such as crop failures and the oil embargo.

These unusual events certainly had a significant impact at that time, but stagflation had existed before and has survived since. It was detected, for instance, during the major economic slowdown of 1957-1961 when prices continued to rise although at a slower rate. The same phenomenon re-appeared with more vehemence during the 1970-1971 recession. As the 1970s unrolled, prices became more and more insensitive to economic downturns. During the 1950-1975 period, the average annual increase in real GNP exceeded 5 per cent; yet prices were relatively stable during that period. Since 1975, the annual increase in real GNP has averaged only 2.5 per cent, which is significantly below the potentialities of the Canadian economy, but the consumer price index rose by 72 points.

More recent figures reveal the same situation which worried Senator Everett last evening. During the last recession of 1979-80, the consumer price index continued to climb at an accelerated rate: 8.9 per cent in 1978, 9.1 per cent in 1979, 10.2 per cent in 1980, and 12.3 per cent last month. But in the

last two years, unemployment stood at about 7.5 per cent. In 1980, real GNP rose by only 0.1 per cent, the worst performance since 1954. In that same year, housing starts in centres of 10,000 population and more fell to 125,013 units, compared with an annual average of 184,208 in the 1970s. Last month, housing starts stood at 168,000 units, on a seasonally-adjusted annual rate basis, compared to more than 209,000 in 1976, when the rate of inflation was relatively low. In the last three quarters of 1980, and in the first quarter of 1981, capacity-utilization rates in manufacturing industries were below 80 per cent. Our merchandise trade surplus, which was exceptionally high, on a seasonally-adjusted basis, in the last quarter of 1980, dropped by about $1 billion to $1.7 billion in the first quarter of 1981. In March 1981 industrial production in Canada and in the U.S. had not yet reached its previous cyclical peak level of October 1979.

In spite of these figures, it is true that the Canadian economy is now on the road to recovery, but forecasters claim that the increase in real GNP will not exceed 2 per cent in 1981, which compares favourably only against the very poor performance of 1980.

The conclusion to be derived from these observations is obvious: contrary to the views expressed by the Bank of Canada, the rapid rise in prices experienced in recent years cannot be explained by an overheated economy and strong demand pressures. More generally, while I recognize that demand-pull inflation has occurred during rather brief intervals in the last 35 years, I claim it cannot account for the accelerating long-term trend of rising prices that has developed, more particularly since the late 1960s.

Supply-Push Inflation

Many economists who do not accept the conventional wisdom have identified another type of inflation, which they have described as cost-push or supply-push. It can be defined as an increase in consumer prices resulting from cost or profit increases generated by the exercise of monopoly power or, more generally, by a regime of administered prices. This concept is not new. It was used, for instance, by Fritz Machlup in an article entitled "Another View of Cost-Push and Demand-Pull Inflation" published in 1960. Professor Machlup, who is of Austrian origin and has taught in the United States for many years, stated:

> I believe that for an explanation of the consumer-price inflation from 1945 to 1948, and from 1950 to 1952, the basic model of the demand-pull inflation does as well, or better than, any of the other models, simple or complicated. On the other hand, for the period 1955-59, . . . I am prepared to regard the consumer-price increases of these four years as a result of cost-push inflation.

It is surprising that the phenomenon of supply-push inflation has not yet been more widely recognized. Microeconomic theory since Adam Smith has shown that, contrary to the abstract model of perfect competition, individual suppliers of goods and services enjoying a monopolistic position, or members of a cartel arrangement, can disrupt the free market mechanism and can, for instance, increase their prices even without a rise in demand, especially if those suppliers are prepared to reduce production and employment. The automobile industry, we all know, goes on increasing its prices, reacting to a fall in demand by cutting production. Three-year labour contracts provide for rising wage rates and cost-of-living adjustments irrespective of demand conditions. Cost-plus and mark-up pricing are widespread practices in the retail business and in other sectors of the economy.

The postwar period has witnessed the accelerated rise of monopolistic power, often supported by government policies, and the diffusion of practices enabling suppliers to control their prices at least within a certain range. Industrial concentration intensified throughout the period, but has accelerated in recent years. The trade union movement became much stronger. Marketing boards and government stabilization programs have multiplied to strengthen the position of agricultural producers. OPEC and other international cartel arrangements have deeply changed the market structure of various commodities.

● (1450)

Demand-pull inflation is cyclical and, therefore, temporary. Supply-push inflation is structural and, therefore, when it appears, is permanent, unless, of course, the structure of the economy is changed. That is why this second kind of inflation is so worrying. Because it pushes prices up and restrains production and employment, it is the only type of inflation that is compatible with a stagnating economy. Indeed, it is an important cause of stagflation. I claim that it has been the main culprit, rather than demand-pull inflation, during most of the 1970s. This is still true today. In my view, therefore, the Governor of the Bank of Canada has been making and is still making the wrong diagnosis of our price situation when he persists, as he did in his recent annual reports and again when he appeared before the Standing Senate Committee on National Finance on May 26, in describing that situation as demand-pull generated by an overheated economy. He said before the Senate committee:

> I think the economy is not that far off being as close to potential as it should be. There are some weak spots . . . If you take that out you will find that the economy is very hard pressed in many areas of the country.

With such statements, as the bank continues to apply the wrong remedy, it is in serious danger, in my view, of completely losing its credibility.

Current Monetary Policy and the Two Types of Inflation

Before assessing in greater detail the soundness of the bank's current policy in the context of the domestic economy, it is useful to recall how monetary policy, in general, operates to influence economic activity and its price parameters. Monetary policy is designed to influence aggregate demand or over-all spending. It can do so, however, only by affecting new domestic borrowings and savings. A tight money supply can reduce the flow of new funds needed by potential borrowers. High interest rates increase the cost of new borrowings but can

also stimulate savings. Monetary policy is much more blunt and limited in scope than fiscal policy which can have a selective impact on all types of spending.

Moreover, the influence of monetary policy on the supply and demand of credit is not necessarily definitive. A reduction in the money supply can be fully or partially compensated by an increase in the velocity of circulation, which always occurs under tight money conditions. There is no doubt that the turnover of money has been rising rapidly with the recent emphasis on shorter term loans. High interest rates are intended to cut spending by increasing the cost of borrowing and reducing the demand for credit; but, especially in an economy characterized by monopolistic power, suppliers can simply shift the higher cost of money to consumers in the form of increased prices.

When this happens, as it does on a large scale today, unduly high interest rates feed inflation instead of combating it, in spite of Mr. Bouey's claim before the Standing Senate Committee on National Finance that "this proposition will not stand critical examination any better than the common-sense proposition that the world is flat because it looks flat." What the governor of the bank does not see is that, under tight money conditions, the higher prices generated by the rising cost of borrowing by suppliers can be maintained by the use of market power, and force consumers, if necessary, to reduce their over-all spending in real terms, thus producing a further depressed economy but with a higher price structure.

The governor of the bank went on to say to the members of the committee:

> No proposition in economics is more certain than that a move of the bank to allow significantly higher rates of monetary expansion in an effort to lower short-term interest rates would increase the rate of inflation.

This proposition would be valid, of course, under conditions of demand-pull inflation; but I could refer to other circumstances in which it is definitely not valid. How is it, for instance, that the bank rate was reduced by about 33 per cent in mid-year 1980 without any visible effect on the consumer price index?

Nevertheless, there is a general consensus among economists that a tight money policy has a depressing effect on the economy and that it properly belongs in our arsenal of weapons with which to fight over-all excessive demand and demand-pull inflation. We should also expect, however, that monetary policy should be much less restrictive during recessions, and when the performance of the economy is below its potentialities, as it is today.

I would like to add, however, that even under conditions of demand-pull inflation, fiscal policy should be our main weapon because it can be more effective and more balanced than monetary policy, which has a particularly unfair impact on certain specific economic sectors such as housing, small business and durable consumer goods.

Extreme tight money can, of course, choke the economy. Applied within more or less tolerable limits, it has little effect on supply-push inflation, as we can see today. It is the wrong tool to use under such conditions. It has no direct impact on the price of imports. It has no significant effect on the conservation of energy or on the administered price of oil. Its downward influence on the price of food is minimal. It certainly curtails residential construction, but by contributing to an increase in the price of new homes and the housing shortage, it makes shelter more expensive. If one looks at the consumer price index, broken down by goods and services, it becomes obvious that the sector of non-durable goods has been the most responsible for the rise in the total index, but there is not much that monetary policy can do in this area.

More generally, under conditions of supply-push inflation, demand management policies are ineffective. Tight money, like restrictive fiscal policy, cannot effectively curb this type of inflation. It can even worsen the situation. Indeed, when the economy operates below its potentialities, tight money can intensify supply-push inflation, or further depress the economy or, more likely, it can have both effects, thus contributing to more stagflation. I fully share the bank's concern about rapidly rising prices. I maintain, however, that the weapon it is using under present circumstances does more harm than good, as the experiment conducted during the last six years clearly shows.

● (1500)

Monetary policy should, *in the long run,* provide an adequate money supply to satisfy the needs of the economy at moderate rates of interest compatible with a proper level of savings, and, *in the short term,* monetary policy should stimulate the economy when it is depressed and curb demand-pull inflation when the economy is overheated. In other words, monetary policy should be neutral in the long term and anti-cyclical in the short run.

Ultimately, of course—and Senator Everett referred to this yesterday—if we want our economy to reach its full potentialities without causing inflation, we will have to improve productivity and launch, at last, a general industrial strategy with specific goals by sectors. Canada, with its great dependence on external trade, cannot afford to stay behind in the so-called international technological race.

THE CANADIAN DOLLAR AND THE WORLD MONETARY JUNGLE

On reflection, I believe that the bank's conversion to monetarism has been more apparent than real, and that it has been less than candid with the Canadian people. The bank, in my view, cannot be convinced that tight money will lick supply-push inflation and the so-called inflation psychology. It is pursuing its current policy for another more compelling reason. In his presentation to the Standing Senate Committee on National Finance, Mr. Bouey made the following intriguing remarks:

> With respect to Bank of Canada responsibility, looking over the current situation one could say, if one wanted, that it would be nice if events in the United States had evolved differently and the Americans were not now experiencing such high and volatile interest rates . . . However, saying what would be nice doesn't get you very

> far. It is always necessary to look forward, to focus on what can in fact be done in the light of the conditions that prevail . . . The Bank has to use its powers in the world as it finds it, and to face up squarely to the implications of what it finds there for the integrity of the nation's money.

I interpret these remarks, which followed the governor's sermon on the domestic necessity of tight money, as meaning that if the Americans were not experiencing such high and volatile interest rates, Canada could then have a decent monetary policy. I must admit that there is more truth in this observation than there is in the sermon on inflation. In other words, Canada must pursue more or less the same monetary policy as the United States if it wants to maintain the external value of the Canadian dollar; Canada must follow suit even if the U.S. policy is silly and mistaken.

This close relationship is easy to understand. Canada has a chronic deficit mainly with the United States in the current account of its balance of international payments. To compensate for this deficit while preventing our exchange rate from falling, we must import foreign capital. In order to attract this capital, interest rates in Canada must be higher than those in the United States. We are obliged, therefore, to reproduce the vagaries of U.S. monetary policy, unless we are prepared to let the exchange rate of the Canadian dollar go down.

Most other countries are subjected to the same aberrations because the U.S. dollar is still in a dominant position as an international unit of exchange, more particularly because oil is priced in this currency. At the recent meeting of the International Monetary Fund, hard-pressed countries of the Third World protested violently against U.S. tight money policy because it is leaving them on the verge of bankruptcy. I am sure that this topic will be high on their priority list when the North-South dialogue is renewed. In his last visit to Washington, Chancellor Schmidt made similar protests. In an article dated June 1, 1981, entitled "U.S. Monetarism Scares Europe," *Business Week* claimed that European central bankers were sounding the alarm:

> They are warning publicly and privately that the current system of U.S. monetary control is a prescription for disaster because they believe it guarantees interest-rate volatility. They believe the Federal Reserve Board is attempting in vain to control monetary measures, such as M1-B, that are inherently unstable. Each time these measures fly off track—and Europeans believe they will regularly—world financial markets will defensively trigger new interest-rate shocks. They thus see no chance for the Fed to bridge its huge credibility gap with Wall Street, and they believe that the current round of high rates—U.S. banks pushed the prime to 20 per cent on May 18—is only the latest, not the last, for this year.

The Bretton Woods Agreements reached at the end of World War II were based on an adjustable-peg exchange system that produced a fairly stable monetary order during the post-war period. This order was seriously shaken in August 1971, when President Nixon suspended the dollar's gold convertibility, and it was completely destroyed by 1973 when all major OECD countries had adopted a managed floating rate. This new system, which provided an incentive to "beggar-thy-neighbour" policies, replaced the former world monetary order by a jungle that led, with the spreading of the monetarist dogma, to an international spiral of interest rates.

Recently, European countries, suffering from a serious recession, high unemployment and political instability, found that they could not follow the United States in the international interest-rates war. The European Monetary System had to accept a depreciation of up to 30 per cent against the dollar since last summer and growing balance-of-payments deficits. The rising dollar has pushed the cost of oil imports up to 30 per cent for many of these countries in spite of a softening in the world market.

According to an article in the June 8 edition of *Business Week*:

> After spending nearly $11 billion in eight weeks to bolster the French franc, the Deutschemark, and other Continental currencies, many European central bankers are resigning themselves to the fact that tighter monetary policy—meaning higher interest rates and even slower growth—is the only option left to stop their money from sliding.

Thus, if the United States persists in leading the race to disaster, European countries will have no choice but to renew the interest-rates war at a time when their unemployment is 35 per cent higher than last year. The economic and political consequences of such a move could be dramatic indeed.

• (1510)

In Canada the bank could lower its rate and let the Canadian dollar further depreciate as the Europeans have been doing. Recently the bank rate has been about 30 per cent higher than the Fed's discount rate. This differential is, therefore, substantial. Mr. Bouey has estimated that a 1 per cent decline in the exchange rate would cause consumer prices to rise by roughly 0.3 per cent. This negative effect, in my view, would certainly be more than compensated for by the benefits that a decline in the exchange rate resulting from lower interest rates would bring to the Canadian economy. A decline in the exchange rate would stimulate exports and discourage imports. Lower interest rates would have a beneficial effect throughout the economy. A satisfactory agreement on Canadian oil prices and on a new national energy policy would greatly help reduce our balance of payments deficit, strengthen the Canadian dollar and therefore make us less dependent on the vagaries of U.S. monetary policy.

Some Hon. Senators: Hear, hear.

Senator Lamontagne: Our freedom to manoeuvre in respect of this whole range of policies, however, is rather limited. As Canadians, we should add our efforts to those of others who are now trying to convince the American authorities that they are pursuing a monetary policy contrary to their best interests as well as to those of other industrialized countries and of the Third World. The least the Bank of Canada can do is to stop proclaiming the virtues of monetarism at home and join with others in denouncing its disastrous consequences in Washing-

ton. The monetarist dogma is too simplistic to fit the complexities of our present monetary problems. Recently, President Reagan promised Chancellor Schmidt that U.S. interest rates would come down later in 1981. We, as Canadians, should try to make sure that that undertaking will be respected. But even such a move in the right direction will not be good enough.

What the industrialized world desperately needs as a matter of the highest priority, not only in its own interest but as an essential requirement for a meaningful North-South dialogue, is to build a new world monetary order to replace the present jungle. Canada and its prime minister, as hosts to the forthcoming economic summit, have a wonderful opportunity to initiate the difficult process that is required to attain such a goal. We should not expect, of course, that the economic summit will in a few days launch this new monetary order. It could, however, after a general discussion of the issue, assign this task in its complex technical aspects to an international group of experts. If that is done, it is not unrealistic to expect that in 1983 we could celebrate the 50th anniversary of the Economic Conference held in Washington in 1933 by laying, as was done then, the foundation of a new world monetary order that could, I hope, last for the remainder of this century.

THE FIGHT AGAINST SUPPLY-PUSH INFLATION

I would like, finally, to refer to the fight against supply-push inflation. Before I do, however, I want to say that the Bank of Canada, in its recent statements, has not been really fair with its opponents. When he appeared before the Standing Senate Committee on National Finance, Mr. Bouey referred to those people who say, "Yes, of course, we must deal with inflation, but first let somebody devise a painless way of doing it." He continued, "Then there are others who say it will be easier to learn to live with inflation than to arrest it."

I do not know those people to whom Mr. Bouey referred. The people I know, who, like me, are opposed to the bank's current policies, are all deeply concerned with inflation. They do not believe that we should learn to live with it, and they do not claim that we should wait to fight it until a painless cure has been found. They are convinced that tight money will not cure supply-push inflation, and they are afraid that if monetary policy is used for that purpose, as it is today, it will lose its credibility and it will not be able to play its essential long-term and anticyclical roles. Such a misuse of monetary policy will not only leave structural inflation unchecked but will create another unfortunate gap in our arsenal of weapons to promote greater economic stability. With its present tight money policy, what could the Bank of Canada do if the Canadian economy became overheated in the months to come? Would it dare, for instance, to further increase its rate to perhaps 30 per cent?

A growing number of observers who still support tight money agree that it does not work against the kind of inflation we have been experiencing in recent years. But they hasten to ask: What is the alternative? My immediate answer is: If the present cure does not work or, more likely, if it makes the patient worse, then the first step must be to stop using it, even if there is no adequate alternative remedy for the disease.

I regret that we have devoted little research effort to finding alternative cures and that our approach to this challenge has been more negative than positive; we have been more inclined to reject proposals than to improve them when possible. I am realistic enough to know that there is no foolproof, simple and easy solution for structural or supply-push inflation. But I am not prepared to give up the search: I am like those who persist in trying to improve cancer treatment.

The disease of structural inflation has spread throughout the western world, including the United States, with varying degrees of virulence. Canada, with its great dependence on external trade, cannot cope adequately with this problem by going it alone. There is not much we can do about import prices without international co-operation, more particularly co-operation with the United States. This topic, therefore, should also have a high priority on the agenda of the economic summit in July.

Our great reliance on external trade does not mean, however, that there is nothing we can do on our own against structural inflation. But here again we are facing some constraints. For instance, energy prices are largely determined by public authorities; but, whether we like it or not, they will continue to go up, although conservation and conversion from oil may help.

Some people believe that government deficits have been the major cause of inflation. I am glad to note that Senator Everett does not share that view. As he observed yesterday evening, we have experienced rising prices in the past—during the 1974 recession, for instance—with substantial surpluses. Government deficits can, of course, cause demand-pull inflation if they occur when the economy is operating at full capacity and if government borrowing exerts strong pressures on money markets. But such conditions have not existed in recent years. This does not mean that governments should not try to cut their expenditures and their taxes, but this is not an appropriate time, in my view, to have a restrictive fiscal policy designed to substantially reduce the budgetary deficit. Drastic action should be taken, however, to eliminate unnecessary government regulations. A recent study published by the Economic Council of Canada claims that such a move would represent annual savings of several billion dollars.

● (1520)

The existence and the use of market power in many sectors of the economy have been the major cause of supply-push inflation. A more vigorous competition policy could slow down the spreading of market power by preventing mergers and takeovers that are not compatible with the public interest. But a realistic policy in this area faces definite limitations. Industrial concentration has distinct advantages. Labour unions, agricultural marketing boards and producers' co-operatives are here to stay.

A more realistic goal is to prevent the irresponsible use rather than the existence of market power. In a free society, the ideal means of achieving this objective is self-restraint through voluntary co-operation between the different economic agents. This approach has produced very good results in

such countries as West Germany where restraint has been achieved through regular discussions between the government, the central bank, labour unions, employers' associations and an independent group of economists.

This system of voluntary co-operation, however, requires a high degree of consensus that does not exist in factious societies. It was tried in Canada before the imposition of controls in 1975 and it failed. But this failure is not a sufficient reason for not trying again. Too much is at stake for not making another and better planned attempt at launching a successful dialogue.

The climate may now be more favourable than it was in 1974. There is much more evidence today that structural inflation has become chronic and that demand-management policies cannot effectively cope with it except by choking the economy. Moreover, the participants in the dialogue would know this time that if they do not accept voluntary co-operation, the Canadian government can and might impose wage and price controls.

In 1974 negotiations were conducted by the federal government only in secret and on a bi-partite basis with the provinces, business groups or organized labour. This approach is not sufficient. I would propose, therefore, that a Canadian economic summit be held early next fall with participants representing the main sectors of the economy, including the provinces, of course, and with a powerful secretariat composed of a small group of independent experts. The main purpose of this meeting would be to get the participants to agree on the principle of voluntary co-operation and on the mechanisms and the institutional arrangements required to apply it.

If voluntary co-operation is not accepted and if we are all really serious about the necessity of controlling inflation, then the government will have to intervene more directly, and its choices will be rather limited. Government guidelines will not work under such circumstances and the rolling-back of unfair price increases is too limited.

The concept of a tax-based incomes policy, identified by the acronym TIP, represents a more direct and comprehensive method of curbing the use of market power. Senator Everett referred to this concept last evening. As originally proposed by Sidney Weintraub and Henry Wallich, now a Federal Reserve governor, and as recently described by Weintraub:

> TIP contemplates an extra corporate income tax, say of 5 per cent, on firms whose average pay hike—including executive, managerial, clerical and production employees—exceeded a guidepost of perhaps 5 per cent a year. The surtax could be designed along progressive lines . . . Also, to ensure that corporate income tax revenues were not raised in the aggregate, and total investment capital from retained earnings eroded, the ordinary corporate tax bite of, say, 45 per cent could be cut initially to 40 per cent. Hence the total tax intake would not be increased.

The scheme would apply only to the largest employers. Variations from this original proposal can be envisaged to take productivity gains, profits or even prices into account. Weintraub concludes:

> Others may be able to improve on the TIP ideas, or arrange them in a new pattern. But the crucial point is that unless we curb unreasonable income increases, our economies are destined for perpetual anguish.

The ultimate recourse is wage and price controls. Senator Everett did not express great confidence in such controls and he is not alone in that view. Indeed, nobody likes controls. Those who are directly affected by them, because they detain market power, much prefer inflation or tight money because they are quite immune from either. But when collective irresponsibility prevails over voluntary co-operation, controls may become necessary if more direct methods of intervention fail. If we are really serious about fighting structural inflation, we must apply a structural remedy. Moreover, as Kenneth Galbraith asserted recently:

> No market principles are violated when the state moves in to fix those prices that, as the product of industrial concentration, are already fixed.

It is obvious that the controls imposed in 1975 have prevented the most abusive uses of market power. If we must resort to them again, I hope that the government will profit from that experience and not repeat the mistakes that were made during the implementation of that program. But the fact that prices have risen faster after it ended should not be used as an argument against it. As Galbraith said recently:

> It is not a case against controls that prices rise when you do not have them.

Mr. Bouey himself has recognized, at least implicitly, that it might be necessary to fight supply-push inflation by specific policies other than monetary policy. He said before the Standing Senate Committee on National Finance that "a host of more specific policies affecting the way that individuals, businesses, trade unions and others operate in the market place" might be used in conjunction with appropriate monetary and fiscal policies. Unfortunately, he did not elaborate on what these more specific policies might be.

CONCLUSION

It is surprising to see that monetarism has gained so much acceptance in our so-called sophisticated world because, as an economic doctrine, it is fundamentally as simplistic as social credit. Major Douglas was saying: Print more money and you will get full employment. Professor Friedman tells us: Print less money and you will have price stability.

Unfortunately, we live in a complex world where market power is spreading and where powerful factions of suppliers of goods and services are fighting against each other to get a larger slice of a shrinking pie. This is at least one of the important dimensions of economic reality that monetarism has failed to see. In such a world, even with no increase in the money supply, we can still have inflation but with a depressed economy which means that the weak suffer from both while the powerful are immune.

• (1530)

Today, we are still faced with "stagflation." To bring our economy and those of the rest of the western world closer to their potentialities, we need a much less restrictive monetary policy. We should begin immediately to reduce interest rates in Canada, even if U.S. monetary authorities continue to apply their mistaken policy. The negative effect that such a move would have on import prices would certainly be more than compensated by the benefits that a decline in the exchange rate resulting from lower interest rates would bring to the Canadian economy.

But the only effective way to get a sensible monetary policy on a more permanent basis is to convince other industrialized countries, mainly the United States, to abandon monetarism and to begin, at the next economic summit to be held in Ottawa next July, the building of a new world monetary order to replace the present jungle and the futile but alarming international interest-rate war.

While restraint on public expenditures accompanied, if possible, by tax cuts is most desirable, this is not the time to launch a restrictive fiscal policy. In Canada, more particularly, we need a consensus on a new energy policy as a matter of high priority and especially a satisfactory agreement on oil prices as soon as possible so as to stimulate investment, reduce our balance-of-payments deficit and make our monetary policy more independent from the United States.

The fight against supply-push or structural inflation is equally imperative. Here again, especially for Canada, international co-operation, mainly with the United States, is required. On the domestic front, voluntary co-operation among the main decision-makers represents, by far, the ideal cure against the unjustified use of market power. The government should try again, in spite of past failures, to obtain such co-operation and, for this purpose, call a Canadian economic summit for early next fall. If no consensus is reached, then the government should not hesitate to resort to some form of tax-based incomes policy and, ultimately, to selective wage and price controls. Such drastic measures may be necessary if we are really serious about combating structural inflation and if we are irresponsible enough, collectively, not to curb it on a voluntary basis. A more vigorous competition policy and the elimination of unnecessary government regulations would also help in restoring free market forces.

Present economic trends cannot continue. The monetarists, after six years of trial and error, still tell us to wait and to be patient. But we already know that even excessive restraint in monetary growth cannot cure "stagflation"; it can only make it worse. "Stagflation" must be fought on two separate fronts at the same time, but not with the same policies. Starting in July, the Canadian government has a wonderful opportunity to initiate this two-dimensional approach. This is the time to initiate a new economic policy.

Hon. Senators: Hear, hear.

Hon. Jean-Paul Deschatelets: Honourable senators, before we adjourn, I should like to ask a question of Senator Lamontagne.

[*Translation*]

Honourable Senator Lamontagne, first of all, I want to congratulate you on your outstanding presentation. I share several of the views you have expressed. However, there is one point on which I should like to have your opinion. You believe Canada could in fact lower its bank rates, at the risk of bringing down the Canadian dollar, which would be good for exports. So, how do we deal with the major argument put forward by the Bank of Canada and those in agreement with it that Canada should have roughly the same high interest rates as the United States? They also claim that should the interest rate be 5 or 6 per cent lower in Canada than in the States, investors would still lend their money down south, that nothing would keep them from doing so because they would not be penalized on the profits made. How would you deal with that particular argument?

Senator Lamontagne: What I tried to indicate in my remarks was that, in that connection, Canada has some leeway, granted, but it is still very limited so that I really see no real or permanent solution in that direction.

That is why I quickly went on to the international scene, to the real cause of the problem, that is, Washington.

Senator Asselin: You mean that you barely touched upon the main problem.

[*English*]

Hon. Robert Muir: Honourable senators, I also should like to pose a question to Senator Lamontagne. I listened very carefully to his learned dissertation. However, I was out of the chamber for a few moments. I should like to follow up on some pertinent and important questions put by Senator Murray last night.

What does Senator Lamontagne believe the unemployment rate should be in this country in order to attack inflation? He may have dealt with that during the few moments I was out of the chamber, but, if not, I should like to hear his opinion on that.

Senator Lamontagne: Contrary to what I have called "conventional wisdom", I do not see fighting inflation by increasing unemployment as a wise policy.

Senator Muir: I am happy to hear the honourable senator say that. He, therefore, does not agree with Senator Everett, the Chairman of the Standing Senate Committee on National Finance, who seems to think that an unemployment rate of six to seven per cent would be a great assistance.

I did not want to delay the Senate last night, since I thought Senator Murray did very well and received some terrible answers. Last night Senator Everett stated:

> People can be unemployed at their option.

He also made mention of the fact that very often two members of a family, or more, are working.

Honourable senators, overnight I contemplated the fact that the rate of unemployment in Cape Breton Island is 20 per cent, and in the maritime provinces and Quebec it is much higher than six or seven per cent. Surely Senator Everett is living in an unreal world, and he should familiarize himself with what is, in fact, happening.

Does Senator Lamontagne agree with Senator Everett's comments, and was Senator Everett speaking on behalf of the government? On the one hand, Senator Everett states that people can be unemployed at their option and, on the other hand, he says that he is not trying to be cruel or ignore the plight of people who are unemployed. He also stated that six to seven per cent unemployment is probably as low as it is reasonable to expect.

However, in a small island such as Cape Breton, there are over 3,000 applicants for work with the Cape Breton Development Corporation alone. Those are men who are eager to get work in the coal mines. The same situation prevails with applications for employment in the steel mills in Sydney and throughout Quebec, excluding the metropolitan area.

Does Senator Lamontagne agree with the statements of Senator Everett and was he pronouncing government policy that the unemployment rate should be six or seven per cent?

Senator Lamontagne: I believe that the honourable senator is, perhaps unconsciously, misinterpreting what Senator Everett meant. I think he was answering a question that was posed by Senator Murray, and he started by referring to the definition by economists of "full employment" immediately after World War II when most economists were agreeing that a rate of unemployment of about 3 per cent corresponded to what we could call "full employment." He went on to say that since the post-war period things had changed drastically, and he listed a number of factors to show that what corresponds to the 3 per cent then may be significantly higher today. I am quite sure that Senator Everett would agree with me and with Senator Muir that a rate of employment in the region of 15 to 20 per cent is really intolerable.

● (1540)

Senator Muir: Honourable senators, I thank the honourable gentleman for his fine answer, and I agree with him that it is completely intolerable. I also thank him for trying to get Senator Everett out of the mess he has got himself into, because I would like to invite Senator Everett down to Nova Scotia and take him into the areas where the unemployment rate is 20 per cent, and he can then tell them that 7 per cent is wonderful.

Senator Lamontagne: You should take him fishing; it would be much more amusing.

Hon. Lowell Murray: Honourable senators, I think it is fair to conclude from what Senator Everett said last evening that he feels an unemployment rate of 6 or 7 per cent could represent full employment.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator Everett said that he agreed with Governor Bouey when he said that.

[Senator Muir.]

Senator Murray: Senator Frith says that in saying that Senator Everett was agreeing with the Governor of the Bank of Canada. That may be so.

The observation I want to make is that the experts cannot seem to agree whether we are operating now at our potential in economic terms or whether, in fact, there is a great deal of slack in the economy. Senator Everett, in answer to a question asked following his speech, indicated that 6 or 7 per cent represented reasonably full employment and he said earlier that the economy is functioning considerably below potential. He also indicated that the relatively rapid rate of growth in the first quarter of this year was really an aberration and that everybody expects activity to slow down considerably.

The Governor of the Bank of Canada not only thinks that we are functioning very close to potential, but that the potential itself is very low. Although the governor of the bank says the difference is more apparent than real, I read the Department of Finance as indicating that, in fact, we are operating considerably below potential.

What is Senator Lamontagne's view of the state of the Canadian economy at the moment? Are we functioning considerably below potential, or are we in a situation close to full employment?

Senator Lamontagne: The first part of my speech dealt very clearly with that subject. I am convinced that at the moment our economy is operating well below its potential. I have given the most recent official statistics that I could find, and, in spite of the recovery which occurred during the first quarter of 1981, it is still a very slow recovery. I believe that all the forecasters agree with Senator Everett when he said the first quarter was an aberration. I would not call it an aberration, really.

Senator Murray: That was my word.

Senator Lamontagne: It is quite normal as the economy moves from the bottom of a recession to grow quite rapidly, on a percentage basis, at the beginning of the recovery, and then the rate of growth starts to stabilize.

Senator Frith: The figure it is based on is low to start with.

Senator Lamontagne: I disagree with the assessment of the bank. I agree with the assessment of the Economic Council and the others.

Senator Murray: If I understood Senator Lamontagne correctly, he also said that monetary policy is much too blunt an instrument, and that fiscal policy should be our main weapon in the fight against inflation.

Senator Frith: He did not say that at all.

Senator Lamontagne: I said that monetary policy and fiscal policy were in the category of what we usually call demand management policies. These policies are effective when we fight demand-pull inflation and when the economy reaches its potential corresponding more or less to full employment. Then, of course, those demand management policies can be effective. Under such conditions, my claim is that fiscal policy can be much more effective than monetary policy, because monetary

policy, as I said, can influence, in a very indirect way, new borrowings and savings as compared with fiscal policy, which can affect all types of spending.

I claim also that these two kinds of demand management policies are not effective to curb the kind of supply-push inflation or structural inflation that we have been experiencing, especially in the last six or seven years.

On motion of Senator Macdonald, for Senator Roblin, debate adjourned.

CANADA ELECTIONS ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Tuesday, June 9, the debate on the motion of Senator Austin, for second reading of Bill S-11, to amend the Canada Elections Act.

Hon. John M. Macdonald: Honourable senators, it is not my intention to overly prolong the sitting. I certainly realize that speaking on an amendment to the Canada Elections Act would not hold the same interest as the debate which has taken place this afternoon and last evening.

Senator Murray: I wouldn't say that.

Senator Macdonald: As you know, Bill S-11 is a bill to amend the Canada Elections Act. At first glance, it may seem surprising that such a bill would be introduced in this chamber, when honourable senators do not have the direct and personal interest in the provisions of the Canada Elections Act that the members of the House of Commons have. Yet, this very fact enables honourable senators to examine and, indeed, to improve on the Canada Elections Act since we can look at its provisions in an objective way and propose changes which would carry out the main purposes of the act in a more effective manner.

Of course, the main purpose and underlying principle of the act is to enable those entitled to vote in a federal election to do so. In doing this, care has to be taken not to lessen or downgrade the obligation and responsibility of the voter.

Honourable senators, while Bill S-11 does not deal with the requirements for voting or the procedures to be followed in the voting process, it does deal with a very important principle; that is, that all votes are or should be of equal value. Each voter is entitled to know that his or her vote is as valuable as the next voter's. It has been a long-standing source of dissatisfaction that it can be known that elections have been decided before voting has ceased in parts of western Canada. I agree with the statement of the sponsor who, in moving second reading, said this:

> All Canadians should feel emotionally that they participate equally in the great democratic act of electing a government;

Obviously, if a voter knows that his or her vote cannot have any effect on the election, there cannot be such a feeling.

• (1550)

Under the present provisions of the Canada Elections Act, all polling stations in Canada open at 9 o'clock in the morning close at 8 o'clock in the evening, local time. Consequently, due to the various time zones, the votes in eastern and central Canada can be counted and the results known while voting is still going on in western Canada. Indeed, it may well be that the result of an election—the re-election or defeat of a government—is known before the polls are closed in parts of western Canada. The steps taken to prevent such results from becoming known have not been effective, and I do not think they can be made effective.

Bill S-11 attacks the problem from another angle or point of view. It would change the hours of voting in the different time zones so that in practice the results of voting in eastern and central Canada would not be compiled until all voting had ceased. For example, in the maritimes the polls would open at 10 o'clock in the morning and close at 9 o'clock in the evening.

Honourable senators, I believe that the principle of the bill should receive general acceptance. I also believe that there could be some modification of the voting hours, which would be more acceptable than those which are set out. In the constituency in which I live, and which I know best, I believe there would be fairly strong objection to the polls remaining open until 9 o'clock in the evening. Indeed, there is even some objection to their remaining open until 8 p.m. However, I believe it would be acceptable, when the reason is explained, if the hours remained from, say, 9 a.m. until 8 p.m. but the counting of the ballots would not begin until 9 p.m. That proposal is set out in one of the bills in the other place—I believe it is Bill C-626—although perhaps not in exactly the same form.

Of course, objection can be taken that this would make a very long day for the election officials—the deputy returning officers, the poll clerks and the agents of the various candidates. Of course, that is true. In my opinion, their day is already too long. To prepare for the opening of the polls, the deputy returning officers and the clerks must be at the polling stations at least 30 minutes before the opening in order to prepare for the taking of the vote, and at least an hour must be allowed after the voting to deal with the counting and the other matters which must be attended to. Consequently, at the present time, for the officials, their day may well be between 12 and 13 hours. So adding an hour to that could not be considered; it would make an already long day altogether too long.

The solution to the problem of a long work day is very simple—indeed, it should be adopted even if no other change is made. The solution is to have two shifts at each polling station for the election. Instead of having one deputy returning officer and one poll clerk, there should be two of each.

Some Hon. Senators: Hear, hear.

Senator Macdonald: Honourable senators, as I mentioned, I believe that Bill S-11 is certainly worthy of support in principle and deserves consideration to overcome any practical objections that may be raised.

As has been mentioned, there are in the other place two bills dealing with this very matter. The principal one is Bill C-237.

I do not propose to speak to its provisions, except to say that I think the hours of voting proposed in that bill would never be acceptable in eastern Canada. Some of the other provisions of the bill deserve consideration, such as mobile polls and changes in proxy voting procedures.

Indeed, if Bill S-11 should go to committee, I would like to see some of the provisions of the act studied, particularly those concerning proxy voting. In my opinion, the present procedure is too complicated and, indeed, often frustrates the very purpose of proxy voting. Again, when I speak of proxy voting, I am speaking only of the way it works in the constituency where I live, which is partly urban and partly rural.

Proxy voting is a commendable procedure. It is dealt with in section 46(1) of the Canada Elections Act. It is not long, and I would like to quote it. It says:

> Where an elector whose name appears on the list of electors for a polling division at an election is qualified to vote in the polling division at the election and has reason to believe that he will be unable to vote in the polling division at the election, during the hours for voting on the ordinary polling day and on the days fixed for the advance poll and for the taking of votes in the office of the returning officer by reason of
>
> (*a*) his absence from the polling division in the course of his employment as a fisherman, mariner, member of an aircrew, member of a forestry crew, member of a topographical survey crew, prospector or trapper,
>
> (*b*) his illness or physical incapacity, or
>
> (*c*) his absence from the polling division while a full-time student duly registered at a recognized educational institution in Canada during an academic term,
>
> he may, in the prescribed form, appoint another elector whose name appears on that list of electors and is qualified to vote in the polling division at the election to be his proxy voter to vote for and in place of him at the election.

The section is somewhat long. I believe it could be cut in two without affecting its meaning. However, there are some practical difficulties. One is that someone must certify that the voter belongs in one of those categories. Let us take, for example, the case of a voter who is ill. The voter must name another voter from the same poll to act as a proxy. The proxy must then consent to so act and take the form to the returning officer; and proof must be presented that the voter is entitled to vote by proxy. In the case of illness, this requires a certificate from a duly qualified medical practitioner stating that he has seen the voter and that the voter is unable to vote because of illness. That certificate must be on the doctor's own letterhead, and on that letterhead must be shown the doctor's address and telephone number.

It must also be remembered that a person can act as a proxy for only one voter. This makes it somewhat difficult. Let me give honourable senators an example. Bear in mind that I a speaking of a constituency that is partly rural and partly urban, and one where the urban centres are not so large. In the last federal election I received word that there were some voters in the hospital who wanted to vote by proxy. I saw them and had them sign the necessary forms. However, I could act as a proxy for only one. So, for all the others I had to get someone from that polling station to agree to so act. Sydney is the centre where the returning officer has his office, and someone had to go to the office in Sydney. In one case the proxy voter had to travel between 25 and 30 miles to get to the returning officer's office in order to obtain a certificate to vote by proxy.

Let us take the case of a student. Again, here the procedure could be improved. For a student at university who wishes to vote by proxy the act sets out the procedure. There must be a statement by the registrar of a recognized educational institution in Canada that the voter is a full-time student. I may say that these are all forms that have to be filled out. The returning officer provides the forms. Then, of course, the student must name someone to act as his proxy, and, again that person must go to the returning officer to obtain the necessary certificate. Surely it would be sufficient, for example, for the parent to certify that the voter was such a student, and I believe it certainly would be helpful if the same person could act as a proxy for any number of voters at any poll.

● (1600)

I think, too, that a Canadian student qualified to vote who is attending a university outside of Canada should be allowed to vote in Canada. I do not see the necessity for the voter or the proxy voter having to attend personally before the returning officer. I know of no reason why, for example, the official agent of the candidate could not attend before the returning officer with all the completed forms in order to obtain the certificate.

This procedure is complicated. I have had some experience with it. You have to have a reliable person to act as a proxy; otherwise, if you are not careful, he might vote the wrong way.

In any event, the procedures are cumbersome, and most of the parties, when they have gone through them half a dozen times, say that it is not worth it; they stop doing it, and some people are thus not able to vote. As most of these are cases of patients in hospital, it would be quite easy to arrange a different procedure, as I will describe.

Bill C-237 mentioned mobile polls, which means that polls would go to places like hospitals in order to allow people to vote who could not come to the ordinary polling station. Let me explain. In the town where I live we have a home for senior citizens. Some 90 people reside there, and a polling station is established in the home. Those who can come to the polling station which has been set up can vote in the usual way. For others who wish to vote, but on account of physical disability cannot do so, the poll goes to them. There is no problem. The deputy returning officer and the poll clerk, together with the agents, if they wish, go through the building and allow them to vote. Everybody is satisfied with this procedure. In such a case, the voting is completed in a couple of hours at the most.

Senator Frith: Without their having to sit around for the rest of the day.

Senator Macdonald: There would be no difficulty in having that same poll, which I call a travelling poll, go to hospitals, which would do away with all of this proxy voting. They could set up the poll there and go round to the different parts of the building, allowing patients to vote in that way. I think this would be a most acceptable procedure. If there were valid objections to such a procedure being followed in large centres, where people would not be as well known as they would be in smaller centres, I suggest that the returning officers for each constituency be given some discretion in the matter so that they could get up such a poll if they wished.

There are other provisions of the act which could be examined with a view to allowing more proxy voting and more early voting.

Section 97(2) of the Canada Elections Act says:

> (2) At a general election, any elector whose name appears on the list of electors for any polling division of an electoral district and who has reason to believe that he will be unable to vote on the days fixed for the advance poll and the ordinary poll may cast his vote in the office of the returning officer for that electoral district, before the returning officer or the election clerk (in this section referred to as the "presiding officer"), between the hours of twelve o'clock noon and six o'clock in the afternoon or between the hours of seven and nine o'clock in the afternoon on any day during the period beginning on Monday, the fourteenth day before polling day, and ending on the last Friday before polling day, except on a Sunday and any day fixed for the advance poll.

I believe that period could be extended so that more people could take advantage of it.

It might be said that all this would be too expensive. Perhaps it would be. At the same time I think that added expense could be offset to a considerable degree. Section 10 of the act sets out the normal number of voters to a poll as approximately 250, and that is followed pretty strictly. If the number goes over that to any extent they divide it into two polls. That is ridiculous. In the ordinary course of events at least 10 per cent of the voters do not vote for one reason or another, and so the poll is not busy half the time. To my mind, any poll should be able to handle at least 350 votes in 11 hours. If it cannot, the deputy returning officer and the poll clerk are not up to their job.

Honourable senators, I have probably wandered quite far from Bill S-11, and have not mentioned government Bill C-58, which is also worthy of support, since that cuts down the number of days in an election campaign from 60 to 47. I think we should remember that all these discussions are useful. It may be that Bill S-11 and the others will not get too far before the end of the session, but I think we should remember that after every election the chief electoral officer makes recommendations to the government as a result of that election's shortcomings. I am sure the government will take into consideration anything we may say here with reference to the Canada Elections Act.

May I also say, honourable senators, that I am always impressed by the attitude of the Chief Electoral Officer and his staff. They are always available to give information during an election campaign. I recall that I spoke to the official agent of the candidate of my party in the last election, when it was over, and he spoke in the highest terms of the co-operation of the Chief Electoral Officer's staff. He told me that with regard to any problem or difficulty that arose all you had to do was call them and they gave you the answer; or, if they did not have the answer, they soon obtained it for you.

Honourable senators, I thank you for your attention. As I have already said, I am in favour of this bill, perhaps with a few changes.

On motion of Senator Macquarrie, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 18, 1981

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

Prayers.

PRIVATE BILLS

ONTARIO NEWS COMPANY, LIMITED—FIRST READING

Hon. George J. McIlraith presented Bill S-20, to revive Ontario News Company, Limited and to provide for its continuance under the Canada Business Corporations Act.

Bill read first time.

Senator McIlraith moved that the bill be placed on the Orders of the Day for second reading on Monday, June 22, 1981.

Motion agreed to.

G.A. BARBER & SONS LIMITED—FIRST READING

Hon. George J. McIlraith presented Bill S-21, to revive G.A. Barber & Sons Limited and to provide for its continuance under the Canada Business Corporations Act.

Bill read first time.

Senator McIlraith moved that the bill be placed on the Orders of the Day for second reading on Monday, June 22, 1981.

Motion agreed to.

EASTERN DIVERSIFIED COMPANY LTD.—FIRST READING

Hon. George J. McIlraith presented Bill S-22, to revive Eastern Diversified Company Ltd. and to provide for its continuance under the Canada Business Corporations Act.

Bill read first time.

Senator McIlraith moved that the bill be placed on the Orders of the Day for second reading on Monday, June 22, 1981.

Motion agreed to.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Supplementary Estimates (B) for the fiscal year ending March 31, 1982.

• (1410)

THE ESTIMATES

SUPPLEMENTARY ESTIMATES (B)—NATIONAL FINANCE COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (B) laid before Parliament for the fiscal year ending 31st March, 1982.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, supplementary estimates (B) were tabled by the Leader of the Government in the Senate earlier today. As we did with the estimates and supplementary estimates (A), it is our normal procedure to immediately refer them to the Standing Senate Committee on National Finance.

As a corollary to this reference, I have been asked by the chairman to advise honourable senators that the National Finance Committee is planning to meet at 9.30 a.m. on Tuesday, June 23, 1981 to discuss supplementary estimates (B).

Hon. Heath Macquarrie: You split an infinitive, senator.

Senator Frith: Did I split an infinitive?

Senator Macquarrie: You had better put it together again.

Senator Frith: I ask leave to have that split infinitive put back together again.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Monday next, June 22, 1981, at 8 o'clock in the evening.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, because the Wednesdays in the next two weeks are holidays, the plan is that we will sit on the Mondays and Tuesdays of those two weeks. This notice is pursuant to that plan, and it is our intention to follow the plan next week, unless something unusual happens. At present, it looks as though one of the unusual events we were expecting will not occur.

In case there are honourable senators who were not present last week, and who have not had a chance to read *Hansard*, I shall explain the plan again so there will be no doubt about it. The plan is to sit on Monday evening at 8 o'clock, on Tuesday afternoon at 2 o'clock and, if necessary, on Tuesday evening, but not to sit on Wednesday, Thursday or Friday of either of those weeks—that is, not to come back until the Monday following the mid-week holiday.

Motion agreed to.

• (1415)

QUESTION PERIOD

[*Translation*]

NORTHERN DEVELOPMENT

NATIVE LAND CLAIMS—EFFECT OF PASSAGE OF BILL C-48

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government, which he can pass on to the Minister of State for Economic Development if he so wishes. It concerns a comment that the president of the Canadian Conference of Catholic Bishops, Monsignor Joseph MacNeil, made regarding the Canadian legislation on oil and gas exploration, Bill C-48.

According to Mgr. MacNeil, this legislation could seriously impede the settlement of land claims and maintain the natives in the North in a colonial status within Canada.

Mgr. MacNeil asks that the federal government consider withdrawing or revamping Bill C-48.

I would therefore like to know whether the government is aware of the concerns expressed by Mgr. MacNeil and whether it is considering withdrawing or completely revamping the bill.

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a number of comments have been made on the subject of Bill C-48. In due time, honourable senators will, hopefully, have a full opportunity to debate the measure in this chamber.

However, the nature of the question is such that perhaps my colleague. Senator Olson, may wish to reply. He has developed an admirable expertise in the field.

Senator Flynn: He does a magnificent job.

Hon. H. A. Olson (Minister of State for Economic Development): I am very happy to hear those comments from the Leader of the Opposition.

Senator Flynn: Especially what they mean.

Senator Olson: I presume you mean what you say.

Senator Flynn: Exactly—the tone is there.

Senator Olson: Honourable senators, the government is aware of those concerns. Similar views have been expressed by a number of other people in the country. The government does not agree with those views and, if and when further amendments are to be made to the bill, they will be announced by the minister responsible, namely, the Minister of Energy, Mines and Resources. Even although views have been expressed that it does, in some way, interfere with claims that may be made in those territories, we believe it has been stated fairly explicitly that this is not the government's view.

THE SENATE

RE-ALLOCATION OF SEATS IN CHAMBER

Hon. Jean-Paul Deschatelets: Honourable senators, I should like to ask a question of the Leader of the Government following the exchange on Tuesday evening concerning the allocation of seats for certain honourable senators.

Have the two whips now received formal requests from the senators concerned and, if so, can we expect that a new seating arrangement will be completed when we return next week?

[*Translation*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I shall pass on the question to my hon. friend, Senator Petten, later on.

Hon. Royce Frith (Deputy of the Government): The words "pass on" are the ones Senator Flynn used a while ago, are they not?

Hon. Martial Asselin: Very well.

• (1420)

[*English*]

ENERGY

OIL—IMPORTATION FROM MEXICO

Hon. Guy Charbonneau: Honourable senators, my question is for the Minister of State for Economic Development. On Tuesday night I asked if Canada's contract with Mexico for oil provides for price flexibility to reflect falling international prices. At that time the question was taken as notice.

However, following a further approach from Mexico, I understand that Canada is today, considering negotiating a further purchase of up to 50,000 barrels a day. Considering the inferior mix of oil we receive from Mexico, would it not make sense to purchase the same quality of oil, which is now pro-rated, from Alberta?

Hon. H. A. Olson (Minister of State for Economic Development): Honorable senators, that suggestion has been made a number of times. We know that there is a difference between the price being paid in the domestic market and that being paid in the international marketplace. There is nothing new

about that and that question has been addressed by the Minister of Energy, Mines and Resources and others many times.

There is speculation, and I am not sure that it is anything more than speculation, that Mexico is now offering to supply, I think, up to 50,000 barrels a day more than it is now delivering under the contract that was signed some time ago. There are still several weeks until the termination of the existing contract, and it may be that we can look into these matters. I am sure the negotiators will be looking at the quality and, indeed, the price related to that quality. Also, there is the matter of the refiners' capacity to deal with these various qualities. In this regard I can understand Senator Charbonneau's concern. We have to take into consideration that the specific gravity or quality—whatever you wish to call it—of crude oil generally available in the world is such that we are moving gradually to the point where we will need the capability in Canada to deal with higher and higher amounts of so-called heavier oil.

THE ECONOMY

FOOD PRICES—CONFLICTING ANNOUNCEMENTS

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Minister of State for Economic Development. Could he explain to this chamber the discrepancy between the announcement made by Statistics Canada that food prices have declined by precisely 0.7 per cent in the month of May and the announcement made concurrently by Agriculture Canada that food prices, in fact, have increased?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will get a precise answer to that question. I am sure that my honourable friend has read some of the press reports which indicated that reporters were also curious about this difference. It is a matter of time frames and when you do the calculation. But I will try to get a precise answer from Statistics Canada and the people in the Department of Agriculture who did the compilation so that we can furnish the usual reasonable and logical explanation.

Senator Nurgitz: I am satisfied that I would not get anything else!

Honourable senators, at the same time, could I get a "usual logical and reasonable" explanation of the allegation being made by the Ontario Cattlemen's action group, that while farm prices have dropped, consumer prices have risen, and that supermarkets have tripled their markup on beef, for example, in the last five years. Is the government going to make any form of investigation on that?

Senator Olson: Honourable senators, I do not think there is going to be anything in the nature of a formal investigation, but I am extremely curious about this as well. For my own personal information and perhaps as a member of the cabinet, but not in a formal way, I would like to know where that wide discrepancy is, because I saw one proponent for each side of this argument speak from exactly opposite positions earlier this morning. I am sure my honourable colleague did too.

[Senator Olson.]

Senator Murray: In the cabinet?

Senator Olson: On *Canada AM*.

ENERGY

QUEBEC AND MARITIMES PIPELINE—LABOUR DISPUTES

Hon. G. I. Smith: Honourable senators, may I direct a question to the Minister of State for Economic Development who, I guess, is in charge of pipelines? Is it true that Trans Quebec and Maritimes Pipeline has said that within a week it will have to cancel construction of this pipeline for the remainder of the year unless the current labour difficulties are resolved within that time?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I cannot verify whether that is true or not, but I have heard of some disputes there. That does, in fact, mean there is some difficulty which could hinder construction which might otherwise take place this year. Regardless of whether what we have heard is fact or opinion, I shall try to provide an explanation of the situation and discover the conditions that might lead the company to say that they could jeopardize construction for the rest of the year.

• (1425)

Senator Smith: Honourable senators, I should like to address a supplementary question to the same minister. If it turns out that he discovers there is truth to the allegation, will he then be prepared to repeat the guarantee of the Canadian government that the pipeline will be built on schedule and that it will arrive in Halifax by the fall of 1983?

Senator Olson: Honourable senators, there are two or three hypotheses in that question, and ministers who have been around for a while know they should not try to answer hypothetical questions.

Senator Smith: There is nothing hypothetical about my question. I am simply asking the minister, if he finds there is any truth in the allegation—and there will be nothing hypothetical about that—whether he is prepared to repeat the promise which the government has made in the past that the pipeline will be completed in time to be in Halifax in 1983.

Senator Olson: Honourable senators, I am told by my legal adviser that any question that begins with "if" becomes a hypothetical question right away.

Hon. Jacques Flynn (Leader of the Opposition): If you are going to be your own advocate, I should remind you of the saying that any lawyer who defends himself has a fool for a client.

Senator Olson: Honourable senators, it could be that there might be some slowdowns for particular reasons, such as labour or weather problems; but there could be other periods when the speed of construction could be accelerated, because of some favourable conditions. All of that would have to be taken into account, and I am sure my honourable friend would not expect me to try to balance one against the other so that we could go back to the completion date of 1983. I cannot tell

him now, but we are still hopeful, and we have reason to be hopeful, that this line will be in place by the time that was specified earlier when we gave a commitment to see that the line is built.

Senator Smith: Honourable senators, as another supplementary, I should like to ask the minister if those factors, which he says have to be taken into consideration in calculating the time of arrival of the pipeline in Halifax, were not taken into consideration when the promise was first made?

Senator Olson: Honourable senators, I think it is fair to say that we cannot make valid calculations based on some labour disputes that could not be foreseen at the time.

Senator Smith: In other words, the honourable gentleman seems to be saying that they made the promise without taking into consideration factors which he now says ought to have been considered, and therefore he is not prepared to repeat the promise that completion will be in 1983.

Senator Olson: Honourable senators, the commitment was made to build it, and the estimate of the time required to get it in place was clear. My honourable friend knows very well that it cannot be built without workers. If the workers are on strike, it is not being built.

Senator Smith: I know that, and I am sure the minister knows that one should not make promises unless one takes into consideration all the probable factors that will affect the carrying out of that promise.

Senator Olson: Honourable senators, the objective stated by the government has not changed.

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear.

Senator Smith: At least the objective has not changed.

Senator Perrault: You are so negative.

Senator Smith: I am sorry, I did not hear what the Leader of the Government said. I don't suppose I missed much, but still, if he would like to have me hear it, he might repeat it.

Senator Perrault: You are too negative.

Senator Smith: You think I am too negative? I always like to be practical—whether or not it happens to please the Leader of the Government to deal in practicalities—and that is what I am being today.

• (1430)

With reference to the off-oil program which has been given great publicity in relation to—

The Hon. the Speaker: Honourable senator, this is not a supplementary question, so I give the floor to Senator Leblanc.

Senator Smith: Thank you, Your Honour. I shall ask the question again later.

[*Translation*]

Hon. Fernand E. Leblanc: Honourable senators, I would like to put a supplementary question to the Minister of State for Economic Development concerning the construction of the Q & M pipeline. There seems to be a labour dispute, as some 40 welders are on strike. There is speculation that if the strike is not settled soon, the construction of the pipeline could be delayed for a year. *La Presse* reports that for the time being Mr. Lévesque's government refuses to intervene in the dispute. However, if construction is delayed for a whole year, this would have a negative effect on the public, who should be able to use natural gas and therefore pay less for energy.

Since the federal government has jurisdiction to some extent over the construction of the pipeline, could it not make some attempt at settling this dispute? As such, I think a labour dispute comes under provincial jurisdiction. But would it not be possible to take some steps to settle this dispute which is detrimental to Quebecers?

[*English*]

Senator Olson: Honourable senators, the federal government has jurisdiction over pipelines that are built under a permit issued by the National Energy Board. That, of course, is the case with this pipeline. However, we do not have jurisdiction with regard to most or, perhaps, all the labour unions. That, clearly, comes within provincial jurisdiction.

I think the most satisfactory answer I can give to this question, and to the previous one asked by Senator Smith, is to say that I shall get a report on it, and have an analysis done of the implications involved, so that we can base our approach on rather better information than is to be found in newspaper speculation. When I say "speculation," I am not evading the point, but it is just opinion with regard to what might happen in this case. I shall, however, try to obtain a little more firm information respecting the prospect for the balance of this year.

[*Translation*]

Senator Leblanc: What I fear, of course, is that, since this is a federal pipeline, the Quebec government, which seems bent on resuming its campaign for sovereignty-association, will start saying in Quebec: "The federal government is to blame for what is happening; sort it out with that government." That is why I say that we should see to it that this issue is quite clear in the minds of Quebecers, so that they will not think, as the provincial government would have them believe, it seems that the federal government is to blame. I feel it is important that the minister make a statement on this matter.

[*English*]

Senator Olson: Honourable senators, I shall have to take that into consideration. I hope that all members, on both sides of this house, will be clear that this is not the responsibility of the federal government.

INDUSTRY

EXTENSION OF SUBSIDIES TO SHIPBUILDING

Hon. Jack Marshall: Honourable senators, I have a question for the Minister of State for Economic Development having to do with the shipbuilding industry.

I am sure the minister will recall that last spring I made a plea on behalf of the shipbuilding industry because of the expiry of the 20 per cent subsidy. I wonder if the minister could indicate if there has been any change in the position of the government, and if that subsidy will be continued.

Hon. H. A. Olson (Minister of State for Economic Development): No, honourable senators. There was an announcement, either at that time or since—I am not sure of the exact date—that the shipbuilding subsidy, in most cases, will be reduced to a lower level, after the time frame with reference to the ships that are under consideration now has run out. No change has been announced. If one is announced, this will be done by the Minister of Industry, Trade and Commerce.

Senator Marshall: Honourable senators, by way of a supplementary, at the annual meeting held last week in Halifax they expressed concern again, and evidently pleaded with the government for some alternative policy because of the fact that there is a potential $40 billion of shipbuilding business in the long term. I wonder if the minister could bring this matter to the attention of his colleagues, and see if anything can be done to promote economic development in that area.

Senator Olson: Well, honourable senators, I do not want to base a reply on results coming out of a conference held last week; but I want to agree with my honourable friend that there is an enormous prospect for a great number of ships being built, and therefore great activity within the shipbuilding yards in Canada, in connection with a number of projects, including some specialized ones, such as drilling platforms, semi-submersibles, and LNG tankers.

FOREIGN AFFAIRS

ISRAELI ATTACK ON NUCLEAR REACTOR IN IRAQ—CANADIAN ATTITUDE IN SUCURITY COUNCIL

Hon. Heath Macquarrie: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate concerning the Middle East, and in particular the recent raid on the establishment in Baghdad. Considering that the Security Council is now seized of the whole situation, realizing that any implementation of whatever the Security Council recommends will fall upon the generality of the membership, which of course includes Canada, and realizing that very likely Canada has been approached as to its view, can the minister indicate whether or not Canada supports the French motion, the Islamic motion, or the Third World motion? Further, has such support been communicated to the Security Council participants in this very serious matter?

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice, honourable senators.

[Senator Olson.]

MIDDLE EAST—GOVERNMENT ACTION ON STANFIELD REPORT

Hon. Heath Macquarrie: Honourable senators, I should like also to ask, in the same area but perhaps with greater generality, and I think enduring importance, in view of the fact that it is now a good many months since Ambassador Robert Stanfield handed in his in-depth and very wise, perceptive report on the Middle East situation—

Hon. Royce Frith (Deputy Leader of the Government): It is a magnificent report.

Senator Macquarrie: I agree. Senator Frith says it is a magnificent report. As someone said to me the other day, "There is a great deal of wisdom in there," and I said, "Exactly. There is a great deal of wisdom in the author."

Recalling that the Clark Government very wisely, in my opinion, accepted quickly and fully the interim report by Ambassador Robert Stanfield, can the minister indicate if the government today is prepared to look upon this most excellent and thorough report as a beginning of a Canadian approach to the Middle East, something upon which, I am sure, the Canadian people could rally in support? If it has not finished its consideration, perhaps the honourable leader could tell us exactly where the Stanfield report stands and the thinking of the government at the present time.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the Middle East situation, and Canada's approach to events there, will be the subject of an inquiry which will be directed to the Secretary of State for External Affairs. I hope that a report can be brought to the chamber next week.

THE SENATE

RE-ALLOCATION OF SEATS IN CHAMBER

Hon. Jean-Paul Deschatelets: Honourable senators, since Senator Petten is back in his seat, can we hear from him with regard to the reallocation of seats to certain senators who have communicated with him and have sent him a formal request?

Hon. William J. Petten: Honourable senators, I apologize for my absence from the chamber when Senator Deschatelets asked his question. I left the chamber to take a phone call.

I have now received nine requests from honourable senators to have their places moved so that they may sit as a group.

Senator Hartland de M. Molson: No, no.

Senator Petten: Is that not correct?

Senator Molson: No.

Senator Petten: "Sit together," then—whatever phraseology you want—"so that they may sit together as a group". As I said the other day, I now have to speak to other senators who are occupying space we shall need so that you can sit together, Senator Molson. I have now begun and am working towards that end. How long it will take, I am not sure, but I am actively pursuing it.

• (1440)

Hon. Jacques Flynn (Leader of the Opposition): In my opinion, this problem involves the two whips.

Senator Petten: Thank you, Senator Flynn.

Senator Macdonald and I had a brief meeting last evening and we hope to meet again in the near future. I apologize to Senator Macdonald; I had taken the responsibility of speaking to the Liberal senators before I spoke to Senator Macdonald about where to seat those senators who wish to sit as a group.

Senator Flynn: Since this matter involves both sides of the chamber, if there is agreement His Honour the Speaker will not be involved. However, I believe that, in any matter where there is not agreement between the two main parties in the house, His Honour has to rule. I hope His Honour will not have to do that.

I merely want to say that, as far as we are concerned on this side, we are willing to move closer to the left of His Honour the Speaker so as to provide space in the rows where Senator Belisle, Senator Bielish, Senator Fournier and Senator Doody sit. Senator Bonnell will not have to move in the way we understood he wanted to. There could be a problem with regard to Senator Bosa, of course, but there always seem to be problems.

Hon. Raymond J. Perrault (Leader of the Government): I wonder if the Leader of the Opposition is aspiring to achieve the lofty position of whip for the official opposition.

Senator Flynn: I am willing to help in any way, shape or form I can. I am not putting any obstacle in the way of the wishes of those who want a re-allocation of seats. I am quite sure that the Leader of the Government would not mind doing the same thing in an effort to serve the Senate generally in this matter, even if it is not a job of great standing.

Senator Perrault: On the contrary, I have the highest respect for the whips, Senator Petten and Senator Macdonald. I am certainly willing to leave it in their very competent, capable hands.

Senator Flynn: Provided you do that, I am quite sure that we shall reach a solution.

Senator Molson: I have a supplementary question. In connection with this seating problem, Senator Petten was good enough to tell me earlier today that he had received a letter dated May 21 from Senator Thompson which set out his request to be seated in seat No. 31. There was a slight misunderstanding in the course of this matter, but Senator Petten says that he is now in full flight. I wonder if he would allow Senator Thompson to sit in that seat, since it is now vacant.

Senator Petten: I will certainly take that request into consideration.

Hon. Royce Frith (Deputy Leader of the Government): Senator Thompson wanted to be seated there in order to be next to Senator Bonnell, who is now moving.

Hon. Peter Bosa: Honourable senators, it was intimated a moment ago by the Leader of the Opposition that the Leader of the Government in the Senate might have some problem in moving my seating accommodation to another place in this chamber. I want to assure honourable senators that there will be no such problem, because I treat this matter without partisan disputation.

FOREIGN AFFAIRS

MIDDLE EAST—POSSIBLE CANADIAN PARTICIPATION IN MULTINATIONAL PEACEKEEPING FORCE

Hon. Lowell Murray: Honourable senators, if I may, I should like to return for a moment to the questions asked earlier by our colleague, Senator Macquarrie, concerning Middle East matters. I ask the Leader of the Government if he would ascertain from the Secretary of State for External Affairs the present status of discussions concerning a possible multinational peacekeeping force in the Sinai. In particular, has Canada been asked to participate in such a peacekeeping force? Has the Department of External Affairs formulated a government position with regard to the size, composition and role of any such peacekeeping force in the Sinai?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the government continues to give serious consideration to the problems involved in the creation of the proposed multinational force in that area. We have, frankly, a number of concerns about the force which include, among other factors, the absence of United Nations auspices, and the possible absence of a broad geographical and political balance in its composition. However, the government continues to support the efforts of the United States to achieve a comprehensive peace, although we are disappointed at the lack of progress in negotiations over recent months. No final decision has been taken, should Canada be requested to participate, on whether we will do so.

Senator Murray: I take it, then that Canada has not been asked to participate. In particular, I should like the minister to ascertain whether Canada has a view not only as to the geographical disposition of any such multinational force, but also as to what size that force should be and whether it should have some kind of combat capability, as has been mooted in recent months.

Senator Perrault: Honourable senators, I shall take the additional question as notice.

NATIONAL FINANCE

REPORT OF COMMITTEE ON SUPPLEMENTARY ESTIMATES (A)—DOCUMENT TABLED

Hon. Douglas D. Everett: Honourable senators, when I spoke the other night on the main estimates, Senator Smith asked me a question about the oil compensation payments. I now have an answer from the Treasury Board. It is rather lengthy and, with the permission of the Senate, I would merely table it.

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

Hon Senators: Agreed.

Senator Everett tabled:

Letter respecting the presentation of oil compensation expenditures in the Supplementary Estimates (A) for the fiscal year ending March 31, 1982, being a reply to Senator Smith's question of June 16, 1981. (*English text*).

TRANSPORT

AIRLINES—SALE OF NORDAIR

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to questions asked by Senator Asselin on June 10 and again on June 17 regarding the sale of Nordair. Further to my reply of June 10 to Senator Asselin, who raised a question about progress on the part of the government with regard to the disposition of Nordair, I am informed that there has been no change since I last reported to this chamber on March 12, 1981.

All that can be said at this time is that discussions are continuing with interested parties. They might well lead to the merger of Nordair and Quebecair, provided certain conditions are met.

The conditions I refer to are the same as those previously described to this chamber. The Minister of Transport wishes to see a balanced distribution of ownership in the merged airline between Quebec and Ontario investors, as well as a reconciliation of employee, union and management interests.

I am pleased to report that Nordair continues to perform as one of the most efficient and profitable regional carriers, despite continuing uncertainty over its future ownership. I should emphasize that it will remain a subsidiary of Air Canada until a satisfactory solution can be found.

EL SALVADOR

POLITICAL, MILITARY AND SOCIAL SITUATION—DEBATE CONTINUED

The Senate resumed from Thursday, June 11, the debate on the inquiry of Senator Macquarrie calling the attention of the Senate to

(1) the increasingly dangerous political, military and social situation in El Salvador;

(2) the compelling hazards of third party interventions and the possibility of the escalation of hostile actions within El Salvador;

(3) the further compelling importance of the resolution of the conflict by means of a political settlement rather than through recourse to sustained and bloody armed conflict; and

(4) the value of Canadian encouragement and support of the efforts of those individuals and groups seeking mediation of the conflict in El Salvador.

[The Hon. the Speaker.]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in his intervention on June 11 respecting El Salvador, Senator Macquarrie expressed a desire for more discussion on contemporary issues, and invited participation by others in this debate.

I agree with Senator Macquarrie's view that the conflict in El Salvador is not going to disappear overnight. As I mentioned, I found his intervention to be conscience-stirring and thoughtful. I therefore accept his invitation—and I hope others will—to consider this important question and also the position, as I have been able to understand it, of the national government of Canada on the policy issues with regard to El Salvador. It will quickly appear in the course of my remarks that I agree with Senator Macquarrie on almost every principle he raised. Essentially, I believe that his feelings are the same as those that motivate the government, and that are behind the policy that has been established and adopted by the government on the conflict and the tragedies in El Salvador. I say "tragedies" because I think that the long suffering of the Salvadoran people and the increasingly dangerous situation that is developing there are clear. No one should try to outdo Senator Macquarrie's description of the situation.

● (1450)

The combination of suffering by fellow human beings because of a serious political conflict, the fact that this suffering takes place in the context of such political conflict and the potential consequences for world peace which exist because of the forces that are concerned and are intervening constitutes, as Senator Macquarrie said, a very serious situation. The first point with which I agree is Senator Macquarrie's priorities on those elements. He lists as his first priority the suffering of fellow human beings, no matter what political issues are involved.

The situation in El Salvador is one of human tragedy involving incalculable frustration and pain. It has existed for decades as a result of a series of authoritarian governments working to deny the Salvadoran people the economic development and social justice which, as fellow human beings, we believe—and I think I am speaking for more than just the government here—is their right. As pointed out by Senator Macquarrie, it is a situation marked by extreme violence and abuses of human rights. According to the information I have, some 16,000 Salvadorans are estimated to have been killed in the last 19 months. so it is a matter of concern around the globe, not to mention Canada.

Honourable senators, I would like to outline the position of the government as I understand it. Let me draw your attention to the statement the Secretary of State for External Affairs made in the House of Commons. It outlines the policy of the national government with regard tp El Salvador. In it he enunciates Canada's concern at the continued high level of violence and the widespread use of torture by parties to the conflict. In working for improvements, Canada's national government has been active particularly through bilateral intervention and multilateral intervention, and with respect to refugee help and the direct contribution of financial aid.

In terms of bilateral intervention, officials of the Department of External Affairs have expressed to Salvadoran officials in Ottawa on many occasions Canada's concerns about the governing junta's response to violence from both the left and the right. In terms of multilateral intervention, Canada's ambassador and permanent observer to the Organization of American States actively expressed Canada's views at the OAS Tenth Geneva Assembly in November 1980. Then on March 11, 1981, at the 37th Session of the United Nations Commission on Human Rights, Canada voted for a resolution calling for the appointment of a special representative to investigate reports of human rights violations in El Salvador.

On the topic of refugee help, Canada has an annual refugee plan which includes close co-ordination and co-operation with the United Nations High Commission for Refugees, the UNHCR. At present the UNHCR policy is directed toward local resettlement in the region with eventual repatriation when conditions permit. The UNHCR is advising all countries that special refugee settlement programs are not needed. This position accords with the current Canadian perception.

However, the Canadian government will consider individual requests for assistance to resettle refugees for whom local resettlement in countries of first asylum is impossible. The government's program for 1981 makes provision for their acceptance into Canada—and here I would remind honourable senators that the UNHCR plan is for local settlement—with a view to eventual repatriation when conditions permit. But notably and as I mentioned earlier, the Canadian government will consider individual requests for assistance.

The program for 1981 makes provision for the acceptance into Canada of up to 1,000 refugees from all of Central and Latin America. In addition, special measures to assist persons affected by the strife in El Salvador were announced on March 19, 1981 in the House of Commons by the Minister of Employment and Immigration, the Honourable Lloyd Axworthy. With regard to direct assistance, in an effort to assist Salvadorans affected by the conflict, Canada announced in February 1981 a contribution of $250,000 to the International Committee of the Red Cross in favour of El Salvador. In the fiscal year 1980-81 the Canadian International Development Agency provided $127,250 to Canadian non-governmental organizations managing projects in El Salvador.

Again, as I mentioned, Senator Macquarrie stated that we must have concern for the people of El Salvador, and that our first concern should be for them. He also called our attention to the hazards of third party intervention in El Salvador and questioned the role of the Canadian government vis-à-vis the United States and its involvement there.

I want to emphasize that, as I understand the government's position, Canada strongly supports the traditional principles of international law in opposition to any interference from the outside in another country's domestic affairs. The United States is aware of this position. In addition, Canada has a long standing policy of not providing arms to areas of tension and deplores the fact that competing forces in El Salvador are receiving supplies from outside sources. Canada's position on the supply of arms to El Salvador has been clear and consistent. It has been explained to the United States and it remains unchanged.

Honourable senators, I now direct some remarks to the resolution of the conflict. As I signalled earlier, I agree with Senator Macquarrie, that a political solution must be sought. We reject the concept of a military solution to the problems in El Salvador and support the action of the national government in urging all governments, including those communist nations, to refrain from supplying offensive weapons to the parties involved.

We welcome the decision of the Government of El Salvador to call elections for March 1982 for a constituent assembly, and its willingness to begin a dialogue with the revolutionary left on both the election process and the monitoring of it. All political parties have been invited to register for the elections, including leftist parties willing to lay down their arms. We support this commitment on the part of the Government of El Salvador to abide by the will of the Salvadoran people as expressed in elections and, equally, to reject the attempt of the revolutionary forces to negotiate the formation of a non-elected coalition government and condemn their unwillingness to submit their claim to representing the Salvadoran people to the test of democratically conducted elections. Despite the civil unrest in El Salvador, it is our conviction—and my conviction—that elections could be held in 1982 in a fair manner. Elections have been conducted on other occasions, in other parts of the world, under equally difficult, if not more difficult, circumstances.

● (1500)

As indicated by the Secretary of State for External Affairs in his statement of June 16, 1981, President Duarte is on public record as saying that the OAS would be welcome to monitor elections in El Salvador. I understand there would be support within the OAS for taking on this responsibility, should the major parties to the dispute so desire.

Again, along with Senator Macquarrie, I praise the leadership provided by the church in El Salvador during these difficult times, and note that the Acting Archibishop, Monsignor Rivera Y Damas, has, himself, commented favourably on the willingness of the Government of El Salvador to find a political solution to the problem.

I turn now to another dimension that has arisen in this debate, and that is Canada's role in the promotion of a political settlement in El Salvador. I draw the attention of honourable senators to the comparatively limited links which Canada has with El Salvador in terms of historic, linguistic, cultural and commercial ties. Canada is already in the process of becoming much more deeply involved in assisting the peoples and governments of the Commonwealth Caribbean in dealing with their own overwhelming economic and social difficulties. I use the word "comparatively" because I am comparing our links with El Salvador to the depths of the links, in terms of historic, linguistic, cultural and business ties, we have with the Commonwealth Caribbean nations. Because of an absence of such deep roots in El Salvador, we do not

have the same capability, expertise, or even acceptability, in neighbouring Central America, to take on a similar role at this time. This does not mean that we should take on no role, but the different potential must not be ignored.

It is our position, for the same reasons—that is, the deeper historic and traditional ties—that initiatives in El Salvador are more the responsibility of countries such as Mexico and Venezuela. They are closer and have those greater ties with the countries of Central America.

As I recall, Senator Macquarrie referred to the role which may be played by Mexico and Venezuela—countries that are, in fact, now showing a greater interest in this respect. If I understand Senator Macquarrie correctly, Canada can try to persuade Mexico and Venezuela to play the kind of role that perhaps we could play better with the Commonwealth Caribbean countries.

I also agree with Senator Macquarrie that we must continue to demonstrate concern for the plight of the Salvadorans and to contribute actively to the efforts of international bodies such as the United Nations Human Rights Commission in working towards improvements in the human rights situation in El Salvador, and also with the OAS since it, at least, has the beginning of an important and useful role to play in this international situation.

In that regard, we are naturally pleased by the recent nomination by the United Nations of Professor J. A. Pastor Ridruejo of Spain as a special representative to investigate human rights abuses in El Salvador in accordance with the resolution which was actively supported by Canada. Canada's foreign policy has, in the past, been sensitive to human rights questions. This must continue to be the case and this is an outstanding example of how that policy can continue to be applied.

In conclusion, I would thank Senator Macquarrie for calling the attention of the Senate to this most important matter. The national government has been active in working towards improvements in the situation in El Salvador and continues to monitor developments closely. I fully support and encourage these efforts to promote respect for human rights and an end to the suffering in El Salvador.

I hope the initiatives that have started, to which both Senator Macquarrie and I have referred, will continue and that the solutions reached will solve the many dimensions of this problem, the most important being the suffering of our fellow human beings in El Salvador.

Hon. Heath Macquarrie: Honourable senators, I would use the traditional device to get to my feet and say something, as the form is, "before the honourable senator takes his seat" by asking him one or two questions. If I have the indulgence of my colleagues, I should like to say how much I appreciate my colleague's generous remarks about my comments the other day, and how much I appreciate his well-reasoned comment on an important situation. It was of the high calibre that we expect to emanate from the Deputy Leader of the Government.

[Senator Frith.]

Would he give me an indication as to whether he thinks there might be some value in developing the Canadian presence in that region? I believe it would be particularly useful if we had a representative in Honduras. I am most disturbed about these unfortunate victims who are fleeing from their own country and who, if they escape the bullets in El Salvador, may be hit by them in Honduras. However, if they get through that double gantlet, even then there is very little assistance available to them.

I listened with care to the honourable senator's comments about our attitude towards refugees, and I believe that that is a traditional and wonderful attitude. Is there any possibility that, in a general way, we may strengthen our personnel? I am not suggesting it would be practical to appoint an ambassador to El Salvador, but perhaps we could augment our staff in Costa Rica. Perhaps we could have someone from the Honourable Lloyd Axworthy's department posted to Honduras so that there is a sympathetic, concerned and interested presence in that country.

Perhaps I misunderstood the comments of Senator Frith concerning the monitoring of elections. I, too, think that if the OAS especially the Mexicans, who are so wise in these things—could be accepted by both sides, it would be an excellent step. Senator Roblin and I had breakfast this morning with the Canadian Parliamentarians for World Order, and we discussed the events that took place in Zimbabwe. That situation is not exactly the same, since it is difficult for a fully independent sovereign country to accept such a solution. Has the deputy leader any indication that this is a reasonably practical objective?

Finally, since during these tranquil Thursday afternoon sessions we are given to exchanges of confidence, does he believe that it might be a useful development for Canada, after waiting 40 or 50 years, to actually become a member of the OAS so that we might be more involved with our hemispheric neighbours and able, therefore, to be more helpful to them in times of trouble?

Senator Frith: Honourable senators, on the first point—the question of whether we could increase our contribution and have a greater visibility of our care and concern by increasing our representation in the Central American countries where refugees are going, according to the plan of local resettlement, to be followed, eventually, by repatriation—I should like to make two comments. First, I want to find out what the government is now doing. I believe we have some role in that whole refugee plan that involves local resettlement holding for repatriation, buttressed by some immigration provisions. I do not know its present extent. If I understood Senator Macquarrie's question, it was really a corollary to his statement that we should be seen—and I said the same thing—as caring, and one way that we could be seen as caring is to have a presence in that process. That would be consistent with the fact that we have a different level of acceptability in Central America generally than we have in the Caribbean simply because we are not as well-known and do not have the same presence

there. So on that question I will find out what we are doing and then make a comment as to whether we could do more.

• (1510)

On the second point, the question of monitoring, I must say I had Zimbabwe in mind when I was talking about other difficult situations in which a purely domestic situation in a sovereign nation was monitored at the invitation of the sovereign nation. The election process was monitored with a view to having it appear to be, and actually be, as fair as possible so that its result would be something political usefully.

As Senator Macquarrie has said, the analogy between the Zimbabwe situation and that involving the OAS in this central American country is not perfect. Such analogies never are. But important initiatives have been taken by the OAS, and Canada has participated through its, admittedly, non-member representative.

On the third point I do not wish to comment without getting some advice. I might be taken as speaking for the government. My own personal impression is that we should be more active, and I have always felt the idea of our being an active member of the OAS to be attractive. I am bound to say that I have not studied it enough to know why we are not—I am sure there are good reasons; perhaps not totally persuasive reasons, but good ones—and I would like to look into that so I can respond as to whether or not I still think we should be more active, and I will also try to find out if the government has an answer to that question that I can perhaps express on their behalf.

Hon. Lowell Murray: Paul Martin was always in favour of Canada's joining the OAS.

Honourable senators, against the possibility that one of our colleagues may wish to debate the matter further, and in view of the fact that we are confronted with a continuing problem in El Salvador where there may be further developments at any time which honourable senators may wish to discuss, I am going to take the liberty of proposing the adjournment of this debate even though I do not intend to enter into it at the moment.

On motion of Senator Murray, debate adjourned.

LEGAL AND CONSTITUTIONAL AFFAIRS

REPORT OF COMMITTEE ENTITLED "CERTAIN ASPECTS OF THE CANADIAN CONSTITUTION"—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Lamontagne, P.C., calling the attention of the Senate to the report of the Standing Senate Committee on Legal and Constitutional Affairs entitled: "Certain Aspects of the Canadian Constitution", tabled in the Senate on 26th November, 1980.—(*Honourable Senator Flynn, P.C.*).

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, Senator Flynn asked me to have this matter stand in his name, but I understand that one of our colleagues, Senator Everett, would like to speak to it. Naturally, we would be delighted to hear him now.

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

Hon. Senators: Agreed.

Hon. Douglas D. Everett: Honourable senators, I am speaking to the report of the Standing Senate Committee on Legal and Constitutional Affairs entitled "Certain Aspects of the Canadian Constitution."

First, I should like to congratulate the Standing Senate Committee on Legal and Constitutional Affairs and particularly its chairman, Senator Goldenberg, and Senator Lamontagne who chaired a subcommittee on certain aspects of the Constitution. It is an excellent report, and while I disagree with some of its conclusions, it is extremely well laid out. It gives a comprehensive history of the problem, and it develops its arguments with clarity and logic.

I finally feel competent to discuss the role of the Senate because I am now in my fifteenth year in this chamber.

Hon. John M. Godfrey: Do I have to wait another eight years?

Senator Everett: Hopefully, yes.

This report contains two statements which I should like to read to you. The first one is found at page 3 and is a statement by Sir John A. Macdonald, when he was describing the British North America Act, and he said:

> We have given to the General Legislature all the great subjects of Legislation. We have conferred on them, not only specifically and in detail, all the powers which are incident to sovereignty but we have expressly declared that all subjects not distinctly and exclusively conferred upon the local governments and local legislatures shall be conferred upon the General Government and Legislature. We have thus avoided that great source of weakness which has been the cause of disruption of the United States.

On page 7 of the report the committee makes the following statement:

> It is generally accepted today that Canada should have a genuine federation in which each order of government would be sovereign within its own areas of jurisdiction.

Surely, it would be correct to say that if that statement is true we have departed a long way from the concept laid down by Sir John A. Macdonald. I personally am not sure that it is for the best. I think a country will have great difficulty existing if it is a group of sovereign powers or sovereign states. There are many reasons why this happened, and I will not review them for honourable senators because they are very much aware of them. It is true to say that the institutions that were created in 1867 did not perform in the way it was contemplated they would. In the vacuum that was created, the provinces assumed a role and a power that is now characterized as sovereignty.

The report itself proposes three major initiatives. It deals, first of all, with the extraordinary powers under the British

North America Act. It proposes to eliminate reservation and disallowance. It does not say what it would do with the remedial power, but since, I believe, that has not been used since Confederation. I assume by implication it also indicates that this power would disappear.

Senator Roblin: It was tried once, and it did not work.

Senator Everett: It also proposes that provincial approval be required for certain uses of the declaratory, emergency and spending powers.

The second major initiative is that it establishes a new institution by constitutional amendment. It constitutionally creates the Conference of First Ministers, which is to be called the Federal-Provincial Council.

● (1520)

In the third major initiative it proposes to reform the Senate by constitutional amendment, so that the Constitution will say that the Senate is to protect regional, linguistic, minority and human rights.

It proposes increased representation for the west and for Newfoundland. Every second appointment would be from a list submitted by the provinces. The term would be 10 years, renewable each five years on the recommendation of a Senate committee. It proposes a six-month suspensive veto, but that the House of Commons would have to repass the legislation after six months if it were refused by the Senate.

It gives the Senate special powers to review and disallow regulations. It proposes standing committees on official languages and human rights, and it makes particularly interesting proposals in respect of the protection of regional rights. On page 41, under the heading "Regional Caucuses," it proposes:

> To enable the Senate to discharge its responsibility for regional representation and protection more effectively, we recommend the establishment of all-party regional caucuses. They would constitute regional sounding-boards and identify the changing aspirations, needs and grievances of the Canadian regions and monitor the attitudes of provincial governments and legislatures toward federal legislation and programs.

It goes on to say, under the heading "Standing Committee on Regional Affairs":

> We recommend the establishment of a new Standing Committee on Regional Affairs. The chairmen of the regional caucuses would form the nucleus of this committee. The committee's mandate would be to receive reports from the regional caucuses; to identiy regional problems and to recommend the best means for dealing with them; to inform provincial governments of federal bills that might affect regional interests, and to invite them to present their views to this committee and to other appropriate committees of the Senate.

I believe there are many good ideas in the report for the reform of the Senate, and I should like to deal briefly with each of the areas that has been proposed.

In respect of the extraordinary powers, it seems to me that the new Bill of Rights, provided it passes, does permit the elimination of the reservation and disallowance powers. But I believe that the declaratory, emergency and spending powers should be retained. Even though they are rarely used, it seems to me that they are the hallmark of a country, and the right of the central government to intervene where it must do so is essential. If we make those powers subject, as the report proposes, to provincial consent in most areas, it seems to me that renders them virtually useless. The argument advanced in the report is that if you have these declaratory powers, and if the federal government can invoke them unilaterally, then that is not consistent with the concept of provincial sovereignty. I believe there is provincial sovereignty, but it must be less than the sovereignty of the central government.

Let us deal for a moment with the proposal for a Federal Provincial Council. Such a body would enhance the sovereignty and the power of the provinces. Even if it did not exist, federal-provincial meetings will occur; but I am very concerned about the suggestion that we institutionalize this as a means of resolving central and regional conflicts in Canada.

The Pepin-Robarts Task Force has this to say about inter governmental conferences:

> Executive federalism in Canada has done a great deal to adapt our federal system to changing circumstances and it has some remarkable achievements to its credit. To name only the most obvious: it has facilitated the implementation of fiscal equalization programs intended to reduce disparities among the provinces, to promote regional economic development, to provide basic health and social services up to a minimum standard across the country, and to negotiate a continuing transfer of financial resources and responsibilities from the central to the provincial governments.
>
> But these successes should not hide the weaknesses of the process and its contribution to the present crisis of Canadian unity. The general public has been more aware of the dramatic public confrontations between central and provincial leaders which it has occasioned. The way in which the process has been conducted has often left provincial governments with the feeling that central government's choice of priorities and conditions has imposed a fait accompli upon them, distorting their own priorities, while the use of intergovernmental meetings by provincial leaders to score points against the central government for partisan advantage at home has exasperated representatives of the central government . . .
>
> Another unfortunate side effect of the current form of intergovernmental relations in Canada is that it has developed outside the framework of our traditional democratic and parliamentary institutions and has sometimes seemed to be in competition, if not in conflict, with them.

The Prime Minister, speaking to the Council of Maritime Premiers in New Brunswick on June 1, said:

At the national level, the need for coordination has been met through increasingly frequent federal-provincial conferences, including First Ministers Conferences, and through a more and more formalized machinery of federal-provincial relations.

The question which now faces us is whether this form of national coordination and decision-making has gone about as far as it can go. They have many successes to their credit, these federal-provincial meetings, and we can take pride in them, but in some areas, especially the thorny ones of economic policy and economic management, in these areas, the record is less encouraging.

It seems to me that we have to find another way of getting regional input into the federal legislative process, and I emphasize that it is *regional* input, not *provincial* input. In this regard I agree with the tenor of the report. I believe that such an input would go a long way towards curing the regional alienation in this country.

We often look with disdain at the United States government's system, but their system has, to a large extent, dampened down regional alienation by giving an input to the regions in the policies of the federal government. I believe that the only agency, the only institution, that can do it is the Senate itself, and the question is: Can it fulfil this role?

What has happened with the Senate in the past? It is a fact that we have not, in this chamber, adequately represented regional interests. We have also in this chamber given the impression that we will refuse to pass legislation from the Commons. Senators will recall the wire tap bill in 1974. The wire tap bill was passed in the other place and the opposition forced an amendment which would require a person whose telephone was being tapped to be notified within 90 days, I believe it was, after the discontinuation of the tap. The bill came to the Senate and was referred to the Standing Senate Committee on Legal and Constitutional Affairs, and, as I understand it, representations were made on behalf of the police of the country. They said that it was an impossible provision and that many of the people whose phones were tapped were moving from place to place, and that the provision would require the police to inform the person that his phone was being tapped during the time that the tap was taking place.

● (1530)

The Legal and Constitutional Affairs Committee agreed with the argument, and brought back a report to the Senate recommending removal of the amendment. The Senate accepted the report of the committee and passed the legislation, taking out the House of Commons amendment. The bill went back to the House of Commons. In the House of Commons, Mr. Stanley Knowles said, "We cannot permit the Senate to amend our legislation." They passed the legislation in its original form, with the unacceptable amendment, recessed and went home. The legislation came back here and we accepted the change: That creates the definite impression that we will not refuse to pass legislation.

It has not all been bad. We have done a good job in revising legislation to make it more workable. We have done a good job in the pre-study of important bills, and I think we have done an outstanding job in the investigatory work of our committees.

Senator Roblin: Hear, hear.

Senator Everett: I should like to deal specifically with the initiatives of the Senate in investigation and pre-study. First, I shall deal with investigation. The report outlines a number of Senate investigations that have taken place in the recent past. It is worth reading to see how comprehensive the work has been. It happened because we, as a Senate, took our own initiative. It was possible because, unlike the other place, we only require the permission of the Senate; we do not require the permission of the government. It is effective because of the lack of partisanship in Senate committees.

With respect to the matter of pre-study, as I say, we have done excellent work. I certainly endorse it. It is something the Standing Senate Committee on National Finance has been doing for many years, because the estimates are a form of pre-study of the appropriation bill.

However, if you think about it, it does indicate a weakness. We are doing it because we will not refuse the legislation coming from the other place. When a bill is given first reading in the other place, the substance of it is referred to a committee in this place. A study takes place and recommendations are made. There is then negotiation between the committee chairman and the minister responsible for the bill in the other place to see if the bill can be amended in the other place before it comes here. Now, if we had the reputation of being a body that would refuse to pass legislation pre-study would not be necessary.

Let me be clear. I think it is a marvellous device. But let me also be clear that, if we were prepared to refuse to pass legislation, it would not be necessary; and, if we had that reputation, can you imagine how much more clout our investigative reports would have in influencing the policy of government?

At one time I thought from our committee experience that we really could mandate our own reform. We lack no power other than the ability to introduce money bills. I thought we should make a declaration that we would review the regional impact of all federal legislation coming to us. We would take into account the provincial governments' views on federal bills affecting their interests; and we would state that, if those interests were offended, we would refuse to pass the legislation. We would also make it clear that, if we refused to pass the legislation, it would go off the order paper for one session, giving, as Sir John A. Macdonald put it, the elected representatives time to consult with the electorate so that, if in the next session they passed the bill again, we would also pass it.

I came to the conclusion that that really would not work. First, I did not think that that sort of initiative would be accepted by the Senate. It certainly would be unacceptable to the House of Commons. The first time we refused legislation,

they would make an issue of it. If they made an issue of it, I doubt very much that an unelected house, frustrating the work of an elective house, would be acceptable to the public.

We have before us today an initiative taken by Senator Deschatelets and his group, otherwise known, I believe, as the "Dandurand group". Is that not correct, senator? I am not making that up. I have been told that you have been called the "Dandurand Group".

Hon. Jean-Paul Deschatelets: I have no objection to that. It would be with pride that we would hear ourselves called the "Dandurand group", because Dandurand is a well-known figure in Canadian and Quebec history. When we talk about Senator Dandurand, we are speaking of a great French-speaking Canadian who made his presence felt in Ottawa.

Senator Everett: I agree, and I am delighted that you take that attitude because, of course, the alternative would be to call it the "Deschatelets group".

Hon. Royce Frith (Deputy Leader of the Government): They have been told they are not to be called a group; it is just "togetherness".

• (1540)

Senator Everett: Togetherness is very important. I want to say, though, that I have great respect for what the group is doing, because they underscore the fact that in this chamber we vote according to our conscience. Even though I attend the Senate Liberal caucus—I do not go to the national caucus—I still feel that I have the right to vote according to my conscience, and I think I have, in my time here, exercised that right. But it seems to me that the real shortcoming is the implication that the Senate would function without some sort of party system. If the "Dandurand group" grew large enough to embrace a majority, or a substantial minority of all senators, they would have to work out some accommodation with the parties, or they would have to form a party themselves; otherwise the business of the Senate would not be done. In fact, part of the concept, as I understand it, is that they wish to continue to be part of their respective parties, but to underscore the fact that they vote according to their consciences.

That does not give me the answer, though, and so I have this dilemma: I can say that the Senate can stay as it is today. I can say that we should take the initiative proposed in the report of the committee. I can say that the "Dandurand group" has the right idea. It seems to me, however, that none of these will answer the question as to how to provide regional input to federal legislation. I have come to the conclusion that the only way this can happen is if this body is elected.

Senator Roblin: Hear, hear.

Senator Everett: I believe it should be based on proportional representation—

Senator Roblin: Hear, hear.

Senator Everett: —or a similar concept that ensures regional representation. It would, under those circumstances, then reconcile national interests with regional aspirations. It would provide regional input to federal legislation, and it would be a forum where regional grievances could be heard. It seems to me that we are in the position where no initiative has yet been taken, and it is required. It seems to me that if the initiative stated in this report is taken, we still have the problem that, being an appointed body, we really cannot frustrate the work of the elected body and do it successfully with the public. Since regional representation has reached the stage where it is crucial, then I think the only answer is for this body to become an elected body.

Senator Roblin: Hear, hear. It looks as though we may have a new group forming here.

Hon. Robert Muir: I wonder if the honourable senator would permit a question. May I ask the honourable senator if those who hold that view—and I note that he was applauded by Senator Roblin—that the Senate should be an elected body, should not, in all sincerity, immediately resign from this place, which they have such distaste for, and run for the Commons, as many of us have done over the years, to be elected and re-elected, as in the case of my colleague, Senator Macquarrie? There were others who could not be elected, but who ended up here, having accepted the appointment, but who preach all over the country that this should be an elected body. They continue to sit here, however. Would the honourable senator not agree with me that that is a sound proposition?

Senator Everett: No, I do not necessarily think that that follows, in logic. One does not have to be outside the house to criticize what goes on inside it. I do not think that is an essential criticism, in logic.

Senator Muir: Would you not think it a contradiction, though, that someone, while sitting here, should keep putting forward the idea that this body should be elected? How can one, in all conscience and sensibility, sit here and say, "I am going to stay here, but I think we should be elected"?

Senator Everett: Well, I suppose the only way I can answer that is by saying that I probably could not get elected to anything.

On motion of Senator Marshall, debate adjourned.

The Senate adjourned until Monday, June 22, 1981, at 8 p.m.

THE SENATE

Monday, June 22, 1981

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

Prayers.

PRIVILEGE

STATEMENT BY SENATOR LAWSON

Hon. Edward M. Lawson: Honourable senators, I rise on a question of privilege. I wish to deal with the issue that arose in my absence concerning a number of senators who issued a declaration to the effect that they desired to sit together as an independent group.

I should explain at the outset that there was reference to a number of senators meeting to discuss this matter, and so on. I was not present at any such meeting, nor was I party to any. I did receive a telephone call from one honourable senator, who discussed with me the matter of voting independently and expressing that concern; and I indicated that I would experience no difficulty in sitting as an independent or being identified with a declaration about voting independently.

However, in the press reports across the country, and particularly in British Columbia, there was an indication that the reason why a number of honourable senators, which included me, were taking that position was that they wanted to be free from partisan dictates. I want to say immediately that I have never been involved in any way with partisan dictates.

In addition, there was some concern about loss of voting freedom. For the record, I say that I have never had any interference with my voting freedom, nor have I suffered any loss of it. On the contrary, I have had nothing but courtesy from the leader, the deputy leader and the whip on the government side, and I have received the same courtesy from the Leader of the Opposition and his whip.

The report went on to say that I was defecting from the Liberal Party. I find that very difficult to do. I have never been a member of the Liberal Party, or any political party, so it would be very difficult for me to defect, tempting as it may be.

The report went on to say that the 13 rebels were disgruntled over the government's Constitution resolution. For the record, I have already spoken on the issue of the Constitution, indicating that if the Supreme Court confirmed the government's position I would vote in favour of it, so it is also incorrect and inaccurate to suggest that I am in any way disgruntled over the resolution.

I am somewhat embarrassed by the whole situation, because I did say to the honourable senator who called me that I could be identified with the declaration about voting independently, as I have always been an independent. I am not a part of any Tory group, Liberal group or any other group. While endorsing those remarks, and expressing great respect for the people involved and their concerns, I would indicate that I have not been party to any meetings, I make no request to move my seat, I intend to remain an independent and I intend to sit right here.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate with a change in the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

(*For text of message, see today's* Minutes of the Proceedings of the Senate.)

DOCUMENTS TABLED

Hon. Royce Frith (Deputy Leader of the Government) tabled:

Report of the Ministry of State for Science and Technology for the fiscal year ended March 31, 1980, pursuant to section 22 of the *Ministries and Ministers of State Act*, Part IV of Chapter 42, Statutes of Canada, 1970-71-72.

Report of the Canadian Chicken Marketing Agency, together with financial statements and the auditors' report thereon, for the year ended December 31, 1980, pursuant to section 31 of the *Farm Products Marketing Agencies Act*, Chapter 65, Statutes of Canada, 1970-71-72.

Amendments to the Immigration Regulations, 1978, pursuant to section 115(3) of the *Immigration Act, 1976*, Chapter 52, Statutes of Canada, 1976-77.

● (2005)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Laird be substituted for that of the Honourable Senator Molson on the list of senators serving on the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Before Question Period begins, I should like to inform honourable senators that the Leader of the Government in the Senate, Senator Perrault, and the Minister of State for the Canadian Wheat Board, Senator Argue, will not be here this evening. They are out of town on government business.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I think we can see that.

Senator Frith: They could be late. I thought it courteous to explain that they will not be here rather than have you think they are just delayed.

QUESTION PERIOD

[*Translation*]

QUEBEC

MICMAC RESERVE, RESTIGOUCHE—INCIDENTS INVOLVING PROVINCIAL POLICE

Hon. Jacques Flynn (Leader of the Opposition): As a matter of fact, I had a question for the Leader of the Government and I regret, of course, his absence this evening because he surely enhances the tone of the debates in this House.

My question deals with the Restigouche incidents involving the Micmac Indians. I understand that the Minister of Indian Affairs and Northern Development stated following his trip to Restigouche that he is carrying on his meetings or his discussions with the Quebec authorities to find a solution to that situation which is becoming quite alarming. Could we now have a report on the matter.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I will try to get some information and notify the Leader of the Government in the Senate. We will try to get a report in time for our sitting tomorrow.

[*English*]

AGRICULTURE

BANKING SYSTEM—ALLEGED STATEMENT BY MINISTER

Hon. R. James Balfour: Honourable senators, I have a question for the Minister of State for Economic Development. The Minister of Agriculture is quoted as stating to a convention at Nukko Lake, in northern central British Columbia, that the government will change the banking system if the chartered banks do not do something to help farmers. Assuming that the Minister of Agriculture was speaking for the government, would the Minister of State for Economic Development enlighten the Senate as to what changes to the Bank Act are being contemplated by the government should the chartered banks not act to help farmers?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the Minister of Agriculture has made a number of suggestions with respect to some of those things that he and his department can do to help, in a situation where interest rates have risen rather sharply in the last few months, with respect to the Farm Improvement Loans Act, the Farm Credit Corporation, and so on.

The Minister of Agriculture is keenly interested in expanding this assistance at the present time. I must say, however, that when any announcements of government policy are made respecting changes to the chartered bank system or to the Bank Act, I expect they would be announced by the Minister of Finance.

Hon. Duff Roblin (Deputy Leader of the Opposition): I would expect so, too.

● (2010)

Senator Balfour: Honourable senators, I should like to direct a supplementary question to the Minister of State for Economic Development, who is the second minister of the Crown today to disavow the comments made last week by the Minister of Agriculture. Is the Minister of State for Economic Development prepared to act frankly and responsibly and tell farmers that the Minister of Agriculture was inaccurate in saying that "some serious work is being done about changing the banking system"? And is the minister prepared to admit that, in fact, the government was acting cosmetically in trying to shift to the banking system the responsibility for the impact on farmers of high interest rates?

Hon. H. A. Olson (Minister of State for Economic Development): The temptation is great to answer that question with a simple: No. The honourable senator must realize, however, that he has put a great deal of interpretation on some press release which was simply another interpretation of what the Minister of Agriculture said or is reported to have said. Obviously, such releases are never sufficiently informative to form the basis of the kind of definitive reply the honourable senator is seeking. It may be that the Minister of Agriculture was expressing certain of his views respecting the cost to farmers of escalating interest rates; or he may have made some suggestions for change. But I will certainly not agree that an interpretation by a senator of an interpretation by a reporter of some comments that reporter might have heard is written in stone. I should certainly have to see the whole context first, and I should also like to refer the matter to the Minister of Agriculture for his comments.

THE ENVIRONMENT

ACID RAIN—UNITED STATES ENVIRONMENTAL PROTECTION AGENCY—REPEAL OF AIR POLLUTION STANDARDS

Hon. Cyril B. Sherwood: Honourable senators, in the absence of the Leader of the Government I should like to direct a question to the Minister of State for Economic Development. Is he able to confirm that the United States Environmental Protection Agency has proposed to repeal its air pollution standards restricting acid rain?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I shall take that question as notice and refer it to the appropriate minister for a more detailed answer. However, up to this point in time I have not heard any confirmation of that allegation.

Senator Sherwood: Should the standards be repealed, when the minister is making his inquiries will he ascertain if the United States would be breaching the agreement it signed with Canada last summer to work towards acid rain control?

Senator Olson: I will take that question as notice as well.

Senator Sherwood: Finally, honourable senators, assuming the accuracy of my statements, as I do—

Senator Marshall: They are accurate.

Senator Sherwood: —would either the leader or the minister inquire whether Canada has protested against such a policy change and determine what other action might be contemplated?

Senator Olson: I will take that question as notice too.

ENERGY

OIL—CANADA-MEXICO AGREEMENT

Hon. Guy Charbonneau: Honourable senators, I should like to direct a question to the Minister of State for Economic Development. Last week—I believe on Tuesday—I asked the minister if Canada's contract with Mexico for oil purchases involved a flexible price which would reflect falling international prices. The minister took the question as notice. Can he answer it now?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I can answer orally that I did receive a reply and that, yes, it is true that the agreement with Mexico does include a clause with respect to indexation. In other words, if the offering price or export price from Mexico goes down, the price to the Canadian purchasers also goes down. That, indeed, is the case. That has happened. I believe that there was a reduction in price at the first of this month, but I am not absolutely sure of the date. I shall give a more detailed written answer tomorrow, spelling out the terms and conditions, but the brief answer is, as I stated at the beginning, that the price moves up and down, depending on Mexico's offer to the international market.

● (2015)

TRANSPORT

DEREGULATION OF AIR INDUSTRY

Hon. Jack Marshall: Honourable senators, I have a question either for the Deputy Leader of the Government or for the Minister of State for Economic Development. According to the recent report made to the House of Commons by the Economic Council of Canada which, among other things, dealt with deregulation of the Air Industry, Air Canada should be stripped of all government protection and exposed to head-on-head competition with CP Air. The report went on to state that such competition would lead to a wider choice of fares and service for consumers and greater efficiency in the airlines.

I wonder if either the Deputy Leader of the Government or the Minister of State for Economic Development could indicate to the Senate the reaction of the government to that recommendation made by the Economic Council of Canada.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the Government of Canada, including the minister directly responsible, has not made any comments on that recommendation or any of the suggestions made by the Economic Council of Canada in their report which dealt with that topic and several others. I expect that the Minister of Transport will make some comments in due course, but so far he has not had an opportunity to study it in sufficient depth to make any comments or recommendations on that particular suggestion.

ENERGY

ALBERTA—OIL PRODUCTION CUTBACK—SUGGESTED SURTAX REDUCTION

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question dealing with the subject of Alberta oil production cutbacks and a suggested surtax reduction. The answer comes as a result of questions put by Senator Balfour and Senator Austin on May 28. The question was, in effect, in light of the reduction in demand for oil in eastern Canada, whether the government will be required to expend all the import compensation subsidies collected under the Special Compensation Charge, and, if not, whether Canadians can anticipate any relief in this regard.

With regard to Senator Balfour's question about the level of the Special Compensation Charge and coincident compensation expenditures, we estimate that in the first three-month phase of the Alberta cutbacks compensation expenditures for incremental imports will exceed Special Compensation Charge revenues by $20 million. This results from the fact that, when the charge was first introduced, it was established at a level that would not result in more money being collected from the taxpayer than would be required to pay for the incremental imports.

Although there has been an unanticipated decline in domestic demand, the level of imports required as a result of the Alberta cutback, although reduced, cannot be expected to decline by an identical amount. This is due to the fact that the incremental imports are replacing very high quality western Canadian crude. To the extent that comparable quality imports are available, then a larger volume of inferior quality crude is required to meet light product demand.

Finally, we should add that Mr. Lalonde has indicated that, given eventual success in the negotiations between the federal and Alberta governments and the likely result that Alberta

production would be restored, the Special Compensation Charge would be discontinued.

● (2020)

REQUESTS FOR ANSWERS

Hon. R. James Balfour: Honourable senators, while we are on delayed answers to questions, and since we are approaching a recess, I should like to raise with Senator Olson and Senator Frith, and, perhaps through Senator Frith, with Senator Argue, the matter of certain questions which remain unanswered. I refer specifically to a question I addressed to Senator Argue which can be found in *Debates of the Senate* of April 22, 1980 at page 70. To the best of my knowledge, that question remains unanswered.

Hon. Royce Frith (Deputy Leader of the Government): What was the page number?

Senator Balfour: Page 70. The question was as follows:

> I wish to ask Senator Argue a question supplementary to that asked by Senator Nurgitz. Could Senator Argue indicate to us what were the specific policy considerations that the government implemented when they cancelled the exemption from tax of capital gains on farming assets transferred to RRSPs? Was it a question of equity? Was it a question of revenue? Specifically why was this measure put into place?

The senator, in effect, took the question as notice.

On May 29, 1980, at page 348, I again posed a question to Senator Argue concerning the spread between current and future prices regarding rapeseed. To the best of my knowledge, no response to that question has been received.

Senator Frith: An announcement concerning rapeseed prices was made within the last couple of days, but that, I take it, does not deal with your question. I shall pass that information on.

Senator Balfour: On June 19, 1980, at page 510 of *Debates of the Senate*, I asked a supplementary question of the Minister of State for Economic Development concerning the importation of skilled labour by oil companies and female participation in job programs. My supplementary question was as follows:

> Could the minister be more specific and explain precisely what mechanism is being contemplated as an alternative to some form of quota system?

Senator Olson replied:

> If the honourable senator wishes that detail—and I appreciate that that would be useful to him—I shall take the question as notice and inquire of the minister.

Senator Donahoe: What's the hurry? That was only a year ago.

Senator Balfour: Finally, on November 28, 1980, on pages 1252-1253, I posed a question to the Deputy Leader of the Government in the Senate. To refresh the deputy leader's memory, the question was as follows:

[Senator Frith.]

Honourable senators, I have a question to direct to the Deputy Leader of the Government. It relates to a response he made on November 18, 1980, reported at page 1240 of Senate *Hansard*, during which he made the following statement:

> I would also point out that with the pricing schedules for oil and gas included in this government's budget, the burden on the Canadian consumer up to 1984 is $40 billion less than the budget of the former government.

I then went on to say:

> I realize the question will have to be taken as notice, but I would ask the honourable senator whether he would be prepared to table the details of the calculation by which he arrived at the $40 billion figure?

The honourable senator responded:

> Honourable senators, the question just put by Senator Balfour is similar to a question put by Senator Marshall yesterday. I undertook then to try to get the necessary details.

Hon. Jack Marshall: I should also like to refer to six unanswered questions I asked between April 1980 and May 30, 1980, which, in all instances, the ministers responsible took as notice. I shall indicate the questions to the deputy leader so that he may refer to them.

Hon. Cyril B. Sherwood: Honourable senators, on December 16, 1980, I posed a question to the Leader of the Government.

Senator Donahoe: Lost in the Christmas mail.

Senator Sherwood: The question dealt with the impact of the extension of the federal sales tax to marginal manufacturing upon food prices. At that time Senator Perrault said:

> Honourable senators, the question will be taken as notice.

As yet, I have not received an answer.

● (2025)

ENERGY MINES AND RESOURCES

PRINCE EDWARD ISLAND—SPRY POINT—ARK PROJECT

Question No. 63 on the Order Paper—**By Hon. Heath Macquarrie:**

> With regard to the Ark at Spry Point, Prince Edward Island (i) what has been the total expenditure of the Government of Canada on construction and maintenance (ii) what financial contributions have been made by the Government of Prince Edward Island since 1976 (iii) what are the plans for the future development of this project?

Reply by the Minister of Energy, Mines and Resources:

> The Department of Energy, Mines and Resources reports as follows:
>
> (i) The Ark at Spry Point, Prince Edward Island was built by the federal government as a contribution to the United Nations Conference Habitat in 1976. The feder-

al government, through the Department of Environment, contributed capital costs of $350,000 towards the construction of the Ark. Federal contributions to the cost of operating the Ark have been provided through the Canada-Prince Edward Island Renewable Energy Development Agreement since 1977. The cumulative federal expenditure on operation of the Ark amounts to some $1.1 million.

(ii) The provincial government provided the land on which the Ark was built through a one-dollar-a-year lease (assessed value of $164,000). The cumulative provincial contribution to the operating expenses has been approximately $100,000.

(iii) The Ark in Prince Edward Island has been run as a demonstration project for visitors, to demonstrate renewable sources of energy, measures in efficient use of energy, and ways of practising horticulture and aquaculture in a self-sufficent manner. In the past three years, the program at the Ark has also stressed scientific research in horticulture in energy efficient buildings which depend on renewable sources of energy. Plans for the future depend on negotiation between the federal and provincial governments.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before the Orders of the Day are called may I have leave to revert to Notices of Motions? The Chairman of the Standing Senate Committee on Legal and Constitutional Affairs asked me to request that his committee have power to meet while the Senate is sitting on June 23, 1981. Although I have not been given the reason for this request—perhaps the deputy chairman can tell us—I can only speculate that it is in anticipation of referral of three private bills. If that is the reason, then I will defer the matter until Motions are called.

Hon. Richard A. Donahoe: Honourable senators, I can only assume the honourable senator is correct. I have not yet been advised, but I understand from a discussion with Senator McIlraith that certain bills are to come before the committee and that there is some urgency about them.

Senator Frith: In that case, honourable senators, I will bring this matter up again under Motions.

PRIVATE BILLS

ONTARIO NEWS COMPANY, LIMITED—SECOND READING

Hon. George J. McIlraith moved the second reading of Bill S-20, to revive Ontario News Company, Limited and to provide for its continuance under the Canada Business Corporations Act.

He said: Honourable senators, this is a bill to revive a company, Ontario News Company, Limited, and to provide that it may seek to be continued under the Canada Business Corporations Act.

The company, which has its principal place of business in the city of Toronto, was incorporated on April 7, 1930, by letters patent issued under the old Companies Act. The company carries on business as a newspaper distributor.

Inadvertently, the company failed to file the annual returns required under the Canada Corporations Act. The Department of Consumer and Corporate Affairs sent notices to the company and published a notice in the *Canada Gazette* advising the company that it would be dissolved if the returns were not filed. The default was never rectified and the company was, in fact, dissolved on June 24, 1967, although it has continued to carry on business since that time.

It was not until November 1980, when the solicitor for the petitioner attempted to file the documents necessary to continue the company under the Canada Business Corporations Act, that the petitioner learned of the 1967 dissolution. The deadline for continuance under the Canada Business Corporations Act was December 15, 1980. If a company failed to file for continuance by that date, it was automatically dissolved.

In this case, the petitioner learned too late of the dissolution of the company to arrange for its revival and continuance. Consequently, this bill provides for two things: it revives the company and deems it not to have been dissolved, and it gives the company three months in which to apply for a certificate of continuance under the Canada Business Corporations Act, notwithstanding the fact that it has missed the December 15, 1980 deadline for doing so.

This being a private bill, it is for the appropriate Senate committee to ascertain the acts and make sure they are as I have stated them. If and when second reading is given, I will, of course, be moving that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs for examination of the allegations.

• (2030)

Perhaps at this point I should mention something that requires attention. Rule 95 of *Rules of the Senate* provides that:

> A private bill originating in the Senate . . . shall not be considered by a committee until after one week from the date of referral to such committee—

If this bill receives second reading and is referred to committee, I shall suggest to honourable senators that it and two other bills be dealt with immediately, notwithstanding rule 95.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator McIlraith moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

SUSPENSION OF RULE 95

Senator McIlraith: Honourable senators, as I indicated on second reading, it seems to me that rule 95 should be suspended in relation to this bill.

Therefore, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

> That rule 95 be suspended with respect to Bill S-20, to revive Ontario News Company, Limited and to provide for its continuance under the Canada Business Corporations Act.

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

Hon. Senators: Agreed.

Motion agreed to.

G.A. BARBER & SONS LIMITED—SECOND READING

Hon. George J. McIlraith moved the second reading of Bill S-21, to revive G.A. Barber & Sons Limited and to provide for its continuance under the Canada Business Corporations Act.

He said: Honourable senators, this bill is similar to the one we have just dealt with and is to revive G.A. Barber & Sons Limited and to provide for its continuance under the Canada Business Corporations Act.

This company has its principal place of business in the Township of Georgina, in the Regional Municipality of York. It was incorporated in 1946 by letters patent issued under the old Companies Act. From the date of its incorporation, the company was in the business of sheet metal and air conditioning work. Since 1969 the company has ceased to be an operating company and presently limits its activities to the holding of two mortgages against property in that township.

Again, through inadvertence, annual returns were not filed and the company was dissolved, for failure to file such returns, in April 1979. Again, the petitioner did not learn of the dissolution until his solicitor had applied for continuance of the company under the Canada Business Corporations Act just before the deadline for applying for certificates of continuance in December 1980. Perhaps I need add nothing more at this stage.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator McIlraith moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

SUSPENSION OF RULE 95

Senator McIlraith: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

> That rule 95 be suspended with respect to Bill S-21, to revive G.A. Barber & Sons Limited and to provide for its continuance under the Canada Business Corporations Act.

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

Hon. Senators: Agreed.

Motion agreed to.

EASTERN DIVERSIFIED COMPANY LTD.—SECOND READING

Hon. George J. McIlraith moved the second reading of Bill S-22, to revive Eastern Diversified Company Ltd. and to provide for its continuance under the Canada Business Corporations Act.

He said: Honourable senators, this bill is similar to the last two. In this case, Eastern Diversified Company Ltd. has its principal place of business in the City of Montreal and was incorporated on November 2, 1972 by letters patent issued under the Canada Corporations Act for objects appropriate to manufacturing and dealing in packaging material.

For reasons similar to those applying in the case of the other two bills, the company was dissolved on March 17, 1979. The officers of the company were not aware of its dissolution until they attempted to file articles of continuance in December 1980. Consequently, they are now asking that the company be continued subject to making an application for continuance within three months from the date of the passage of this bill.

There is, however, one fact that distinguishes this bill from the two preceding bills. The petitioner in this case is not a Canadian citizen. There is a general rule, as honourable senators know, that aliens cannot petition the Canadian Parliament. However, exceptions to this rule were made in 1878 and 1883 in the case of applications for private bills relating to the incorporation of federal companies. The rule, therefore, is not enforced in the case of applications for private bills.

I do not think there is anything further I need add at this point.

Motion agreed to and bill read second time.

● (2040)

REFERRED TO COMMITTEE

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

Senator McIlraith moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

SUSPENSION OF RULE 95

Senator McIlraith: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

That rule 95 be suspended with respect to Bill S-22, to revive Eastern Diversified Company Ltd. and to provide for its continuance under the Canada Business Corporations Act.

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

Hon. Senators: Agreed.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit while the Senate is sitting tomorrow, June 23, 1981, and that rule 76(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Motion agreed to.

THE ESTIMATES

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE—DEBATE CONTINUED

The Senate resumed from Wednesday, June 17, the debate on the consideration of the report of the Standing Senate Committee on National Finance of the estimates laid before Parliament for the fiscal year ending March 31, 1982, which was presented on June 10, 1981.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would just like to say a few words about supplementary estimates (A), and to echo the concern expressed by Senator Smith with respect to the way in which it is intended to treat the revenues and expenditures of the oil import compensation fund. The oil import compensation fund tax, as I refer to it, raises some $4 billion-plus, which is a lot of money even in a budget as large as we have at the present time, and the proposal appears to be that it will be deposited in a revolving fund, so that we will only be able to deal with any excess or deficit with respect to what comes in and what goes out. This will have the effect, of course, of nominally reducing the size of the budget by some $4 billion, more or less, and it seems to me to be a policy that will require considerable justification before being approved by this chamber.

It is similar, of course, to a provincial government's deciding that it is going to impose a gasoline tax, which is spent on roads, and putting that in a revolving fund. You put the gasoline tax money in a revolving fund and take the roads money out of it, and only show the surplus or the deficit in the accounts of the government as an item in the estimates.

I think that would be a poor policy for any province to follow, just as I think the revolving fund in the oil import compensation matter would be a poor policy for the federal government to follow, because it prevents full disclosure of what is going on, and therefore, in a sense, disguises the transaction. If there is a solid reason why it should be done, I have yet to hear it, and it seems to me that until such a proposal is placed before us with adequate justification, we should expect the National Finance Committee to investigate the matter and not allow it to proceed without some further comment from that committee and possibly from this chamber.

The real substance of what I have to say tonight, however, honourable senators, has to do with the general appropriations which are being reported upon by the National Finance Committee to this house. I suppose it is entirely appropriate that the bulk of the report of the committee should be concerned with and focused upon the state of the economy, and, in particular, inflation in Canada today, because there is no doubt, I would think, that this is the gravest economic and—just as important—social malady that our nation is struggling with at the present time, and it deserves all the light that can be thrown upon it.

This situation, I think, is clearly reflected in the evidence that the committee obtained from the questions that were posed in the committee, and in the two interesting and, I may say, excellent speeches which have already been made on this subject by the Honourable Senator Everett and the Honourable Senator Lamontagne.

It is said sometimes that economics is the dismal science. I do not think it is that at all. I think it is a modern art form, because the scientific content of much economic verbiage today is more conspicuous by its absence than its presence. Sometimes, in fact, economic discussions remind one of the arcane disputations of medieval theology, and although we do not entirely get down to how many angels may dance on the head of a pin, we sometimes get pretty close to it. It seems to me, however, that I can admit this, that inflation is no simple problem, and that there is no simple cure that we can find for it. The more we look into it, the more perplexing it becomes. The difficulty of the problem, I think, is illustrated by the two speeches to which I have referred, both of which held my interest, and which I thought were excellent presentations, but diametrically opposed in character, in analysis and in remedy. I only wish that I had the time, or you had the patience, to proceed with a dissection of the arguments that were presented on both sides of this question.

I dare say that not all of us would wish to follow Senator Everett as far as he went in his very firm and, indeed, one might say, extreme espousal of monetarism; in fact, I got the impression that he out-Boueyed Governor Bouey on that point. I am not sure that all of us, either, would wish to follow Senator Lamontagne in his analysis all the way to his final

conclusion which, as far as I could tell, pointed directly to the imposition of a full set of controls if nothing else could be found to work. I am sure that most of us would hope that somewhere along the line we could avoid such extreme approaches to this problem as have been suggested to us.

Senator Lamontagne: I agree.

Senator Roblin: Senator Lamontagne agrees. Well then, that is a good way to start. I hope that we will end on the same note of agreement.

I would like to say a word or two about the analysis of Governor Bouey's policy, because today that has to be the thing that is directly in front of us. It is the matter which has to be given some consideration in the first instance.

● (2050)

The policy being followed by the Bank of Canada is based on the assumption that our economy is overheated. It is based on the assumption that we are trying to squeeze out of it more than is in it. It is based on the assumption that we are in a situation of demand-pull. On that diagnosis of the problem, we are offered a remedy. As we know it, that remedy is that we should cool the economy off, that we should limit the money supply, that we should increase interest rates and, in general, do our best to slow things down. Of course, as Governor Bouey frankly admitted, that remedy inevitably means less jobs, not more jobs. It probably means—and I think it inevitably means—less production, not more production.

However, is it a fact that we have a demand-pull situation here? Does that overheating of which Governor Bouey spoke exist?

Senator Lamontagne had some interesting thoughts on that subject. Are we pressing against the productive ceiling of our economic machine? Are we pressing against the maximum output of our work force? Of course, Governor Bouey thinks so, and that is the keystone of his policy. Not only Senator Lamontagne, but also Dr. Slater of the Economic Council of Canada talks as if underemployment, rather than the diagnosis offered by the bank, is really part of our problem.

There is some evidence, of course, in support of Governor Bouey's position. The boom taking place in Alberta would certainly fit his description of an overheated economy. However, against that one example—and it is the only example that comes easily to my mind—there are other signs which might tend to lead in the opposite direction. Capacity utilization rates form a very useful measure of the way in which an economy is working and whether or not it is pushing against the ceiling. The Bank of Canada reports these figures.

The 1980 report of the Bank of Canada showed the rate at which the productive machine is working in several categories. For example, with respect to durable goods, we have to go back to 1963 to find a period in which the machine was working more easily, more comfortably, and less under pressure than it is today. It has been far worse in recent years. When we look at non-durable output pressing against capacity, we see there is more of an argument in that case. However, if we go to manufacturing industrial capacity, we find that we must go back to 1962 and 1963 before we find a period of time when it was working under as easy and slack a situation of pressing against capacity as we have today. I find it difficult to reconcile Governor Bouey's view with the figures that he reports.

I should like to consider the matter of employment. Senator Everett got involved in a question on the matter of employment, and he expressed the view that perhaps 7 per cent was the correct level of unemployment in the country that would fit with a fully employed economy. I do not know about that. All I know is that the level of unemployment was 7.5 per cent in 1980. However, if we look at the breakdown, we see some interesting highlights on the subject. In my own province, unemployment was not 7.5 per cent; it was 5.5 per cent—below the national average—and I can take an oath on the Bible that the economy in Manitoba is not overheated. In fact, the complaint there is that it could do a little more work than it is doing now.

The level of unemployment in the province of Ontario, which is 6.9 per cent, is below the national average. I have not heard any real complaint from people in Ontario to the effect that they are working so hard that they are pressing against the productive capacity and the maximum ability of the people to produce.

In the province of Quebec, unemployment is at the level of 9.9 per cent, which is even less an overwork situation. Of course, in Newfoundland—which is our favourite whipping boy in this respect—unemployment reached the level of 13.5 per cent in 1980, and no one would call that economy overheated.

Therefore, it seems to me that we have a real question here. In a situation where two-thirds of our population have unemployment rates which are under the national average—obviously not in an overheated position—how can it be said that the nation as a whole is under this demand-pull situation with 7½ per cent unemployment, which is the Bouey theory? I find myself having some difficulty in accepting his diagnosis when we have this situation respecting the capacity figures and the unemployment figures.

A cogent question was asked—I believe it was Senator Smith who asked it; he is good at asking cogent questions—of one of the speakers as to how much unemployment he needed in order to cool off the economy. I believe that is an excellent question, and I know that the same question was raised in the committee. I cannot report that we came to any conclusions in the matter. However, it seems to me that if the extreme monetarist route is followed—perhaps used as the main instrument in the fight against inflation—that question must be faced up to. Who is going to lose his job in order to do this? What do we do about seeing that there is some visible equity, some visible equality, in the sacrifices that are asked to be made? How much unemployment do you want? That is a legitimate question when you are dealing with the monetarist approach to economic affairs.

Let us give the Governor of the Bank of Canada the benefit of the doubt and, for the sake of the argument, assume that he is on the right track—and he may well be. The policy of monetary control, that of getting a good grip on the supply of money in the country, is not something brand new. It has been in use for five or six years. The capacity of the bank to keep the supply of money within its own self-devised limits—which I think are reasonable ones—has been quite good. In the five or six years since this policy was started, the bank has been successful in lowering the rate of expansion of the money supply in the way that it thought was good for the country. However, in spite of this success, inflation has perversely continued to get worse. It is worse now than when we started, and it is at present heading towards a level of 13 per cent.

Match that with the public state of mind with regard to inflationary expectations, which were set out to us so clearly by the governor himself when he reported to the committee. Consider the expectations of the public that inflation is worse and is going to get worse; that inflation in Canada is worse than that in the United States and will stay worse than that in the United States. One has to say that those expectations comprise a massive vote of no confidence in the monetary policy that is being pursued at the present time. Of course, I must give the governor of the bank credit because he said that his system may not be working too well:

> We have met our money supply targets every year, which is a bit of an embarrassment when you consider that things did not work out.

I think that is a fair statement of the case and I present it to you as such. However, I think we have to admit that Governor Bouey and the bank and monetary control and interest rates—which I will come to in a moment seem to be all we are doing in the battle against inflation. We are not making any other diagnosis except for that of Governor Bouey. His is the official diagnosis which is endorsed by the government as being the correct one. The government backs Governor Bouey to the hilt—and it had better, because whatever else you may say about it, he is the only man in the country who is exercising a determined and rigorous effort in an attempt to deal with inflation according to his definition. Therefore, I think that fact must be acknowledged.

It follows from that that it must be recognized that, apart from supporting Governor Bouey, the government of the country is doing precious little about any other aspects of this matter. When you talk about inflationary expectations, you are dealing with an art form; you are not dealing with a dismal science. It is an art form, because the expectations of people are what make economies go. If I remember correctly, it was J. M. Keynes who said that it was the activities of men believing and determining to do things that make an economy what it is rather than any other factor. I wish I could remember the lapidary phrase by which he expressed that thought—which I have expressed rather clumsily—but I believe it is true.

The public needs more than Governor Bouey. The people of this country need a signal from the government; some kind of an indication that the government believes that inflation is wrong and should be stopped and that it is willing to take effective steps to do something about it.

● (2100)

Take, for example, the attitude towards the public debt. I find worrisome the complacency with which some speakers approach the question of the size of the public debt. When we have a large debt, it is worrisome because the government needs to borrow—and needs to do so on a massive scale—the savings of Canadians. The government has the right, under Bill C-59, to borrow $14 billion—not for productive investment, I will have you know, but for the most part to pay interest on past borrowings. Next year we shall be borrowing money to pay the interest on the interest.

Someone calculated that, if we had no deficit but were on a pay-as-you-go basis, there would be a need to increase federal taxes 30 per cent in order to support the current level of spending on the federal books. I think it is patently inadvisable for me to recommend that tomorrow morning we should raise the tax load 30 per cent in order to pay as we go. I am not proposing that at all, but it does give some idea of the size, the implication and the impact of the deficit policy we are now following and, apparently, are to continue to follow in many respects in the next little while.

If the economy is overheated, I think the most ardent Canadian you could meet would be the first to tell you that, "You had better try to reduce your deficit a little and try to balance your budget a little more." If Governor Bouey and his friends believe that the economy is being overheated, why are they not saying something about that aspect of the Keynesian theory and the deficit we have before us now?

Dr. Slater forecasts another interesting fact: that the investment decade ahead of us will be one of unprecedented proportions. That means we shall require the savings of Canadians as never before, and on a scale never before known, to invest in capital projects in this country. Of course, one need only make passing reference to the tremendous sums required for the energy industry to know why Dr. Slater takes that stance. It follows, therefore, that there is some reason to avoid a crowding out by the government of the private sector in the capital markets of this country. This year the federal government will issue 50 per cent of all the bonds that are expected on the Canadian market. If one does not think that has some effect on crowding out private investment, then I think one has to think again.

The problem is that not even inflation can bail out the federal government's financial problems. Sometimes you say, "Oh, well, inflation! If we make a bad investment or do something that we would not ordinarily do, it doesn't matter; inflation will bail us out." That is a common thought these days: we can make mistakes or borrow money at 22 per cent, knowing that inflation will bail us out; and some of us do it.

Now we have interest at usurious rates, and I have to say that not only the monetary supply but also the usurious interest rates being charged these days are not conspicuously

anti-inflationary. The idea is, of course, that if you get interest rates high enough, consumers and businessmen will borrow less and buy less. Yet all of us know now, by merely looking around us, that it is simply not working that way.

On June 18 Statistics Canada came out with a rather plaintive report in which they point out that, whatever else is going on, high interest rates do not seem to be working to dampen inflation. That is true, but what they do not say—or, if they did, I did not notice it in the article—what they do not say is that, in spite of this, the impact of these high interest rates is grossly inequitable. Many of the larger economic units can pass high interest rates along, but there is a whole sector of our economy in which that does not apply. The evidence is piling up everywhere you look that the farming community, the small business community and some homeowners are being badly squeezed and are, in some cases, being bankrupted by this policy of high interest rates.

I would ask anyone here if he considers that to be an anti-inflationary success. I suggest it is not. I suggest that it indicates that this tool we are using is grossly inequitable, particularly in view of the fact that it does not at the moment appear to be doing the job with any perceptible degree of efficiency.

We might also take note of the fact that the federal government itself has to bear part of this burden, because according to a recent estimate made by Informetrica Limited, the rise of interest rates since 1979 has added between $2 billion and $4 billion to federal interest costs. That increase in costs will continue right on down the line until those particular financial instruments are paid off in 10, 15 or 20 years' time.

But there is an ironic aspect to this matter, and I think Senator Lamontagne suggested it. I think he suggested to us that the major reason for high interest rates may not have so much to do with Canadian inflation as some people say; it may have a lot more to do with it indirectly, because it is a system of high interest rates arising out of concern for the Canadian dollar. The Bank of Canada's position, and I suppose it may be correct, is that a low Canadian dollar means more Canadian inflation, so we need a high interest rate to keep our money at home and to keep the Canadian dollar higher to minimize its effect of higher inflation rates. I believe Dr. Slater, of the Economic Council of Canada, and, if my memory is correct, my honourable friend Senator Lamontagne both made the suggestion that anti-inflationary gains arising from a high interest rate and a high Candian dollar may in fact be eaten up by adverse domestic costs. Clearly, that is a possibility. We know that, if inflation does not come down, these high interest rates are passed right through in the inflationary structure. Well, it is not coming down. We know what it is doing in terms of paying for the government debt, because I have just given you the figures. We know what it is doing to the most productive job-creating sector of our society, small business, because we see it on every hand. It is perfectly clear that there is a possibility that high interest rates and the defence of the Canadian dollar bring with them consequences which are inflationary just as much as they bring with them consequences which are anti-inflationary, but the possibility that the gains from this anti-inflationary policy have been eaten up by adverse domestic costs has been ignored far too long. It is time that our policymakers, particularly our federal government policymakers, had a view on this. It is time a study was done on this, so that we might be sure where the balance of advantage really lies and whether the pain is worth the effort.

Apart from anything else, of course, it is perfectly clear that we need a host of more specific policies. Governor Bouey, who is getting "Hail, Columbia!" from all sides—and in some respects he is the only honest cardplayer in the game because at least he is conscientiously doing his best, and one must recognize that—called for a host of more specific policies. How discouraging it must be for him to see so little being done by the federal authorities on the fiscal side and in respect of other economic measures that might be brought to bear against inflation.

When the governor appeared before our committee, it was clear, as I have said, that he himself called for a host of more specific policies. How right he was. Mr. Stewart, the Deputy Minister of Finance, says that too much reliance seems to be placed on monetary policy. I couldn't agree more. The committee's summary made it clear. Our witnesses stressed that an appropriately applied fiscal policy might be more equitable—indeed, yes; it could hardly be less—and specific than monetary policies are in the anti-inflationary battle. So, whatever one may think of Governor Bouey's efforts, he is struggling alone. The federal policy is clearly a policy of stand by and wait: "Let him take the heat, and let us hope that by the time our turn comes"—and come it will—"the heat will have dissipated somewhat." We shall wait and see what happens.

● (2110)

I would add one further area of concern. As well as the monetary system and fiscal policies, I do not see why Canadians should suffer from self-inflicted inflationary wounds, and that is precisely what we are doing in one important sector of our affairs. When Governor Bouey was asked the question: "What is the single most important thing that should be done in the anti-inflationary fight?" he said nothing about taxes or the deficit. He did not talk about wage and price controls or any of those subjects. What he said was that the single most important thing the government could do to fight inflation was to settle the energy dispute—that is the highest priority. I must say, with some regret, that that particular opinion of his escaped the compilers of our report that is before the house, because I do not believe it is in there, although it is in the testimony before the committee.

We are suffering from an energy policy which is, in effect, a self-inflicted inflationary wound of significant proportions. I ask honourable senators to consider in that respect the strength of the Canadian dollar and the problems of maintaining the strength of the dollar. The problem of maintaining the Canadian dollar is at the root of our high interest rates—and I think everyone will admit that—yet our oil policy is designed to weaken the Canadian dollar. Can honourable senators imagine that the experts who advise the Honourable Mr.

Lalonde told him last October that the NEP is a great thing, that it will strengthen the Canadian dollar? I wonder if all the advice which he receives is on a par with that particular piece of advice. Undoubtedly, some of it is. But he was told—the poor man; I suppose we can't blame him because he probably believed it—that the national energy policy would strengthen the Canadian dollar. Yet everything that has happened since then indicates what a gross miscalculation that piece of information is and continues to be. The national energy policy has been a policy that weakens the Canadian dollar and makes it necessary to maintain high interest rates, if we follow Governor Bouey's policy.

Let us take a look at the consequences. What does it do? First of all, it discourages foreign oil money coming into Canada. It checks foreign investment in our oil business and, I am quite certain, its influences go further than that because in international economic circles one cannot separate the attitude towards oil and a general perception of the Canadian investment climate for foreigners.

I make bold to say that there is an undoubted general reflection against investment in Canada arising from the national energy policy, in addition to the direct implications of what we are doing, and this at a time when everybody knows that we need foreign capital to balance the books. I do not care whether one is for or against Canadianization—I happen to be for it—but you have to have foreign money to balance the books if you want your dollar to stay up there and avoid all the evils that Governor Bouey sees from a low Canadian dollar.

What are you going to do about it? The national energy policy is retarding oil self-sufficiency. As we all know, the whole thing is in the deep freeze. In fact, it is in the deep freeze at Cold Lake, if you will allow me to say so. Somebody said that it costs $3 million a day, every day there is a delay in the decision on Cold Lake. But, regardless of that, the national energy policy has retarded oil self-sufficiency, not only because these major policies are in the deep freeze and are not available to us but also because conventional exploration cannot be as vigorous as it was. The policy is reducing the cash flow of Canadian companies just as much as anybody else by 20 or 30 per cent, and one does not need any mathematical calculation to show how that will express itself in reducing conventional exploration.

So the national energy policy hurts exploration because we must buy more foreign oil with foreign money at $40-or-whatever a barrel. There is no question of using Canadian money to buy this oil because it would not be accepted. Our balance of payments reflects this, and it is worth billions of dollars which are being paid out to OPEC and other suppliers. The effect of these costs on the Canadian dollar is to weaken it.

The national energy policy's baleful influence does not stop there. Because of it there has been a massive shift, mostly in Canadian oil companies, the kind we are supposed to be helping. They are shifting their money, men and machinery out of Canada because they can get a better deal in the United States. That does not mean that everybody is doing that or that there is not a great deal of investment going on within Canada, because there is, but there could be a lot more investment within this country. If we are interested in self-sufficiency and in maintaining our economic posture through the value of the dollar, then, when these people go looking somewhere else, it does not do us very much good.

The national energy policy hurts self-sufficiency. This low-price policy has retarded conservation and substitution which, again, increases our demand for foreign oil, requiring foreign money to pay for it. What is perhaps even worse, though, is that it postpones into the indefinite future the inflationary pressures we have today.

Incredibly—and I use that word advisedly—the national energy policy, through its tax implications, forces Canadians to leave Canadian oil in the ground. Can you believe it? Here we are looking for self-sufficiency and a way of reducing our demand for foreign money to pay for these imports and this policy. As I have said to this house before, there are 70 companies in the Weyburn area under PanCanadian Oil management with hundreds of marginal wells which are now abandoned. In rough terms, this means that four million barrels a year are being left in the ground as a result of this policy. Surely, that is unnecessary. Surely, this cannot be advisable and desirable in any way one looks at the national interest.

Premier Blakeney is no oil company stooge. Whatever else he may be, he certainly cannot be described as being a spokesman for the big oil interests. According to his estimate, over three years, oil production in the province of Saskatchewan will be reduced by 40 million barrels, each one of which will be replaced by OPEC oil at OPEC prices, with its resultant effect on the Canadian exchange and the Canadian dollar. He estimates that there will be a 60 per cent decline in wells drilled. And for what? What is the purpose of this kind of policy which strangles our oil production and our self-sufficiency goals of which we may approve? Surely, this kind of thing is not necessary and must not be allowed to continue.

Recently, a question was asked of Senator Everett which allowed him to express his opinion of Premier Lougheed. Though Senator Everett is not here this evening—and I do not like to comment on what he said when he is absent—

Hon. Daniel Riley: But you noticed that he is absent.

Senator Roblin: I noticed he is absent, and I regard him as one of the more enlightened—

Senator Riley: Then it is an indirect thrust.

Hon. G. I. Smith: We do not know when he will be back.

Senator Roblin: I regard him as one of the more enlightened, progressive and intelligent members of this body, so, perhaps, if he chose not to listen to my speech, he must have known what he was doing.

Senator Riley: Then why throw barbs at him?

Senator Roblin: I am not going to throw barbs at him; I am going to make a remark because he said that he thought that Premier Lougheed was not doing a very good job.

Senator Riley: Then why did you mention that he was not present?

Senator Roblin: If you want to make a speech, then you get up on your feet and make one.

Senator Riley: I shall make one.

Senator Roblin: I shall make my speech while I am on my feet.

Senator Riley: You cannot make one as long as you are—

Senator Roblin: If you don't like it, why don't you leave? There is nothing keeping you here.

Senator Riley: I want to listen to your remarks.

Senator Roblin: Oh, you want to hear it all.

Senator Riley: You are the most erudite senator in the house.

Senator Roblin: Is that so? Well, that is a very pleasant remark and we shall leave our interchange on that note.

I shall put it this way: Whatever else one might think of Lougheed—and I think there is plenty of room to criticize him—to say that he has been insensitive to this matter in the way that was mentioned in this house, I believe, is a little unfair. One way or another, the natural resource of his province is being supplied to the people of Canada at something less than half price. I know of no other province which has disposed of any of its natural resources on such a generous basis.

● (2120)

An Hon. Senator: Ontario.

Senator Roblin: I have no information on that score.

I believe that should be taken into account when weighting the balance. You may think that he is too stubborn or that Mr. Lalonde is too stubborn. Those two points of view are certainly debatable. However, I think one should recognize that, at the present time, Premier Lougheed is disposing of an asset at a great deal less than its world value, no matter how that world value is arrived at.

The United States went to world oil prices. That was one of President Reagan's moves. It is interesting to note that this did not have the permanent drastic effect on inflationary costs that people had been expecting. *The Economist* commented that Mr. Reagan's most successful economic action so far had been his decontrol of oil prices. It stated that, in the period of January to March, this made him unpopular because gasoline prices were rising at the ghastly annual rate of 64 per cent—much the same as ours. By April they were falling. OPEC had been weakened and the exchange value of the dollar strengthened while the surge in America's petroleum investment had become an important source of new economic growth.

There is a lesson there for us. I think that if we were to deal promptly with our oil-pricing situation it would have a strengthening effect on our dollar, and would provide an important source of new economic growth. Japan and West Germany have had to swallow high oil prices.

[Senator Roblin.]

On the subject of oil prices, Dr. Slater said:

> There have been some lost opportunities as a result of the continued indecision over energy policy. Nevertheless, the main effect has been to delay economic improvement to later in the decade and early in the 1990s.

Is that what we were looking for when the NEP came in?

Dr. Stewart, the Deputy Minister of Finance, reviewed the impact of increased energy prices over the short term on other western economies. The overall impression is that their inflation rate did not increase notably faster than Canada's did under an energy-cost subsidy policy.

Those important statements of opinion bear on the nub of this problem insofar as it affects Ontario and central Canada, for example, with respect to the effect of energy prices and what the result will be of abandoning the NEP pricing policy that we now have before us.

I come back to my principal witness, Governor Bouey. He is the man who said that settlement of the energy policy was the biggest single move that could be made to deal with inflation at the present time.

Speaking for myself, I think that certain aspects of the NEP are worthy of very serious consideration. Most of us would like to see self-sufficiency in oil; most of us would like to see a fair share going to the federal tax collector; and most of us would like to see Canadianization of the oil industry take place at a reasonable rate. But the way in which the National Energy Program mobilizes to achieve these ends is unnecessarily counter-productive and, I submit, self-wounding. I understand that is why Governor Bouey gave the oil and gas settlement first priority in his battle against inflation.

A reformed federal oil and gas policy could be a positive and significant contribution to the anti-inflationary program. It would reduce the downward pressure on the Canadian dollar; it might make lower interest rates more possible than they are at the present time; and it would certainly soothe some of our inflationary ills.

I make it clear that I do not believe this is any cure-all. It would still call for fiscal responsibility, for deficit control, for fiscal restraint, for supply-side initiatives, and for measures to bring some equity into the sacrifices and the difficulties which present policies cause many Canadians. I believe all of these things are necessary but, it seems to me, this house would do well to take into consideration the message that Governor Bouey left with us—that the single most important economic anti-inflationary problem we have ahead of us is the energy policy that the Canadian government is following at the present time.

To get back to my theme—economics, a dismal science; economics, an art form; and inflationary expectations. It seems to me that one of the most serious problems that we have to face is the question of inflationary expectations because, no matter how quickly or effectively we bring some of these policies into effect, unless people are convinced that somebody means business and that effective anti-inflationary measures will be implemented, our job will be twice as difficult.

The Government of Canada can give a signal in many ways, and I have discussed some of them this evening. I believe that, if they are able to arrive at an energy solution which will reduce the pressure on the Canadian dollar, improve the prospects for economic growth and bear more equitably on the various sectors of the economy, this one step, which would be taken tomorrow, would be to the advantage of all Canadians.

Hon. Maurice Lamontagne: I should like to ask a question of Senator Roblin. I think that the analysis he has just presented this evening is in parallel with that which I presented. I believe that twice in my speech I mentioned the importance of reaching a satisfactory arrangement on oil prices and on the National Energy Program.

However, I think Senator Roblin has left a vacuum because he said that, while an improved energy policy would be a move in the right direction, it would not be a panacea. I did not note, in his speech, how he would propose to deal with what I call supply-push inflation. Would he care to comment on that?

Senator Roblin: I freely acknowledge that Senator Lamontagne showed a distinct interest in the same question I was speaking of tonight; there is no doubt about that.

I must confess that I find it impossible to present a fully articulated policy for either demand-pull or supply-push. Without exhausting the patience of even the most charitable listener, I cannot present a fully articulated discussion of that matter.

It seems to me that oil policy would have a marked effect on the supply side if it were able to call forth the investment required to advance self-sufficiency in Canada. There are many other points which could be mentioned in that respect, and I know Senator Lamontagne did mention a number. I find myself in agreement with a good many points he made.

On motion of Senator Frith, debate adjourned.

● (2130)

NORTHERN PIPELINE

THIRD REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the third report of the Special Committee of the Senate on the Northern Pipeline, entitled "Enhanced Oil Recovery in Canada", tabled in the Senate on April 2, 1981.

Hon. Earl A. Hastings moved that the report be adopted.

He said: Honourable senators, in moving the adoption of the third report of the Special Committee of the Senate on the Northern Pipeline, my first words must be ones of commendation to and appreciation of the members of the committee who undertook to examine a very difficult technical subject, and an area of interest that is within the domain of only the most technically capable individuals in the industry. However, I believe that during our examination, while we did not become petroleum geologists or reservoir engineers, we did gain a deep insight into the practices and procedures of the petroleum industry, especially with respect to recovery techniques. Through our determination we produced a timely and important report—timely because it comes when we are embarking on this journey to self-sufficiency, and important because it draws the attention of the public and the Senate to a significant area which could make a worthwhile contribution to that goal of self-sufficiency in the 1990s.

Our inquiry consisted of hearings in Ottawa where we heard and received evidence from industry, government and research institutes. In addition, the subcommittee visited Calgary, where we spent two days interviewing industry officials, and one day at Lloydminster, Alberta, where we examined enhanced recovery installations in that heavy oil field.

Honourable senators, we can hold meetings in Ottawa and discuss aspects of policy, but it is only when we go out into the field that we gain a real knowledge and appreciation of the problems. When we stood in the field at Lloydminster and saw an injection well with the 12 producers surrounding it, enhanced recovery or tertiary recovery made sense.

On behalf of the committee, I would like to express our appreciation to all those who appeared before us with briefs and who contributed otherwise to our inquiry.

What is enhanced oil recovery or tertiary recovery? The committee accepted the general industry definition as being the recovery of that oil which can be economically recovered from an underground reservoir over and above that which is recovered by primary or secondary methods. In explaining exhanced recovery I must explain exactly what primary recovery and secondary recovery are, because they precede enhanced recovery. To do this I must revert to the original discovery of the underground reservoir. It has its genesis in the mind of the petroleum geologist working for the oil company or on his own, and dealing with geological information that is available from wells previously drilled in a particular area, seismic information, surface contour or other geological information which delineates or defines an area he believes to be of interest. At that point he calls in the geophysicist—the land man—and together they redefine the area, and each goes to work in his respective area. The geophysicist undertakes further studies and brings into play land representation in his particular area of interest; the geologist continues his work to further redefine his exact area of interest.

Finally, the economists arrive and other members of the corporation, and a decision is made to undertake the drilling of the well. The drilling of a well is a very important decision, requiring the investment of a great deal of money. It is the only way by which the work of the geologist can be substantiated. Drilling determines whether he knows what he is talking about, or whether there is to be a dry hole.

In this case, we are going to say it is on target. The reservoir is penetrated and they have a discovery well. Incidentally, this is when the geologist's work is finished. It is now that the petroleum or reservoir engineer takes over. He tries to define the actual reservoir existing 3,000 to 15,000 feet underground by offset wells, step-out wells and additional high technology testing.

We now enter the period of primary production which occurs, when the drill bit has penetrated the structure in which the oil is found. Oil is forced to the surface as a result of pressure generated within the structure. The rate at which it comes to the surface is as a result of many unknowns—the permeability of the structure and the viscosity of the oil.

What may come as news is that oil does not exist in pools. Oil exists in minute porous openings in the rock. It is forced from those porous openings to the well as a result of pressure generated within the formation or the structure. In addition, it can be assisted to the surface by the use of pumps.

After that initial discovery, the pressure decreases with use. After three or four years of use, the pressure starts to decrease and production from the well decreases accordingly. Incidentally, in primary recovery, if you did nothing else, you would only recover 22 per cent of the oil in place. That is all you can bring to the surface by the primary method.

At this stage you undertake the secondary method which means injecting water and simply flooding the reservoir. Water going through the reservoir carries additional oil with it. With water flooding you can increase production to 33 per cent of the reservoir, which means that if you leave the reservoir at this stage you are leaving 66 per cent of the oil in place underground. It is then that enhanced or tertiary recovery is simply the working of that reservoir by additional means to force more oil to the well stem and to the surface.

● (2140)

There are three thermal processes, each representing very expensive front-end investment. One is the process which involves the continuous injection of steam. Steam is produced on the surface and is injected down into the formation, or the reservoir, thus producing from three to 12 surrounding wells. So we have the steam going down the centre well, forcing the oil to the outside and up the producer wells on the outside.

Another is the cyclic steam injection process, which involves pushing steam down the producing well, shutting it off, leaving it there for 30 to 60 days, then opening it up and recommencing production from that reservoir.

Finally, there is the *in situ* combustion or fire-flooding process, which is simply that of pumping air down into the formation and lighting a fire. The fire burns across the formation to the outside producing wells, and the oil is brought up the outside producing wells. It is not a blazing inferno, incidentally; it is more like a charcoal fire such as you have with a barbecue, that moves slowly across the formation.

Senator Riley: It is hard to control.

Senator Hastings: It is hard to control, but technology is advancing and they are now working on the production of steam in the formation. While it may be hard to control at the moment, it is certainly one of the best methods.

Those three methods—*in situ* combustion, cyclic steam, and continuous steam—are the most widely accepted secondary recovery methods, particularly for the shallow oil fields on the Alberta-Saskatchewan border. The process lends itself to shallow play because the deeper the well the more steam and heat is lost, and after 3,000 feet it is of no value.

Then there are the miscible processes—"miscible" meaning mixable, like Scotch and soda.

Senator Frith: That's hard to control.

Senator Hastings: Such processes involve injection of liquids down into the formation, which work their way across the formation pushing the oil ahead. Those liquids can be carbon dioxide, CO_2, ethane, propane and butane. It is simply the injection of a slug of the gas, which mixes with the oil and carries it with it to the producing wells.

Finally, there are the chemical flooding processes, the three main ones being surfactant, polymer, polymer and alkaline flooding. To explain these simply, they involve the injection of "soapsuds" into the formation, which reduce the capillary action of the oil, and the oil is released to the producing wells. Such processes are far too expensive. I believe there are only two processes in the pilot project stage in the United States at the moment.

So these processes are in use. As I said, the thermal process offers the greatest opportunity to the shallow plays in the Lloydminster field, Cold Lake and the Peace River area of Alberta; whereas a miscible process offers the greatest opportunity to the deeper wells in the Foothills area of Alberta.

What does this mean to Canada? Your committee reached the conclusion, after receiving briefs from industry and independent researchers, that there are four billion barrels of oil to be recovered under secondary recovery in Canada today. What does four billion barrels involve? Four billion barrels is 50 per cent of our known reserves of eight billion barrels.

The biggest contribution this can make over the next 10 to 15 years, if we can put these projects into play, is to reduce our dependence on offshore oil. This does not represent the complete answer, but it will make a significant contribution during that period when we move off conventional oil—and we are moving off it rather quickly—to the Arctic, to the offshore areas, and to synthetic crude.

Senator Frith: When you say "offshore," do you mean foreign?

Senator Hastings: Eastern offshore. Canada, in the next 20 years, hopes to reduce its dependency on imported offshore oil.

Senator Frith: Imported foreign?

Senator Hastings: Foreign crude. In addition, if we can move into enhanced recovery in a forceful, imaginative way, there is much Canadian technology to be developed, and we could end up exporting that technology to the rest of the world.

Honourable senators may be interested in knowing that in Prudhoe Bay, where there are 10 billion barrels of oil, the field is now beginning to deplete and consideration is now being given to putting in secondary recovery projects in that area.

So, time is of the essence. There is an optimum time in the life of every reservoir when those projects can be put in place, and in the Canadian experience, with respect to the western

Canadian sedimentary basin, that time is now. Time lost now means that that oil could be lost forever, because the lower the pressure is allowed to go the more difficult it is to institute these plans.

This represents a high risk capital investment, particularly very high short-end investment—$600 million to $1 billion per project. What is needed, honourable senators, to encourage such investment is a favourable business climate. I am sure we join with everyone in believing that nothing could contribute more to the adequate use of secondary recovery than the finalization of an agreement between the producing provinces and the federal government.

So the greatest constraint is the economic constraint with respect to the investment and an early return on that investment. There are technical constraints. One could very easily, say, "You know the oil is there; go and get it!" but we are always dealing with the hidden secrets of nature and science, and the best laid plans that we can make with respect to the recovery of that oil may be brought to naught when we actually put them into practice. From the laboratory to the pilot project to commercial production, there are many pitfalls and many risks.

Your committee concluded that the risks in instituting the secondary recovery projects are as great as, if not greater than, the bituminous sands project of Alberta. We welcomed the announcement in the National Energy Program of a $30 per barrel reference price for secondary enhanced recovery of oil. It was the first indication of the part that this activity of interest could play.

The committee reached the conclusion, after talking to industry and independent researchers, that a re-examination of that policy would support additional fiscal incentives for EORs—enhanced oil recovery projects. We therefore included in our recommendations that there should be tax relief to offset the cost of injection materials.

Our main recommendations, honourable senators, were that the $30 reference price be re-examined and that it should be the same as the oil sands reference price. On the premise that both producers are delivering oil of the same grade, as a result of heavy investment and high risk, both projects should receive the same return.

● (2150)

We also recommended that the tertiary supplement be paid by means of a method in terms of which payment commences immediately, regardless of when production commences. You estimate the total reservoir you are going to recover, and divide that by the number of years during which it will be recovered. You start paying immediately the reservoir is put into production. We recommended, as I said, that natural gas, or anything injected into the reservoir, be exempted from the petroleum and gas revenue tax.

Finally, we said that consideration should be given to applying the EOR revenue price to the entire production of the reservoir.

Honourable senators, writing in the May issue of *Canadian Petroleum*, Mr. Stan Sauerwein, after a very positive review of our findings and recommendations, ended up by saying:

> Those recommendations may find their final resting place in the Parliamentary Library—

Well, they may, but I do not think the members of the committee are going to permit their recommendations to lie dormant in any library. I rather believe they are going to continue to press the policymakers for answers, and for the implementation of the recommendations they have thought proper and which they think will make a very worthwhile contribution to enhanced recovery in Canada today.

In conclusion, let me reiterate that we believe the economic constraints must be removed. One has only to spend a few days with the industry in Calgary to know that there are many young Canadians—and these are the people I speak for; the multinationals can look after themselves—who are dedicated to their industry and to their country, and who are ready and willing to perform this task. They have the technology, and they want to put it to work. Surely we can remove the constraints which are holding them back so that they can continue to make their contribution to self-sufficiency in Canada.

Honourable senators, I commend the report to your favourable consideration.

Hon. Daniel Riley: Honourable senators, I wonder if the chairman of the committee would permit a question or two?

The chairman mentioned the cost of secondary recovery as being about $30 a barrel. Is that a windshield estimate, or is that a definite estimate?

Senator Hastings: What is a windshield estimate?

Senator Riley: A windshield estimate is something like Nova's saying, "Well now, this is what we figure is a possible estimate," but when we get down to what the enhanced recovery cost is we should know something more definite as to the cost of recovery of a barrrel of oil, particularly in the secondary mode.

Senator Hastings: It is enhanced tertiary that I think you are referring to. I did not mention a price of $30 in connection with secondary recovery. Secondary recovery means flooding the well with water. Enhanced recovery is the third process, and under the National Energy Program the reference price is $30 a barrel. How that price was arrived at I do not know. We asked witnesses, but we never did receive a very satisfactory answer.

Turning to the cost of production of secondary oil, the best information we got was from the National Energy Board and the Canadian Petroleum Research Institute, which were estimating it at $18 to $24 a barrel in 1978 dollars.

Senator Riley: The chairman has said that this is based on 1978 estimates. Now will he tell me what are the estimates, windshield or otherwise, that are set for the steam method of enhanced recovery of oil?

Senator Hastings: Honourable senators, I cannot answer as to the cost of a barrel of oil produced by enhanced recovery under steam, or by any other specific method. One might just as well ask what it costs to produce a bushel of wheat. The fact is that the cost varies from reservoir to reservoir. What works in one reservoir does not work in another. I can only say that the figures I quoted were the result of an examination of 196 reservoirs in western Canada taken all together. They just took all reservoirs, all the investments, all the recovery, and arrived at the amount of $18 to $24.

Senator Riley: I have another question, honourable senators. They have been developing the enhanced recovery of oil in the United States for some time now, and they have hit upon figures. Why can we in Canada not come up with figures that are comparable to those in the United States?

Senator Hastings: I think we can, senator. The amount we received from the Getty Oil Company in California—I am speaking from memory—was, I think, $18 a barrel. We have come up with an amount of $18 to $24, depending on upon where the production is, I presume. If you are producing from the shallow fields of Lloydminster, it probably will be $18. If the enhanced recovery is being carried out in the Swan Hills reservoir of the foothills of Alberta, with very expensive LPGs and carbon dioxide, the price goes up. So when the research institute, and, I believe, the National Energy Board, gave us $18 to $24, that is a ballpark amount for the western Canada sedimentary basin, and, I think, it is as accurate an estimate as anyone would dare make.

Senator Riley: Honourable senators, what is the difference between the method used in the Getty fields and the ones in Alberta, or Lloydminster?

Senator Hastings: In the heavy oil fields of Lloydminster? The thermal process is being used extensively—indeed, exclusively—in the California fields. You are, however, dealing with different formations, and different structures, that present different problems in different areas. What will work in California does not necessarily work in Lloydminster. Indeed, what will work in Lloydminster may not necessarily work 30 miles away. You are dealing with different reservoirs in different places. What works with one will not necessarily work with another.

Generally speaking, however, in the fields of California the Getty Oil Company, which is one of the biggest operators in that area, is using the thermal method—that is, the injection of steam, continuous or otherwise, and *in situ* burning.

● (2200)

Hon. Peter Bosa: I have a brief question. Senator Hastings made reference to percentages, and said that through the natural pressure method 22 per cent of a well can be extracted; that by going to the secondary method, up to 33 per cent can be extracted; and that there is a tertiary method as well. According to present day technology, what is the maximum that can be extracted from a reservoir?

[Senator Riley.]

Senator Hastings: The maximum is 75 per cent from the best well with the best project, and with everything on scale.

Motion agreed to and report adopted.

[*Translation*]

LAW OF THE SEA

THIRD CONFERENCE—REVISION OF DRAFT CONVENTION—DEBATE ADJOURNED

Hon. Norbert L. Thériault moved pursuant to notice of Wednesday, May 20, 1981:

> That the Senate reaffirm the support given by the Canadian people to the basic objectives of the Third Conference of the Law of the Sea and urge the United States Administration to undertake forthwith the revision of the draft Convention in order to increase the chances of concluding the work of the Conference when the Tenth Session resumes in Geneva in August, 1981.

[*English*]

He said: Honourable senators, after having listened to Senator Roblin and Senator Hastings, I want to assure you that your patience will not be tested much longer. I will only say a few words on my reasons for introducing this motion.

I know that in the minds of a number of people this is not as urgent a matter, perhaps, as inflation, stagflation, or enhanced oil recovery—whether it is through a windshield or not. However, I am afraid that at times we lose sight of important matters that go on in the international community. Naturally I, as a citizen of the coastal province of New Brunswick, have followed with some interest the evolution of the Law of the Sea Conference. A few months ago it was my pleasure to attend, along with my colleague, Senator Marshall, and some members of the other place, the conference in New York. I was very proud to be a Canadian citizen and to watch the Canadian delegation, under the able leadership of Ambassador Beasley, perform at that conference.

I wish to bring this matter to the attention of the house. I do it because I hope that Canadians in every walk of life, and all members of the House of Commons and this house, who have contacts with American counterparts will avail themselves of every opportunity to stress the importance, of coming to an agreement at the Law of the Sea Conference when it next meets in Geneva in August.

It was my understanding, from information that I have received, that this conference could conclude in June or July in New York. However, due to the advent of the new administration in the United States and its decision to review the whole process of the Law of the Sea Conference, many countries are concerned about the end result of the American decision. Needless to say, this conference and the treaty that would flow from it is extremely important to Canada. A number of people, when talking about the sea, would think about oil and fish, but the potential of the ocean is now almost beyond comprehension. I have mentioned two products that I feel are of great importance to Canada, but they are also of great importance to the 77 countries in attendance at the conference, many of

which are the poorer countries of the world. The delegates of almost every country but the United States are terrified at the thought that this whole exercise—this conference that has lasted for seven or eight years—will have been in vain.

I want to point out two things. I think that for the international community, the treaty that would come out of the Law of the Sea Conference would be, for the first time in history, an agreement whereby certain products eventually to come out of the ocean would be put into a pool for the benefit of all nations—especially the poorer nations who do not have sea coasts. There has been much discussion these days about the North-South dialogue. If this conference can come to a fruitful end, I think we will have gone a long way toward giving hope to the people of those poorer countries.

I want to point out to you that the failure of such an agreement, if it should come about, could put in jeopardy many thousands of jobs in the Canadian mining industry as well. In fact, it would not be very long before the jobs of all of the employees of the nickel mines in the Sudbury area could be in jeopardy if there is no control over the way that the nodules that we now know exist in the bottom of the ocean are harvested by the giant American mining companies.

I would like to emphasize what I feel is the great leadership that Ambassador Beasley has provided on behalf of Canada, and point out the number of friends he has made for Canada since he headed up the Canadian delegation at the Law of the Sea Conference.

May I express the hope, honourable senators, that perhaps the Standing Senate Committee on Foreign Affairs will take this into consideration some time when they are dealing with their American counterparts. The document is a massive one. I have tried to peruse it as best I can, and I certainly do not pretend to be an expert on it. I hope that the Canadian delegation with their advisory people will be active again in Geneva.

In conclusion, I should like to bring to the attention of every senator an article which appeared in the *Globe and Mail*—and I do not recommend everything that I read in the *Globe and Mail* these days—on Monday, May 18, 1981, entitled: "Law of the Sea—U.S. Delay Threatens to Scuttle Decade of Haggling." It is a well-written article which goes into some detail and I recommend it to all members of this chamber.

On motion of Senator Marshall, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, June 23, 1981

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

Prayers.

EXCISE TAX ACT
EXCISE ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-57, to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Discussion draft of the Energy Security Act, 1981, issued by the Minister of Energy, Mines and Resources.

Report of the Canadian Centre for Occupational Health and Safety, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1980, pursuant to section 21(1) of the *Canadian Centre for Occupational Health and Safety Act*, Chapter 29, Statutes of Canada, 1977-78.

Report on proceedings under the *Canada Labour Code*, Part III (Labour Standards), for the fiscal year ended March 31, 1981, pursuant to section 75 of the said Code, Chapter L-1, R.S.C., 1970.

[*Translation*]

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B) PRESENTED AND PRINTED AS AN APPENDIX

Hon. Fernand-E. Leblanc: Honourable senators, I have the honour to present the report of the Standing Senate Committee on National Finance on Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1982. I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings* of today.

[*English*]

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

Hon. Senators: Agreed.

(*For text of report see Appendix "A", p. 2621.*)

[*Translation*]

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

Senator Leblanc: Honourable senators, I move that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

• (1410)

[*English*]

NORTHERN PIPELINE

FOURTH REPORT OF SPECIAL SENATE COMMITTEE PRESENTED AND PRINTED AS AN APPENDIX

Hon. Earl A. Hastings: Honourable senators, I have the honour to present the fourth report of the Special Committee of the Senate on the Northern Pipeline, with the usual request that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

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

Hon. Senators: Agreed.

(*For text of report see Appendix "B", p. 2624.*)

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

Senator Hastings: Honourable senators, I move that the report be taken into consideration on Monday, June 29, 1981.

Motion agreed to.

TRANSPORTATION OF DANGEROUS GOODS

INTERIM REPORT OF TRANSPORT AND COMMUNICATIONS COMMITTEE ADOPTED

Hon. G. I. Smith, Chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

Tuesday, June 23, 1981

The Standing Senate Committee on Transport and Communications which was authorized to examine and report upon the subject-matter of the *Transportation of Dangerous Goods Act,* Chapter 36, Statutes of Canada, 1980, and any regulations that may be made thereunder,

has in obedience to its Order of Reference of Tuesday, October 21, 1980, proceeded with that study and now presents the following interim report as follows:

Your Committee has held 15 meetings and has heard evidence from the following witnesses—From the Department of Transport: Mr. Jean Charron, Assistant Deputy Minister, Coordination; Mr. T. Duncan Ellison, Director, Transportation of Dangerous Goods; Mr. Jean-Maurice Gaudreau, Deputy Director, Transportation of Dangerous Goods; Miss Diana Wiwczaruk, Senior Adviser Commodity and International Coordinator; Miss Marjorie Stailkovich, Chief Standards Evaluation and Statistics Analysis. From the private sector: The CSL Group Inc.; the Canadian Trucking Association; the Air Transport Association of Canada, and the Canadian Manufacturers' Association.

Your Committee has examined draft number 4, dated October 10th, 1980, of regulations proposed to be made pursuant to the Act. The evidence shows, among other things, that said draft number 4 is now undergoing revision which may not be completed before September of this year, if then. Your Committee is of the view that it cannot make a report of substance until it has been able to examine the proposed regulations in their final form.

Your Committee therefore proposes to suspend its meetings on this subject for the time being and will resume its study when further useful material is available.

Respectfully submitted,

GEORGE I. SMITH,
Chairman

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

Senator Smith: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that the report be adopted now.

I wish to say only a few words in explanation, since the report pretty well speaks for itself. I should like to add that, while it does not mention any possible amendments to the act, the subject matter of which we were studying, it may well be that when the report is made after the final version of the regulations has been settled upon, some such recommendation may come forward. We feel that before we can usefully report further to the house, we should have the opportunity to examine the regulations, which are voluminous and complex. That will not be possible until September or, perhaps, even later this year.

Motion agreed to and report adopted.

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until Monday next, June 29, 1981, at 8 o'clock in the evening.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, we need to seek leave of the Senate in order to be consistent with the plans we made two weeks ago.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

QUEBEC

MICMAC RESERVE, RESTIGOUCHE—INCIDENTS INVOLVING PROVINCIAL POLICE

Hon. Jacques Flynn (Leader of the Opposition): Yesterday, honourable senators, the question I had for the Leader of the Government was, in his absence, taken as notice by the Deputy Leader. It dealt with the question of salmon fishing by the Micmac Indians on the Restigouche Reserve. I was wondering whether I could have a report on what was going on there.

I have now a supplementary question concerning the statements made yesterday in the House by Mr. Munro, Minister of Indian Affairs and Northern Development, and Mr. LeBlanc, Minister of Fisheries and Oceans.

The two ministers do not seem to share the same views of the situation. What is the official position of the government on this issue, and how could the conflicting statements made by the two ministers be reconciled?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I do not have before me the statements of the two ministers, but I can advise the chamber that there has been an exchange of telex communications during the course of the day. Momentarily we hope to have some information with respect to the situation. There appears to be an incomplete body of facts to the present time. I hope more information can be brought to the chamber in a short time. Indeed, as I came into the chanber today I was advised of this alleged exchange of telex messages. A report concerning this and other recent events should be available shortly.

Senator Flynn: When you speak of an exchange of telex messages, do you mean as between the Minister of Indian Affairs and Northern Development and the Government of Quebec?

● (1415)

Senator Perrault: I must be totally frank with the Honourable Leader of the Opposition and say that, while I cannot confirm entirely the accuracy of the information which I have received, I believe the telex messages are between the Govern-

ment of Canada and the Government of Quebec. We are hopeful that a report on the content of those telex messages—if they have, in fact, been exchanged—can be brought to this chamber this afternoon.

Senator Flynn: Then, may I take it that at this point no agreement has been reached between the two governments?

Senator Perrault: I know of no agreement and, as I say, I am hopeful that some information can be brought to the chamber so that all honourable senators will be enlightened.

Senator Flynn: Today?

Senator Perrault: Hopefully, yes.

[*Translation*]

FINANCE

MONETARY POLICY—STATEMENT BY SENATOR LAMONTAGNE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have another question for the government leader. Perhaps it might have been more appropriately directed to the Minister of State for Economic Development. It concerns the comments made by Senator Lamontagne some days ago in this House and yesterday during a press conference given by the senator in his capacity as director for the Canadian Institute of Economic Policy. In his speech and in the course of that conference, Senator Lamontagne effectively denounced this government's monetary policy. I quote from his reported comments from yesterday:

> The federal bank should immediately lower its interest rates, even if this drives the Canadian dollar below 80 cents U.S.

I would like to know whether the government has any comment to make, what their reaction is to those proposals, because I understand that later Senator Lamontagne suggested that the Prime Minister shared or would share his views?

[*English*]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators—

Senator Flynn: Oh, there he is, jack-in-the-box.

Senator Frith: Superman.

Senator Olson: —the proposals put forward in Senator Lamontagne's speech are interesting, but I am sure that even the Leader of the Opposition would not expect a comment or reaction in the short period of time since those proposals were made known to the Minister of Finance.

Senator Flynn: Well, they might have been suggested by the Minister of Finance.

Senator Olson: Now we are leading into an area regarding which, I am sure, the Honourable Leader of the Opposition does not expect a comment in reply.

Hon. Maurice Lamontagne: It is very substantial.

[Senator Perrault.]

POST OFFICE

POSSIBLE DISRUPTION OF SERVICE

Hon. Cyril B. Sherwood: Honourable senators, I have a question for the Leader of the Government in the Senate. The release of a divided conciliation report appears to indicate and also to increase the possibility of a postal strike, which could begin as early as next Tuesday. Would the Leader of the Government indicate any plan the government may have to avert such a possibility?

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice.

REGIONAL ECONOMIC EXPANSION

NEW BRUNSWICK—STATUS OF AGREEMENTS

Hon. Cyril B. Sherwood: Honourable senators, I have been waiting to ask Senator Argue whether he can shed any light on the agricultural agreement for Kent County, New Brunswick, but he was absent last week and is absent this week. Honourable senators will recall that on May 27 he informed the house that the Minister of Regional Economic Expansion had informed him that new development programs were being planned for south-eastern New Brunswick, including the County of Kent and parts of the countries of Albert and Westmoreland, and that these programs would give priority to agricultural development and would include the fisheries industry, the tourism industry and the manufacturing industry.

I direct my question to the Minister of State for Economic Development and ask him whether or not he can inform us now as to whether the agreement has yet been signed.

● (1420)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I cannot inform you of that particular specific agreement. My honourable friend has already alluded to the deep and abiding interest Senator Argue has in this problem, no doubt as a result of his former position as Chairman of the Standing Senate Committee on Agriculture which did a lot of useful work with respect to that matter. I will see that both he and the Minister of Regional Economic Expansion are apprised of my honourable friend's inquiry.

Senator Sherwood: Honourable senators, I should like to ask Senator Olson, who is Chairman of the Economic Development Committee, if he could ascertain just what the status of these new development programs is at the present time.

Senator Olson: Honourable senators, consistent with what I have said on numerous occasions in this chamber, a minister—in this case myself—who is chairman of a committee does not make announcements for and on behalf of other departments. Therefore, when the committee does approve, and government authority if given for, the entering into of such agreements, the announcements are made by the appropriate minister responsible.

THE SENATE

LEADER OF THE GOVERNMENT—RUMOURED DIPLOMATIC APPOINTMENT

Hon. Orville H. Phillips: Honourable senators, my question is for the Leader of the Government in the Senate. Is he able to confirm the accuracy of an assertion made last Saturday by Allan Fotheringham who, I understand, is a close personal friend of his, to the effect that the leader will soon be leaving his position in the Senate for a diplomatic posting abroad?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a rather large library in my residence, but it specializes in non-fiction. I am afraid that I do not know—what was that chap's name again?

Some Hon. Senators: Oh, oh.

Senator Phillips: As a supplementary question, honourable senators, I would point out that the leader's predecessor was subsequently appointed Canadian High Commissioner to Great Britain. The article to which I refer proposed that the present leader be consul in New Orleans. Is this a downgrading of the position of Leader of the Government in the Senate?

Senator Donahoe: I will take it.

Senator Perrault: I hope the honourable senator will provide me with a copy of this article which, apparently, appeared in the fiction section of the newspaper. I would be very interested to have it.

I have no immediate personal plans to attend the Mardi Gras.

INTERNATIONAL TRADE

SALE OF BRITISH COLUMBIA COAL TO JAPAN—USE OF INFRASTRUCTURE

Hon. Richard A. Donahoe: Honourable senators, my question is to the Minister of State for Economic Development. In February last, I raised a question with the honourable senator concerning the necessary infrastructure for the much vaunted sale of British Columbia coal to Japan. At that time the honourable senator will recall, I am sure, that he assured us that the government believed that the two mining companies which negotiated the Japanese agreement were receiving a very good deal as far as infrastructure, port loading charges, et cetera, were concerned.

My question is: Is the minister aware that the Teck Corporation has indicated that, while the $3-a-metric-ton throughput charge may be acceptable, the 80-per-cent escalation clause is unrealistic and, as a result, the companies are likely to look for alternative port facilities to those at Ridley Island?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, no, I am not aware that they are going to look for alternative loading facilities to Ridley Island.

Of course, a number of other companies have indicated that they would like to reserve some space at Ridley Island for loading coal when the facilities are completed, hopefully, before 1984. Indeed, judging by the international market and contracts that have been signed since those signed by Teck Corporation and Denison with Japan the indications are that a significant amount of additional tonnage will be required by other companies.

Inasmuch as the Ridley Island project is already under construction—that is, the site preparation and a number of things related to that—as yet a contractor has not been designated to put in the loading machinery. In addition to that, a great deal of work is already under way towards increasing the capacity of the railroad delivery system to that island. I am sure there is always a point at which someone would like a little more, but we believe that it was a fair and reasonable arrangement, as far as the federal government's participation is concerned, and was done in the best interests of Canada.

• (1425)

ENERGY

IMPORTED OIL PRICE DIFFERENCES

Hon. G. I. Smith: Honourable senators, I would like to direct a question to the Minister of State for Economic Development relating to a question asked some considerable time ago and which has not yet been answered insofar as a search of *Hansard* indicates—at least, so I am informed. On January 27, 1981, as reported at page 1575 of *Hansard*, I asked the following questions:

> I am wondering whether the difference in price is related to the quality of the respective oils, or whether it is simply that these prices are arbitrarily imposed by the sellers.

At that time Senator Olson's response was:

> Honourable senators, I think there may be some of that. I will find out more specifically.

I am not sure whether the minister construed that as an undertaking to find out and provide a further answer to the question or not, but I took it that way, and I wonder if he is prepared to find out and answer it.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am sorry if I have not come back since that date with a more detailed answer. I agree with Senator Smith that what I said indicated that I would probably bring back additional information. I can repeat what I said at that time, and that is, that in most cases we are under contract with Mexico, Venezuela and several other countries to buy the oil at their offering price. Obviously, at times we buy so-called spot oil. That price varies considerably, and I am sure that that price does reflect the quality of the oil.

Insofar as the other contractual arrangements are concerned, I think they also call for a certain grade or quality of oil, but the price fluctuates from time to time depending on the offering.

Senator Smith: I do not want to seem critical of the honourable minister, but may I ask if I can look forward to a more detailed answer.

Senator Olson: Yes.

GRAIN

EMBARGO ON SALES TO U.S.S.R.—COMPENSATION TO FARMERS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for Senator Argue but in his absence I should like to direct it to the Minister of State for Economic Development who will, no doubt, take it as notice.

An announcement was made last week of a payment of about $81 million to grain producers as compensation for their alleged losses following the embargo on shipments to Russia. Could we be informed of the basis for this decision and the method of assessment and distribution?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, that information is available. I am surprised that you do not already have it. I believe I am correct in saying that a press release giving some detailed explanation of how that amount was arrived at was made public. Usually when that happens copies of those communiqués are sent to honourable senators opposite. If that has not happened, I will ask Senator Argue's office to send it directly to the honourable senator.

Hon. Duff Roblin (Deputy Leader of the Opposition): It was not in the press releases.

Senator Flynn: I did not see anything.

Hon. Richard A. Donahoe: We are not allowed to rely on the press.

● (1430)

QUEBEC

MICMAC RESERVE, RESTIGOUCHE—INCIDENTS INVOLVING PROVINCIAL POLICE

Hon. Guy Williams: Honourable senators, my question is for the Leader of the Government. In spite of the fact that the Government of Canada and the Government of Quebec are communicating with each other in regard to the explosive situation in Restigouche, while talking to the people of the band yesterday they told me that even the women were being pushed around by the raiding policemen. If they had been other nationals, this would not have happened. While there may be communication between the two governments, from what I have learned by direct telephone conversation, there seems to be no effective communication with the people involved and concerned that would be useful to them.

Let me go back a little in history. The Restigouche people have been fishing since time immemorial, and at the time of the coming of the first Europeans they began giving them fish and trading, if not selling, and they have continued doing so until this day.

Last year the quota was 35,000 pounds for 1,650 people in the reserve. This year the quota has been cut, without consultation with the Indians, to 25,000 pounds, which is a little over 20 pounds apiece. That is not very much for people who consume a great deal of fish, particularly salmon.

[Senator Olson.]

To get to the bottom of the situation, there must be consultation with the people involved and concerned. Furthermore, we have had similar problems on the west coast, which have now been partially solved. In some of the reserves—at least five or six—where they have participated in artificial hatching of salmon and raising millions of fry, it is beginning to pay off. That should be taken into consideration by both governments and also the Restigouche people. That is my question.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I wish to thank Senator Williams for the useful information he has brought to this chamber. I received a note a moment ago to the effect that the information which I anticipated receiving will be forthcoming. I had hoped that it would have been here sooner. Presumably, we shall have further information in a few moments. The last information given publicly by the Honourable John Munro, the Minister of Indian Affairs and Northern Development, covered a number of points. He confirmed that there was a good deal of fright permeating the entire community, as Senator Williams has reminded us today. He said:

> I indicated that on my return here—

That is, to Ottawa.

> —I would talk to my colleague, the Solicitor General, with respect to the return of the nets to the band.

As of yesterday the minister did not have an opportunity to do so. He said:

> Also, my officials had talks with the Quebec Provincial Police. They indicated that probably as of today—

That is, as of yesterday:

> —they would be withdrawing the very heavy contingent of Quebec provincial police that are not on the reserve—they have not come on the reserve since June 11, but they are surrounding the reserve—that they would be withdrawing those people today.

That is, yesterday. He continued:

> I am checking, and I am told that they have not been withdrawn yet. We are still hopeful that they will be withdrawn today.

He went on to say:

> As far as any further action that may be required is concerned, we are monitoring the situation each day. I had indicated that on my return I would be getting together with my colleague, the Minister of Fisheries and Oceans, to examine the nature of the application of the regulations under the Fisheries Act. I have not had a chance to do that, but I will be doing it later today.

These are matters on which, hopefully, we can have a report very soon. He continued:

> It is on that basis the Quebec police are founding their jurisdiction to take the action they have. I indicated to that delegation that I would like to have an opportunity to review and examine the situation with the Minister of Fisheries and Oceans.

So we are monitoring the situation at the present time. It is a question that rightfully requires an answer, and that will be brought to the Senate as soon as it arrives.

Hon. W. M. Benidickson: Honourable senators, may I ask Senator Williams a question for clarification? What authority or presumptive authority set the quotas and reduced the quotas to which he referred?

Senator Flynn: That is rather irregular.

Senator Williams: So far as I know, the Minister of Fisheries and Oceans, in conjunction with the authorities in Quebec. There was no consultation with the Indian band.

ENERGY

ALASKA HIGHWAY GAS PIPELINE—FINANCING OF UNITED STATES SECTION

Hon. Ernest C. Manning: Honourable senators, may I ask the Minister of State for Economic Development if he is in a position to update the house on what progress is being made in the United States in putting together the financing package for the Alaska Highway pipeline?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am not sure that I can add a great deal to the statement I made a few days ago about the details of the financial agreement reached between the producing companies and the sponsoring companies. I believe that since then there has been an indication at least, if not a confirmation, that the United States Secretary of Energy has proposed—I have to be careful as to whether he has confirmed it or just indicated—that he will take a waiver resolution to Congress that will indeed accommodate the arrangements that have been made, namely, to allow the producing companies to acquire 30 per cent of the preconditioning plant as well as the rest of the pipeline. I do not think we have an update on the financial community's response to that, except that informally I have heard that it is proceeding rather well; and that was expected.

QUEBEC AND MARITIMES PIPELINE—LABOUR DISPUTES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised on June 18 by Senator Smith concerning the Quebec and Maritimes pipeline labour disputes.

I have confirmed that the company has stated that failure to resolve by June 25 the current labour dispute involving pipeline welders would cause it to seriously consider cancellation of construction for the rest of the year.

As I stated previously, the labour dispute is a matter outside of federal jurisdiction, and I understand that the Quebec government is considering action to impose a settlement.

With regard to the date of having gas available to the maritime consumers, I should point out that 1983 was a target indicated in the National Energy Program, but never a guarantee by the federal government. The government continues to support completion of the pipeline with a minimum of delay.

FOREIGN AFFAIRS

MIDDLE EAST—POSSIBLE CANADIAN PARTICIPATION IN MULTINATIONAL PEACEKEEPING FORCE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Murray on June 18 concerning possible Canadian participation in a multinational peacekeeping force in the Middle East.

Canada has not officially been asked to participate in such a force and has not been involved in its planning. Therefore, it would be inappropriate for the government to comment on the size of the force and whether it should have some kind of combat capability.

ISRAELI ATTACK ON NUCLEAR REACTOR IN IRAQ—CANADIAN ATTITUDE IN SECURITY COUNCIL

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on June 18 Senator Macquarrie asked a question concerning the Israeli attack on Iraq.

Canada has strongly condemned the Israeli attack on Iraq. The government fully supports the condemnation of Israel by the international community in the Security Council. The government's strong condemnation of Israel is not in any way diminished by Canada's negative vote on the International Atomic Energy Association resolution. This involved universality of membership in international organizations, a principle to which Canada is strongly committed.

MIDDLE EAST—GOVERNMENT ACTION ON STANFIELD REPORT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Macquarrie on June 18 concerning the Stanfield report on the Middle East.

The government finds the Stanfield report a worthwhile and useful document. The government has no plans to formally adopt the report, but its recommendations will be borne in mind in ongoing formulation of Canadian Middle East policy.

NATIONAL HEALTH AND WELFARE

MEDICAL TREATMENT OF GOVERNMENT EMPLOYEE

Question No. 57 on the Order Paper—**By Hon. Orville H. Phillips:**

> Has the Minister of National Health and Welfare received any correspondence whatsoever in 1981 involving medical treatment of a government employee, namely, Mr. Gaston Lévesque of St. Lambert, Quebec, and (i) what action, if any, has the Minister taken (ii) if no action was taken, what was the reason?

Reply by the Minister of National Health and Welfare:

Yes.

(i) and (ii) An inquiry was received dated February 27, 1981. At the request of the minister the records were reviewed. Based on the assessment the minister replied to the inquiry.

● (1440)

EXCISE TAX ACT
EXCISE ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. A. Irvine Barrow moved the second reading of Bill C-57, to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas.

He said: Honourable senators, Bill C-57 is an important tax bill which implements the two parts of the government's energy program and a number of changes in federal sales and excise tax measures.

The bill consists of five parts. Part I deals with amendments to the federal sales tax system, such as the application of tax to cosmetics at the sale to retailer level, and to advertising inserts distributed in newspapers. Part II implements the new tax on natural gas and gas liquids. Part III deals with changes in the taxation of alcoholic beverages and technical provisions of the Excise Tax Act, and also establishes a new temporary licence mechanism to facilitate the production of alcohol for experimentation and development as a fuel. Part IV establishes an 8 per cent tax on petroleum and gas revenues under a separate act. And Part V prescribes the commencement dates for the various provisions in the first four parts of the bill.

I should like to take this opportunity to highlight some of the more important provisions of the bill, and then to comment on a number of the amendments which were adopted by the other place before sending this bill to us.

Perhaps the most important provision in Part I is the reduction in the federal sales tax from 12 per cent to 9 per cent, as originally proposed by the Honourable Jean Chrétien in his budget of November 1978. This measure, which has had a substantial stimulative effect on the Canadian economy, has been continued in force since November 1978, by way of remission order under the Financial Administration Act. The bill also contains a number of other tax increases and decreases from that budget, which have also been administered since that time on the basis of ways and means motions, in accordance with traditional practice.

In addition, Bill C-57 contains a number of important measures relating to the structure of the federal sales tax which were announced by the Honourable Allan MacEachen in his statement of April 21, 1980 and budget of October 28, 1980. These include a broadening of the definion of "manufacturer" to include persons commonly referred to as "marginal manufacturers", a shifting of the tax on cosmetics from the manufacturer's to the wholesaler's level, and replacement of the specific taxes on gasoline and diesel fuel with the standard 9 per cent *ad valorem* sales tax imposed on the sale of these products to retailers.

Honourable senators, let me explain briefly what the problem of marginal manufacturing is. Under the existing tax system the value of any operations performed by a manufacturer prior to the sale of the goods is included in the manufacturer's sales price, which forms the base for federal sales tax. This includes such operations as assembling, blending, packaging, and breaking bulk. When these are performed beyond the tax point, however, by a person who is not a licensed manufacturer of the goods, the value added through these functions escapes the tax. This is clearly inequitable, as one person is required to pay tax on a series of specific operations as part of a manufacturing process, while no tax liability is imposed on another person who performs essentially the same operations.

A second, less obvious but perhaps more important, fact of this problem is that the incidence of tax avoidance through marginal manufacturing is most prevalent in the case of imported goods. Importers frequently import goods in unassembled and unpackaged form, pay tax on them at the point of importation on relatively low values, and escape tax on packaging and assembling operations subsequently performed in Canada. The effective rate of tax on imported goods is in many cases as low as one-half of the rate on comparable domestically manufactured goods.

The performance of marginal manufacturing activities beyond the tax point in the case of imported goods is a key factor in this tax disparity. The proposed amendments are designed to establish a more equitable tax base for all manufacturers, producers and importers in Canada by including persons who perform specific manufacturing activities within the definition of "manufacturer or producer" and requiring those persons to pay federal sales tax on all goods manufactured or marginally manufactured by them.

The measure for cosmetics is also designed to address similar inequities in the application of the federal sales tax. In the case of cosmetics, marketing, royalty, packaging and other similar costs are significant in relation to basic manufacturing costs. It appears that many manufacturers have arranged their affairs to artificially separate the physical manufacturing process from other functions traditionally performed by manufacturers. This is achieved by contracting out the actual manufacturing operations to a separate legal entity, and paying tax on the sale price of the physical producers.

Similarly, in the case of imports, tax is paid on the duty-paid value of fully manufactured cosmetics. In both cases a substantial value added through branding, advertising and labeling functions escapes tax.

This has created two problems. First, a serious loss of revenue and erosion of the tax base has occurred. Secondly, integrated domestic manufacturers who pay taxes on their full sale price, inclusive of trademark, advertising and distribution costs, are placed at a competitive disadvantage.

The shift of the federal sales tax to the wholesale level for cosmetics will correct these problems by imposing the tax on the sale price to retailers, which in most cases is consistent and well defined, rather than on the highly variable manufacturer's

sales price. This proposal will thus establish an equitable tax base for all cosmetic products sold in Canada.

The third important structural change which I referred to earlier is the application of federal sales tax to gasoline and diesel fuel. These products are typically sold by manufacturers at a number of different trade levels, at widely varying prices. Sales may be made at the refinery level, from one producer to another at prices which reflect little more than basic refining costs, to independent gasoline distributors, to refinery-owned retail outlets or to independent retail service stations. Application of federal sales tax to the actual sale price by the manufacturer creates wide variations in the value for tax depending on the nature of the distribution system through which the gasoline and diesel fuel flow.

In an attempt to deal with these inequities, amendments were introduced in 1977 to establish specific rates of tax on these products. Rapid increases in the price of petroleum products in recent years, however, have quickly eroded the real value of these levies.

Shifting the federal sales tax on gasoline, diesel fuel and aviation fuel to an *ad valorem* levy at the wholesale level will resolve both the value for tax problems previously encountered when the tax was imposed at the manufacturer's level and the erosion of the tax base which has occurred as a result of the change in 1977 to specific tax rates.

I should also like to bring to honourable senators' attention a number of important amendments which have been made to this bill by the other house as a result of representations made to the Standing Senate Committee on Banking, Trade and Commerce, the House Committee on Finance, Trade and Economic Affairs, and the Minister of Finance. One of the major changes to sales and excise tax provisions contained in this bill is the proposal to index the specific levies on alcohol and tobacco products to related subgroups of the consumer price index. The measures, as orginally proposed, would have resulted in quarterly changes in the rates applicable to alcohol and tobacco products. As some honourable senators will no doubt recall, industry representatives raised major concerns about the frequency of these changes and the administration and compliance burden which they would impose. In response to these concerns, the bill now before us has been amended to provide that the tax rates will be indexed annually on the first of September each year.

● (1450)

A second significant change from the original budget proposals relates to the definition of a newspaper for tax exemption purposes. A number of community newspapers made representations concerning the proposal to limit the exemption for newspapers to publications which have not more than 75 per cent advertising content in 50 per cent of the issues in the previous three months. Some publishers expressed concern that, while the advertising content of their publications was generally less than 75 per cent, occasionally they could exceed this limit due to seasonal or other factors. In response to these concerns, the bill has been amended to increase the 75 per cent limit to 80 per cent, which was a recommendation made by the members of the Senate committee. This new limit will provide a fair criterion for separating tax exempt newspapers from other forms of taxable printed material, and will address the specific concerns of the community newspapers.

The provisions relating to the taxation of cosmetics sold to beauty salons, which received extensive consideration by the Senate committee, have also been amended to meet the concerns of industry representatives. The provisions as amended will exclude from the definition of "manufacturer or producer" persons who sell cosmetics exclusively and directly to beauty salons and similar establishments providing personal grooming services. Such persons will now be treated as retailers, and will be relieved of any liability for tax on their sales of cosmetics to beauty salons.

Finally, to address the concerns of the small business community, a provision has been made to relieve approximately 10,000 small businesses from the requirement to file an annual information return. Where these small businesses elect to provide the necessary information as part of their normal tax return, the Minister of National Revenue will be authorized to waive the requirement to file an annual information return. The persons affected by this change are those licensees who currently are authorized to file regular tax returns and payments quarterly or semi-annually rather than monthly.

Honourable senators, this bill provides authority for two new energy-related taxes which were proposed in the budget of October 28, 1980. Part II of Bill C-57 imposes a special tax to be known as the natural gas and gas liquids tax and which will form part of the Excise Tax Act. Part IV of the bill imposes the 8 per cent petroleum and gas revenue tax.

The gas tax will apply to all sales of Canadian natural gas and natural gas liquids, which are propane, butane and ethane, regardless of whether the sales are to domestic or foreign buyers. The rate of tax is 28 cents per gigajoule on gas effective November 1, 1980, for domestic sales of marketable pipeline gas, and is generally imposed on receipts of gas by distributors. The tax on natural gas exports is effective February 1, 1981, and the holder of the export licence is deemed to be the distributor for purposes of the tax. The bill proposes to raise the tax in three stages to reach 70 cents per gigajoule on January 1, 1983. Equivalent rates of tax apply to gas liquids. A gigajoule is a measure of heat produced by 1,000 cubic feet of gas.

The petroleum and gas revenue tax will be imposed under a separate act and will apply to the gross profit from the production of oil or gas in Canada—that is, production revenue less direct lifting costs in the case of operators of oil wells, and gross royalties in the case of investors in oil and gas properties. The tax is effective January 1, 1981, at a rate of 8 per cent. In order to ensure that the tax base is not eroded, no deductions are permitted for exploration and development expenditures, capital cost allowances, interest payments or royalty payments to governments. In order to ensure equal treatment of taxpayers, whether they are liable for normal corporate income tax or not, the petroleum and gas revenue tax is non-deductible for income tax purposes.

These taxes are an important part of the government's new energy program as announced in Mr. MacEachen's budget. The program has three important objectives; namely, greater Canadian ownership and control of the oil and gas industry, a fair pricing and revenue-sharing regime which recognizes the needs and rights of Canadians in all provinces, and security of supply and ultimate independence from the world oil market. The natural gas and gas liquids tax and the petroleum and gas revenue tax are essential for the achievement of these objectives.

Revenues from the two taxes proposed in this bill assist in the financing of incentive payments for exploration and development of oil and gas, grants for conversion from oil to gas, electric heating or other fuels, subsidies for gas pipeline extension into areas dependent on imported oil, and increased incentives for home insulation. All of these programs are important in achieving the government's goal of energy security.

The natural gas tax forms part of the overall pricing strategy set out in the National Energy Program. That document outlined various goals for oil and tax pricing and the tax is an important instrument in serving those goals. These goals include providing adequate incentives for supply without giving unwarranted profits to producers, providing an impetus to conservation without undue shocks to the Canadian economy, and encouraging consumers to switch from oil to gas. Even with the full implementation of the tax, the price of gas to Canadian consumers will decline relative to oil prices, on a heat equivalent basis. There will be, therefore, a major incentive to switch from oil to gas.

Canadians in all provinces, through the federal government, bear much of the burden of rising energy prices. However, in recent years the federal government has received about 10 per cent of petroleum production revenue. Provincial governments and the industry have each been receiving about 45 per cent of revenues. The petroleum and gas revenue tax will help to redress this imbalance.

Testimony presented by the oil industry to the Standing Senate Committee on Banking, Trade and Commerce indicated that, in some cases, the PGRT impacts unfavourably on the economics of marginal oil wells. However, in its preliminary report to the Minister of Finance, the committee noted that the PGRT and gas tax implement only part of the National Energy Program. Furthermore, the report noted that negotiations between the federal government and the energy-producing provinces may have an important impact on the matter raised before the committee.

In conclusion, honourable senators, this is an important bill. It brings into law changes in the sales and excise tax system that address deficiencies in that structure as it now stands. The energy taxes in this bill are an essential part of the government's energy program, and I commend it to you for your consideration.

Although the subject matter of this bill has been reported on in the preliminary report to the Senate by the Standing Senate Committee on Banking, Trade and Commerce on both May 19 and May 26, it is my intention, if and when it receives second reading, to ask that this bill be referred to that committee.

Hon. W. M. Benidickson: Honourable senators, I should like to ask Senator Barrow a question. I have not been following regularly and recently the reports of the Banking, Trade and Commerce Committee. However, since the budget of October 1980, and the announcement of the National Energy Program then, and with respect to Part IV of this bill, has any litigation been instituted in the courts, or would any litigation require first the passing of this new bill, which is referred to on page 85?

Senator Barrow: It is my understanding, honourable senators, that there is some litigation before the courts, although I do not know the exact terms of it.

● (1500)

Hon. R. James Balfour: Honourable senators, the legislation we are considering, Bill C-57, insofar as it levies new taxes upon the oil and gas industry in Canada, is, I submit, of fundamental importance to all Canadians. These tax measures, together with the companion legislation Bill C-48, will have a profound and, in my view, a negative effect on the future development of oil and gas supplies in our country.

It is becoming increasingly obvious to Canadians that the so-called National Energy Program of Mr. Lalonde is a program for disaster, not a program for self-sufficiency, as it has been ballyhooed by government spokesmen since its introduction last October.

What has been the effect of the National Energy Program to date? Oil and gas exploration and associated activity in the western provinces have been reduced by more than half. Three thousand of the 20,000 men employed in the trade had been laid off by the end of May, and another 6,000 are expected to be laid off by the middle of this summer. Where 370 rigs were drilling last year, 177 are drilling this year. Seventy-eight rigs have left the country since October 28, and 53 are committed to leave this month. In short, an industry upon which both the economy and security of the country depends has been thrust into a deep depression.

Development of the heavy oil and tar sands plants has been brought to a halt, although there is enough synthetic oil in Alberta to meet the needs of Canada 300 years at present rates of production. Alberta has reduced by more than 10 per cent its supply of crude oil to central Canada and will have cut back the supply by 15 per cent by the end of September.

Nearly $1.5 billion is being sent to Belgium to pay for the Petrofina Oil Company as a federal gift to Petro-Canada. That expenditure will directly raise the price of gasoline and at the same time will not add a single barrel of oil to Canada's supply.

Per capita consumption of oil in Canada continues to rise because the National Energy Program holds Canadian prices far below prices charged in nearly all the countries in the western world. In fact, the Canadian price is about one-third

of the price charged in Great Britain which is self-sufficient in oil because of the North Sea development.

In the United States by contrast, higher prices have had the effect of reducing imports by 24 per cent in a single year and cutting consumption by two million barrels a day. Meanwhile, American cars stream over the border to fill up on Canada's cut-rate gasoline and, in the process, fatten the coffers of the Ontario government through its levy on such gasoline of its so-called road tax.

Heavy oil wells in the Lloydminster area are being shut down because the National Energy Program does not provide enough revenue to make it economical to operate them.

Unemployment stalks Ontario industry which is being deprived of machinery and equipment orders due to the cutback in Alberta conventional oil and gas exploration and the arrest of the tar sands development.

British Columbia and Saskatchewan have defied the government at Ottawa, and refuse to pay the tax it is attempting to levy on natural gas production.

Nova Scotia and Newfoundland have announced that they will not recognize federal laws leasing oil rights on offshore lands—a situation that could conceivably see both levels of government leasing the same properties.

In the meantime, Alberta has taken the federal government to court on the legality of the excise tax as it applies to provincial government-owned natural gas, and the Alberta Court of Appeal has unanimously upheld the position of the province.

The United States is considering retaliatory measures against Canadian oil and mining companies operating in that country in response to the National Energy Program's "Canadianization" measures. Such a move could cripple hundreds of Canadian resource companies operating in that country.

In summary, the National Energy Program after only eight months has managed to cripple the Canadian exploration industry and drive a substantial segment of it out of this country. It has managed to increase Canadian oil consumption; to disrupt the supply of existing oil; to ship millions of dollars overseas; to jeopardize relations with the Americans; to expose us to far more dependence on Middle East and other foreign oil supplies; to halt development of the tar sands; and to throw federal-provincial relations into chaos.

Honourable senators, I submit that the government's policy with respect to the pricing of domestic supplies of non-renewable petroleum from western Canada is little short of ludicrous. While $17.75 a barrel at the wellhead is what the federal government will permit to be paid for Alberta oil, it will, on the other hand, cheerfully pay—or, more correctly, make Canadian consumers pay—$48 a barrel for foreign oil.

It is little wonder that the Alberta government is cutting back production of its non-renewable resource by 120,000 barrels a day—a cutback that is to increase to 160,000 barrels a day by September. The Province of Alberta is expected to dispose of, for cut-rate prices, its rapidly diminishing supplies of crude oil and in response is cutting back oil production really because it has no other tool with which to try to bring Ottawa to meaningful negotiations.

Federal Energy Minister Marc Lalonde has been slow to seek a compromise. He indulges himself in accusations of Albertan inflexibility, even though Alberta has offered to move, over several years, to only 75 per cent of world prices. He chose not to meet his Alberta counterpart, Mr. Leach, until nearly six months after the National Energy Program ultimatum. He says it is highly unlikely that a new energy pact will be reached in the negotiations taking place this month. He obviously hopes Alberta will lack the courage to continue with its oil cutbacks, and Canadians may be sure that he will raise cries of "Unfair" as he imposes new taxes to pay the new subsidies on the foreign oil that will replace Alberta oil.

As Canadians pay these new taxes, they should remember some other factors. On May 1 they were required to pay one cent per litre more for gasoline so that the federal government oil company could buy foreign-controlled Petrofina Canada Inc. at a grossly inflated price. Federal sales tax will be levied on the tax, and in Ontario the 20 per cent sales tax on gasoline will be adjusted on July 1 to tax the new tax. Both Ontario and Ottawa will vilify Alberta for the cutback, but they will increase their own revenues through it.

I would like to draw the attention of honourable senators to a study prepared by the C.D. Howe Institute entitled "Canada's Energy Policy Debate." I will read to honourable senators the conclusions set forth in the report which bear serious consideration. The report concludes by saying:

> The National Energy Program is an economic policy that is severely constrained by political factors. It represents the federal view of how Canada's energy resources can be used as a tool to orchestrate the country's economic future, with the federal government conducting and playing the leading role.
>
> But Canada has a federal system in which powers of resource ownership must be exercised co-operatively. Ottawa has failed to create a broader climate of confidence in the west by showing that it recognizes and accepts that region's economic aspirations. The National Energy Program produced a coherent strategy but failed to produce a process for its successful realization without creating greater divisiveness in the existing system.
>
> All Canadians will be worse off if the political impasse drags on. In early 1981 the debate focused on the apparently simple solution that Ottawa compromise by raising wellhead prices for oil over the next three years. But this view overlooked the taxation measures contained in the National Energy Program, which the west perceives as an important barrier to its economic aspirations. Resolution of the impasse will be a complex matter in which each side must recognize the needs of the other—something each has thus far failed to do.
>
> Another longer-range aspect of the National Energy Program must also be addressed. The National Energy

> Program implicitly takes the view that Canada can afford to trade self-sufficiency for restructured distribution. This policy represents a timely departure from the past in its emphasis on reducing oil demand. It is unlikely that there will be any going back on these fundamentals. But the policy takes risks. If the attractiveness of competing activity in the United States has been underestimated, if reduction in oil demand has been overestimated, if the oil sands projects are delayed much longer, and if the response to frontier options is weak, Canadians may pay lower prices and own more of their industry by mid-decade, but they should also be aware that part of the price may be lineups at the gas pumps.

Honourable senators, I do not intend to speak at length on Bill C-57. It has had prolonged debate and committee consideration in the other place, and we have also had the benefit of numerous briefs which were presented to us in committee here.

I have focused my remarks on what I perceive to be disastrous implications to the Canadian oil and gas industry resulting from the 8 per cent production tax and the excise tax which will be levied by this legislation. But this government has set its course and will evidently not be swayed by logic or argument, no matter from what source it may originate.

An economic disaster of huge proportions is in the making, and the tragedy is compounded by the fact that before the introduction of the National Energy Program Canada was poised to take a great step forward in terms of its domestic energy supply capacity.

● (1510)

Hon. Ernest C. Manning: Honourable senators, representing a region of Canada that is most directly and severely affected by the application of certain sections of this act, I would be remiss if I did not offer a few comments and place on record my very strong objections to this particular piece of legislation.

I am not an apologist for the Government of Alberta, and I in no way speak for the Government of Alberta, but as one who had long years of close association with the development of the petroleum industry in western Canada I can say without hesitation that the National Energy Program is little short of being a national disaster as far as accomplishing the stated objectives of the program is concerned.

In this particular bill we have the application of special tax levies on petroleum and natural gas. It is one thing for a government to impose a tax on all the resource revenues of the country, and it is another thing altogether to single out one particular resource found primarily in one area of Canada and impose on that particular resource the type of taxation that is proposed in this bill. Why, one might properly ask, does this tax not apply to revenue accruing from other natural resources in this country? What about pulp and other mineral resources? What about electrical energy that is generated in Newfoundland, Quebec and Ontario, much of which is exported from the country? Why is only the one category of natural resource singled out for discrimination by the taxation imposed by this legislation?

Honourable senators, whether it is a valid conclusion or not, this type of legislation, as far as thousands of people in western Canada are concerned, simply confirms that the major objective of the federal government's National Energy Program is not to obtain self-sufficiency for Canada, for had that been the objective the program that has been adopted would never even have been considered. It is not the encouragement of alternative forms of energy, for, again, it falls far short of what could and should be done to provide such encouragement. This kind of legislation confirms, in the minds of the people of western Canada at least, that the major objective of the National Energy Program is to increase federal government control of the provincially-owned natural resources of this country, particularly in the energy field, and to substantially increase the federal government's portion of such revenue as accrues from the development of those resources.

I will not take the time of the house to say many things I feel strongly could and should be said, because I am realist enough to know that the government has set its teeth in this matter and has no intention of listening to logic, no matter how often it is presented. But I do say that time-wise the government could not have chosen a worse time to impose this kind of discriminatory taxation.

It has been stated in this house, in the other place and one reads in the newspapers almost daily that one of the most essential things for the good of this country is a settlement of the energy dispute between the producing provinces and the Government of Canada. Frankly, I can think of few steps the government can take that will do more to prejudice the negotiations and the hope for an amicable settlement than this kind of discriminatory taxation which singles out the revenue from one resource in one region of Canada.

As I have said, I shall not keep the house with a long dissertation, because I can go off and talk to myself more comfortably some place other than in this chamber, but I urge honourable senators, in the interest of this country, not to ignore the long-range, adverse consequences of this kind of legislation. It is discriminatory, counter-productive as far as the stated objectives of the National Energy Program are concerned and, even more regrettably, it is the kind of legislation that further aggravates the sense of regional alienation that already is strong in western Canada and which is so detrimental to the interest of this country as a whole.

On motion of Senator Flynn, for Senator Charbonneau, debate adjourned.

THE ESTIMATES

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance on the Estimates laid before Parliament for the

fiscal year ending 31st March, 1982.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, both Order No. 3 and Order No. 4 stand in my name. I yield to Senator Godfrey, after which I shall move the adjournment of the debate.

Hon. Senators: Agreed.

Hon. John M. Godfrey: Honourable senators, I shall keep you for only a minute or so. I should like to congratulate Senator Roblin on the excellent speech he made last night, a speech in keeping with the very high calibre of speeches previously made in this debate by Senators Everett and Lamontagne. It is therefore with some diffidence that I rise to reiterate a point I made in a speech in the Senate on December 12, 1979. As it is reported in *Debates of the Senate* at page 2600, Senator Roblin said in his speech last night:

> One way or another, the natural resource of his province is being supplied to the people of Canada at something less than half price. I know of no other province which has disposed of any of its natural resources on such a generous basis.

The "his" refers to Premier Lougheed.

In his speech during the pipeline debate on November 21, 1979 Senator Manning made somewhat the same point with regard to the national energy policy. He said that Ontario nickel, Quebec iron and other natural resources are all sold at the international price, whereas western oil is the only commodity that is treated differently.

● (1520)

I will not reiterate what I said in my speech, but I did point out that for many years, at various times, there has been a two-price system for copper, that in 1965 the federal government placed copper under the Export and Import Permits Act, and that by the first month of 1966 the London Metals Exchange price was double the Canadian producer price. At various times during the ensuing years there were differences in the domestic price and the international price. For example, in 1974 the London Metals Exchange price was about $1.50 per pound, while the North America producers' price was about 80 cents, which worked out to about 53 per cent of world price.

Ontario and Quebec are very large producers of copper. I do not know whether Alberta produces any, but if it does I am sure it is insignificant. Therefore, the statement by Senator Roblin that he does not know of any province which has disposed of any of its natural resources on such a generous basis is, in fact, not strictly accurate.

Senator Flynn: You made a very important point. It was worth it.

Senator Frith: Senator Roblin said he did not know of any.

On motion of Senator Frith, debate adjourned.

[*Translation*]

LABOUR RELATIONS

PROPOSALS FOR IMPROVEMENT

Hon. Jean-Paul Deschatelets rose pursuant to notice of Thursday, June 18, 1981:

> That he will call the attention of the Senate to the serious disintegration of labour relations in Canada and to various proposals for a more orderly and less disruptive exercise of the right to strike.

He said: Honourable senators, I shall try not to take up too much of your time. I would like to consider with you some of the aspects of the serious problems arising from the negotiation of collective agreements both in the private and the public sectors.

Honourable senators, we are all aware of the difficulties we are now facing in Canada with respect to labour relations. There is no need to quote lengthy sets of figures, because if you keep your eyes and ears opened, radio, television and the newspapers constantly remind us of the numerous strikes and lockouts throughout the country. These strikes and lockouts affect all areas of services. No one is spared. It is hell let loose.

I do not propose to dispute the right to strike or to issue a lockout order, and I hope that no one will consider this as a support for management or for the unions; the only reason why I enter this debate is the responsibility which we share as members of the Senate for millions of our fellow Canadians who suffer from such situations which affect services, often essential ones, to which they are entitled, who are never consulted and who are used as innocent hostages.

Adding to this the current economic situation plagued by inflation, unemployment, high interest rates and an insignificant increase in productivity, one may well understand how urgent it is to have a very close look at the use of the right to strike and have lockouts, in order first to reduce the number of strikes and lockouts, and then to shorten them when they do occur.

One may understand the seriousness of the situation when one considers that, in 1979, labour management conflicts resulted in 1,050 work stoppages in Canada involving close to 500,000 employees and resulting in a loss of some eight million person-days of work.

If we compare the situation in Canada with that of 12 other industrialized countries, including the United States, France, Germany, Great Britain, and so on, figures show that between 1967 and 1976, Italy came first in the loss of person-days per thousand employees, while Canada came second. However, if we look at the statistics for the average length of work stoppages for the same period, Canada is in first place, followed by the United States.

What can we do in such circumstances? I believe that this is the type of mandate which we could assign to a committee of the Senate in the public interest. This would give us the opportunity to have discussions with both management and the unions in looking for a mechanism which would soften the

social tensions which we are now experiencing. I shall make a definite proposal on this at the end of my comments.

In this regard, I would like to remind you of one thing that we know in the Senate, but of which the public is unfortunately not always aware. Throughout the years, we have built for ourselves a certain reputation thanks to our inquiries on just about every subject. I would like to mention in passing that, following the Croll inquiry on retirement, the end of mandatory retirement and the question of pensions, certain recommendations were made. One of the first was to put an end to mandatory retirement at 65. You were informed a few weeks ago that a bill was introduced in the Quebec National Assembly to put an end to mandatory retirement at 65. I consider this one of the first consquences of a very exhaustive study carried out by one of our committees chaired by Senator Croll.

Honourable senators, I shall therefore immediately suggest certain actions liable to improve the situation, and I hope that the honourable senators whose experience far exceed mine in this respect may then make further suggestions so that a Senate committee will be able to work with constructive proposals.

My first suggestion concerns one of the major contentious issues, that of wage increases. I ask myself this question: Does Canada have the financial capacity to absorb national wage increases which would correspond to the increase in the cost of living for any given year? If, for instance, the Minister of Finance, either when delivering his budget or at any other time, following a provincial-federal agreement, were to provide for any given year a maximum allowable salary increase to match the increase in the cost of living and if the provincial legislatures were to take the same attitude, it would mean that there would be nationwide action to set a ceiling on pay increases for a given year. The question is: Is such a proposition both desirable and possible?

I have read somewhere, in a study on the question, that Canada was in a position to enact such a salary increase on a national basis, unfortunately I cannot give a precise source. However, I think I can give an affirmative answer to the question, based on the fact that for the last year for which wage increase data are available nationally, they averaged 12.6 per cent, and this exceeds the cost of living increase over the same period. I therefore submit that this proposition deserves consideration, because it directly implies in itself a significant decrease in the number of strikes or lockouts.

My second suggestion has to do with considering the Swedish experience, which I find most interesting and capable of being applied in Canada. Statistics show that in Sweden, for the period extending from 1967 to 1976, there have been 38 man-days lost per 1,000 employees, as compared to 959 in Canada over the same period, 30 times more. The Swedes succeeded in reducing the number of negotiations through a process of central negotiations. Employees are grouped under four major labour federations, while employers are represented by one only. Negotiations at the national level deal essentially on the minimum and hourly wages, working hours and leave. Other work conditions are negotiated locally. Agreements between federations are not binding by themselves, they are only recommended. But actually the centrally negotiated agreement gets automatic approval. The Swedish experience seems very interesting, because it is aimed at reducing the number of negotiations and therefore the danger of a number of strikes.

[Senator Deschatelets.]

● (1530)

In West Germany we find a variation that is just as interesting, aimed at a trilateral agreement at the national level. Each year, labour and government leaders meet to discuss the conditions of the national economy. In the light of a number of factors including inflation, unemployment rates and monetary policies, the parties come to an agreement in respect of salaries and fringe benefits for the coming year. Once concluded, the agreement receives unconditional support from all interested parties and other working conditions are negotiated locally. Even though such an approach in no way precludes strikes or lock-outs, the trilateral agreement has had a beneficial impact because for the period extending from 1967 to 1976, Germany has had the second best result of industrialized countries in respect of person-days lost per employee. As in Sweden, the German system has as a pre-requisite a consolidation of labour unions and employers to improve the results of negotiations at the national level.

Honourable senators, another proposal I find interesting is co-management, or employee representation on board of directors. It is an interesting formula which has often been advocated to reduce the tensions aggravating labour relations; its main attraction is that both parties involved are fully aware of one another's positions, objectives and constraints. It minimizes the possibilities of strikes and lockouts. This formula has gained favour mostly in Europe and I would suggest that Canada might benefit from that experiment.

Another similar formula is to promote a system of profit-sharing or share distribution for employees; if employees realize that they are more directly involved when it comes to the financial health of their employer, perhaps their demands will be more reasonable.

Now a few formulas of a more procedural nature might also be considered through amendments to the Labour Code. Through legislation, it might thus be made mandatory that before the expiry date of a collective agreement either party tells the other which provisions of the agreement it intends to challenge during the negotiations and which ones it accepts as being renewable without any changes. Given such notice, each party would be in a position to concentrate its efforts on the contentious provisions and the major consequential benefit would be to pinpoint the real causes of disagreement and thus avoid the many bluffs we hear about now and again in collective bargaining. Our present system does not provide for mandatory conciliation or mediation mechanisms before a strike or a lockout. It is a major possibility which we might consider.

As you probably know, honourable senators, there are many other aspects we might look at in an attempt to reduce the number of strikes and their duration as well. But I have no intention today to delve into such a complex issue. My purpose is very simply to draw your attention to a problem which I think is very serious, a problem which in some regards borders on anarchy and chaos. I would want us to get together and take measures in an effort to lessen the consequences of that thorny problem in the interest of all Canadians.

I therefore suggest that this whole issue be referred to a Senate committee for further consideration, and I tabled this day a notice of motion which could be put on Monday's order paper. I will not be addressing this motion of course, as I am speaking of the subject matter today. But I want to indicate, by tabling this motion, that this is not a problem that can be solved by speeches alone. I wanted to speak to you of this problem today. I think that you are aware just as I am of the seriousness of this issue and I think it is important, before we adjourn for the summer, to show all Canadians that we are very concerned and that we want, without further delay, to prepare the ground for an in-depth study of this whole matter.

Finally, in the absence of the Leader of the Government, I want to address some remarks to the Deputy Leader, the Honourable Senator Frith, regarding the setting up of this committee, should the Senate agree to it. This is what I want to say to Senator Frith and also to the Leader of the Opposition: Why do we not take this opportunity to get off the beaten path? For this inquiry into an issue which concerns the majority of Canadians, why do we not try to set up this committee somewhat differently from the other senate committees?

For instance, the responsibility for setting up this committee should be given to a maximum of seven senators. The rationale for this suggestion is as follows: so far we have tried to have regional representation in our committees so that the provinces would be adequately represented. For this special committee I do not see why we could not take a different approach and model it on a task force, for example. The House of Commons, if I am not mistaken, has a different approach.

I therefore submit that seven could be in charge of this inquiry with prior understanding that, should a member he unable to attend the sittings, other members of the Senate could be substituted so that there would always be seven members sitting on the committee. You might consider this as a detail, but to me it is very important; these senators could sit at the chairman's table wearing a name tag to be identified, and the witness or witnesses as in all inquiries could appear before them.

I have seen several of our Senate inquiries where eight or ten witnesses appeared before 16, 17 or 18 senators. Coats and hats were hanging there, there were commissioners around but no one knew who was in charge. So, I feel it is important to observe the proprieties; it would give added prestige to those who will be asked to assume that responsibility. This reminds me of the telecast of the sittings of the American Senate, for instance, where we see that the senators, whose names are clearly identified, share equally with the chairman the full responsibility of the inquiry.

Those are but a few ideas I submit to you, honourable senators. I do hope you will agree with my suggestions. Once again, I feel that as members of the Upper House, though we are not elected by the people, we still have, by virtue of the Constitution, some responsibility towards our fellow-citizens. If there is a matter about which we hear people complain in every province it is that of the numerous strikes which leave the citizens defenseless. What I propose to you today is that we meet their expectations and try to find a solution together.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with respect to the question directed to the Leader of the Government and, in his absence, to me, I should like to say that we, on this side, are always willing to consider changes and improvements to our committee system. In this case, however, I suggest that Senator Deschatelets is placing the cart before the horse. As a matter of fact, we are merely debating an inquiry.

Of course, the remarks Senator Deschatelets has made concerning his inquiry are relevant to the motion. We will even consider the motion next Monday evening.

I cannot say, therefore, that there is no link between the two. But, at the same time, I suggest that we must differentiate between the motion and the inquiry, because the motion refers to the establishment of a committee to deal with an issue which is probably universally accepted. That is a very serious issue, but it is possible that other senators, for instance, Senator Lawson, our resident expert on labour relations—

Hon. Jacques Flynn (Leader of the Opposition): Resident?

Senator Frith: Yes, resident, there, now.

Senator Lafond: Present?

Senator Frith: Present. It is quite possible we may have to consider the reactions of other honourable senators concerning this motion. Logically speaking, this problem may be deemed serious enough to warrant the setting up of a committee. But some may wonder whether the setting up of a committee is a valid solution. I can assure Senator Deschatelets that we are willing to consider the new approaches he has suggested concerning the setting up of a committee and perhaps take advantage, for instance, of the experience of the task forces.

Senator Deschatelets: It is quite reasonable.

Senator Flynn: Honourable senators, following the suggestion made by the Deputy Leader of the Government about the situation set out by Senator Deschatelets, first by means of a notice of motion and then a motion proper, it seems to me that the debate on those two procedures cannot be differentiated. I would suggest that nobody else speak on the inquiry under consideration but that we carry on the debate next Monday evening on the formal motion of Senator Deschatelets to set up that committee.

Senator Frith: We will wait for the motion, fine. I did not mean that both matters should be divided or that there is no relation between them. Quite clearly there is.

Senator Flynn: Well, there is the conclusion—

Senator Frith: That is right. Even if there is connection procedurally as far as the setting up of the committee is concerned, it should be considered after the proposal has been assessed on its merits.

[*English*]

The Hon. the Acting Speaker (Hon. Renaude Lapointe): As no other honourable senator wishes to speak, this inquiry is considered as having been debated.

The Senate adjourned until Monday, June 29, 1981, at 8 p.m.

APPENDIX "A"

(*See p. 2606*)

STANDING SENATE COMMITTEE ON NATIONAL FINANCE

REPORT ON SUPPLEMENTARY ESTIMATES (B) LAID BEFORE PARLIAMENT FOR THE FISCAL YEAR ENDING MARCH 31, 1982

June 23, 1981

The Standing Senate Committee on National Finance to which the Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1982 were referred, has in obedience to the order of reference of Thursday, June 18, 1981 examined the said Supplementary Estimates (B) and reports as follows:

The Committee was authorized by the Senate as recorded in the *Minutes of the Proceedings of the Senate* of June 18, 1981 to examine and report upon the expenditures proposed by the Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1982.

In obedience to the foregoing, your Committee examined the Supplementary Estimates (B) and heard evidence from the following: from the Treasury Board: Mr. D. J. Johnston, President; Mr. R. L. Richardson, Deputy Secretary; Mr. L. J. O'Toole, Assistant Secretary; Mr. E. R. Stimpson, Director General, Budget Co-ordination Group; and from the Department of Energy, Mines and Resources: Mr. D. J. Orchard, Director, Gas and Electric Conversions, Canada Oil Substitution Program; Mrs. Nancy Mitchell, CHIP Administrator, Conversion and Renewable Energy Branch.

Supplementary Estimates (B), 1981-82 were presented at this time due to the ruling of the Speaker of the House of Commons of June 12, 1981. In this, the Speaker ruled 10 votes contained in the Main Estimates, 1981-82 to be deleted as they were "really legislative items which deal with matters of substance". This ruling, and its precedents, are based on a principle endorsed in the past by this Committee, namely that appropriation acts should not be used to amend or enact legislation. In the Speaker's words, "the appropriation act should only seek authority to spend the money for a program that has been previously authorized by a statute." A complete copy of the Speaker's ruling is attached for information.

The Committee recognizes the opportunity afforded by the ruling of the Speaker of the House of Commons, to re-examine the legislative process and in particular the appropriate role of the estimates and appropriation acts. We agree with the President of the Treasury Board that the implications of these rulings are potentially far reaching and urge a full Parliamentary review of this matter.

The government has amended 6 of the 10 votes, and re-submitted them in Supplementary Estimates (B). The notes below provide brief descriptions of these 6 items. Separate legislation will be introduced to deal with the 4 items ruled out of order and not reported in this Supplementary.

Agriculture—Vote 30b

The original vote was objected to because it requested authority for payments to "owners of animals affected with diseases under that Act that have died or have been slaughtered in circumstances not covered by the Act." The new vote is identical to the original with the exception that this phrase has been deleted. The dollar amount of the estimate has not been changed as the actual estimated outlays associated with the changes is estimated to be minimal.

Energy, Mines and Resources—Votes 35b, 40b, 45b

Votes 35 and 40 deal with the Home Insulation Program and vote 45 concerns the Oil Substitution Program. All three received funding under an interim appropriation passed in March in the amount of 25% of the full estimate. When these votes were ruled out of order because they were deemed to be establishing new programs in the absence of other legislative authority, Parliament was put in the position of having authorized expenditures for which there existed no estimate. To remedy this situation, the supplementary estimates cover only the amounts of the interim appropriations.

Supply and Services—Vote 5b

The original vote was intended to permit certain adjustments in the calculation of the Department's accounts. The offending words contained in the vote have been deleted in the supplementary vote.

Transport—Vote 110b

This vote contained words which sought to amend a certain section of the *Atlantic Region Freight Assistance Act* which deals with payments to truckers. Again, the offending words have been deleted and the vote reintroduced otherwise unchanged.

Respectfully submitted,

F. Leblanc,
Deputy Chairman.

APPENDIX TO REPORT

EXTRACT FROM THE HOUSE OF COMMONS DEBATES, JUNE 12, 1981

POINT OF ORDER

MR. ANDRE—PROVISIONS IN MAIN ESTIMATES 1981-82—RULING BY MADAM SPEAKER

Madam Speaker: On June 1 the hon. member for Calgary Centre (Mr. Andre) argued the point of order that he had raised some weeks earlier, namely, the procedural acceptability of certain items contained in the Main Estimates for 1981-82. It had been suggested to the hon. member on that earlier occasion that he await until the Estimates were formally returned to the House May 31, at which point there would remain ample time to dispose of the matter well before the last allotted day.

Both the hon. member for Calgary Centre and, in reply for the government, the President of the Treasury Board, (Mr. Johnston) dealt briefly with the history of the points of order relating to what the Estimates should contain.

This history shows that during the past ten years, members have objected that in one way or another the Estimates that have been submitted from time to time by the government have attempted to do more than set out the spending requirements of the government for the next fiscal year. This is of course supposed to be the acknowledged purpose of Estimates and Appropriation Acts.

In 1971 the Chair ruled that items in the Estimates that attempt to amend existing statutes are out of order. This was confirmed by most subsequent rulings.

In 1974 and 1976 the Chair went further and dealt with the question of matters of substance being put in the Estimates. The Speaker, in effect, ruled that the Appropriation Act is not the place to seek authority to do something such as to establish a program. Rather, the Appropriation Act should only seek authority to spend the money for a program that has been previously authorized by a statute.

In 1977 the Chair continued to lay down these principles that should be followed in the use of the Estimates and added that it makes no difference whether the item attempted to spend a large sum or simply one dollar. The distinction is unimportant. The test is whether or not the government is putting forward a spending estimate under authority it already possesses, or whether it is really seeking new legislative authority to do something.

In March of that year the Speaker said:

> The government receives from Parliament the authority to act through the passage of legislation and receives the money to finance such authorized action through the passage by Parliament of an appropriation act. A supply item in my opinion ought not, therefore, to be used to obtain authority which is the proper subject of legislation;—

In other words, the government may not by the use of an Appropriation Act obtain authority that it does not have under existing legislation.

The then Speaker summed it up in this way in December 1977:

> Supply ought to be confined strictly to the process for which it was intended; that is to say, for the purpose of putting forward by the government the estimate of money it needs, and then in turn voting by the House of that money to the government, and not to be extended in any way into the legislative area, because legislation and legislated changes in substance are not intended to be part of supply, but rather ought to be part of the legislative process in the regular way which requires three readings, committee stage, and, in other words, ample opportunity for Members to participate in debate and amendment.

Finally, it seems clear that it is in order to extend the purposes of an item in an Appropriation Act by means of an item in the Estimates provided that it does not amend any other legislation.

The hon. member for Calgary Centre objects to 12 items contained in the Main Estimates. Of the 12, Agriculture vote 30, Department of Public Works vote L-70, Supply and Services vote 5, and Transport vote 110 each mention specific legislation which they seek to amend, and are clearly out of order on the basis of the principle established in 1971 and repeated continually in all of the rulings from the Chair since that time; that is, estimates which attempt to amend existing legislation are out of order.

The hon. member for Calgary Centre then objects to Energy, Mines and Resources votes 35, 40 and 45. An examination of these items clearly shows that they seek both to establish a new program in the absence of other legislative authority and the funds to put it into operation. This runs counter to the rulings of the Chair since 1974, which hold legislation is required to authorize new programs, particularly matters of major substance. That we are dealing here with matters of substance is demonstrated by the fact that vote 45 seeks even to grant to the governor in council the power to pass regulations. By definition, the estimates seek spending authority alone; they are not intended to ask for substantial authority, such as to pass regulations.

Accordingly, consistent with earlier rulings, Energy, Mines and Resources votes 35, 40 and 45 are out of order. I note that in his remarks last June 1, the President of the Treasury Board confirmed this view when he addressed the question of the receivability of these items by saying, "Of course, legislation will be introduced with respect to those programs". By asking for money now, he would be putting the cart before the horse.

The next items objected to are External Affairs votes L45, L50, L55 and L60, and Finance vote L15. They are grouped together because each of them seeks authority to finance international development by the use of issuing demand notes to the credit of the various named banks or institutions upon

which they may draw in the Bank of Canada, or to purchase shares in the listed banks. The hon. member for Calgary Centre suggests that these items are an attempt to grant to the government authority to undertake certain actions rather than simply asking for funds, and that they also contravene the provisions of Section 80 of the Financial Administration Act, which states that the Crown cannot assign its debts without legislative authority.

While I suggest that these items do not seek, for the Crown, the right to assign its debts, three of them, nevertheless, seek to grant authority for the government to take certain action, and on a very substantial scale. This is, of course, contrary to the previous rulings of the Chair mentioned earlier, which stated that legislation and legislative changes in substance are not intended to be part of supply.

However, two of the items, External Affairs votes L50 and L55, have previous statutory authority, albeit previous Appropriation Acts, and thus are in order. With repsect to the three other votes, that is, External Affairs votes L45 and L60 and Finance vote L15, they have no statutory foundation and are legislative items. Again, following the principles enunciated in previous rulings of the Chair, votes L45 and L60 of External Affairs and vote L15, Finance, must be ruled out of order.

That these items are really legislative items which deal with matters of substance is confirmed in the Blue Book. There is shown, on the same page which contains these items, an amount to be paid as a statutory item, and the statute referred to is the very programs for which approval is being sought. In other words, if vote L60, which includes the initial subscription for shares in a bank, were to be passed this year, next year the second instalment would be shown as a statutory matter, and the program consisting of the remaining instalments for shares in the international bank would be shown as a votable item.

As I said earlier, the programs described by External Affairs votes L50 and L55 are authorized by previous Appropriation Acts, and therefore the moneys sought for the instalment to be paid are in order.

I notice that on March 25 of this year, when the House dealt with a point of order in respect of similar items by the hon. member, I ended my ruling on the note that they should be raised at some future date, and I would have to be convinced that these similar matters are not really legislative items that should be introduced by separate statute. It seems that that time has come, and I am not convinced. It is certainly apparent to me that if complicated votes such as these and, for that matter, if all votes included a reference to the statutory authority on which they are based, it would be easier to determine whether or not they were in order.

While the significance of such a ruling is not lost, as was said on March 22, 1977, the function of the Chair is to ensure that what Parliament attempts to do is procedurally correct. Furthermore, the Chair is comforted by the fact that the President of the Treasury Board said on June 1 last, in reply to the point of order at issue here, that legislation will be introduced with respect to these programs, referring to the programs for insulation and conversion from oil to gas.

While the hon. member for Calgary Centre may be correct in his suspicion that there are other votes in the Estimates which are out of order, it is not the role of the Speaker to act on her own initiative in such procedural questions.

Finally, while in the past, including the Chair's ruling earlier this year, time constraints may have dictated a certain course of action, this is not the case here. The hon. member for Calgary Centre raised his point well in time, and long before the day when the House will actually deal with their adoption in the bill based thereon.

Accordingly, I must now find that Agriculture vote 30, Public Works vote L70, Supply and Services vote 5, Transport vote 110, Energy, Mines and Resources votes 35, 40 and 45, External Affairs votes L45 and L60 and Finance vote L15, as contained in the Main Estimates 1981-82, are not properly before the House, and they are thereby ordered to be deleted therefrom.

Some hon. Members: Hear, hear!

APPENDIX "B"

(*See p. 2606*)

NORTHERN PIPELINE

FOURTH REPORT OF SPECIAL SENATE COMMITTEE

Tuesday, June 23, 1981

The Special Committee of the Senate on the Northern Pipeline, in accordance with its Order of Reference of July 10, 1980 *to inquire into any matter relating to the planning and construction of a pipeline for the transmission of natural gas from Alaska and Northern Canada* has the honour to present its Fourth Report as follows:

Since the commencement of the new session, the Special Committee has kept abreast of progress on the Alaska Highway Pipeline by calling the Minister and officials from the Northern Pipeline Agency as well as witnesses from the Company, Foothills Pipe Lines (Yukon) Ltd., who have advised that the southern portions of the pipeline are on schedule and within cost limits.

The most important activity undertaken recently to assist the Special Committee in its ongoing monitoring function was a tour of the northern route which the Alaska Highway Pipeline will follow. As part of its investigations, the Special Committee met with U.S. and Canadian governments and industry officials and visited oil and gas facilities in Alaska and northern Canada during the first week of June. The Committee's objectives were to increase its technical knowledge of pipeline and related activities and to hear the concerns of local municipal and native people regarding pipeline development.

In the Yukon, the Special Committee consulted with the Yukon Territorial Government, the Yukon Advisory Council and the Council of Yukon Indians. All three groups emphasized that Territorial residents should receive manpower and employment benefits from the northern pipeline and other developments in the region. The principal concern was the restriction placed on local hiring objectives in the North by the "mobility rights" provisions of Section 6 of the Proposed Resolution respecting the Constitution of Canada.

The Special Committee learned, on its next stop in Alaska where these concerns are shared, that a state law allowing preferential hiring of Alaskans was unanimously declared unconstitutional by the Supreme Court of the U.S.A.

The Special Committee visited Alaska to better understand the U.S. Federal-Alaska role in planning the pipeline, to study the lessons of the Alyeska experience, and to learn the functions of the Office of the Federal Inspector, the U.S. counterpart to the Northern Pipeline Agency. Generally, there is continued optimism in U.S. circles that the Alaskan portion of the pipeline is capable of being privately financed. Northwest Alaska Pipeline Company provided details on field studies being conducted to finalize design of the Alaskan section. No site preparation has commenced as yet at Prudhoe Bay.

The Special Committee then visited installations at Prudhoe Bay, Alaska and at Tuktoyaktuk and Norman Wells in the Northwest Territories to learn first-hand about the complexities of oil and gas exploration, development, production and transportation north of the 60th parallel of latitude.

In the Northwest Territories, the Special Committee also concentrated on hearing the concerns of elected officials and townspeople in small communities with regard to the impact of pipeline activities. The dominant impression was one of an overall desire to actively participate in and enjoy benefits from development activities. The resolution of the land claims issue was urged by native leaders, who saw land claims as the principal route to economic equality, and one that must precede construction of the pipeline.

The Committee was most impressed by the invariably enthusiastic reception by the various community and native peoples who were appreciative of the efforts of the Senate Committee to know at first hand of their concerns.

The Special Committee was made aware that the North is a fragile environment being exposed to a number of large projects in the future. Understanding the complex issues likely to overtake that region in the next few years is imperative, in the Committee's view. The trip north was an important step in increasing the Special Committee's comprehension; however, it realizes that a continuing effort in this direction is essential if it is to fulfill its general mandate to monitor all aspects of Canadian gas and oil development in an effective fashion.

The Special Committee, therefore, recommends that it be authorized to examine, consider and report on the transportation of petroleum and natural gas in Canada, north of the 60th parallel of latitude and any matter related thereto.

Respectfully submitted,

EARL A. HASTINGS,
Chairman.

APPENDIX "A" TO REPORT

Calgary, Monday June 1, 1981	
Northern Pipeline Agency	Harold Millican, Administrator William A. Scotland, Deputy Administrator A. Barry Yates, Deputy Administrator D. M. Lawrence, Public Affairs Officer.
Foothills Pipe Line (Yukon) Ltd.	R. L. Pierce, President & Chief Executive Officer D. I. Hall, Senior V-President, NOVA, an Alberta Corp. W. J. Deyell, Executive Vice President A. J. Green, Vice President, Westcoast Transmission Co. Ltd.
Whitehorse, Tuesday June 2, 1981	
Northern Pipeline Agency	Ken McKinnon, Administrator Allison Atkins, Office Manager
Yukon Advisory Council	Don Roberts, Chairman Dale Stokes, Vice Chairman Charles Taylor, Council Member Paul Birckel, Council Member Cliff Geddes, Council Member Bob Stubenberg, Council Member Hector MacKenzie, Council Member
Government of Yukon	Hon. Chris Pearson, Government Leader Hon. Meg McCall, Minister, Human Resources Hon. Howard Tracy, Minister, Justice Hon. Dan Lang, Minister, Renewable Resources
Council Yukon Indians	Joe Jack, Vice President David Joe, Negotiator Vick Mitander, Negotiator
Foothills Pipe Line (South Yukon) Ltd.	George B. Lipsett, Vice President Pat Dixion, Manager, Northern Affairs.
Juneau, Wednesday June 3, 1981	
Government of Alaska	Jessie Dodson, Executive Assistant to the Governor Lee McAnerney, Commissioner, Community & Regional Aff. Marshall L. Lind, Commissioner, Education Ernst W. Mueller, Commissioner, Environmental Conservation Dr. Helen Beirne, Commissioner, Health & Social Services Edmund M. Orbeck, Commissioner, Labor Robert E. LeResche, Commissioner, Natural Resources Robert W. Ward, Commissioner, Transportation & Public Facilities William R. Nix, Commissioner, Public Safety.
Fairbanks, Thursday June 4, 1981	
Office of the Federal Inspector	Peter Cook, Deputy Federal Inspector
Office of State Pipeline Co-Ordinator	Charles Behlke, State Pipeline Co-ordinator
Northwest Alaskan Pipeline Company	Harold Moles, Vice President, Operations Kathleen Keeley, Senior Public Affairs, Hershel Goke, Director Land Acquisition.
Prudoe Bay, Friday June 5, 1981	
Atlantic Richfield Company	Gene Griffin, Production Manager, Prudoe Bay Operations
Tuktoyaktuk, Saturday June 6, 1981	
Dome Petroleums Ltd.	Larry C. Prather, Manager, Beaufort Operations Rose Marie Karnes, Manager, Northern Relations Paul Cambridge, Manager, Plant Operations.
Tuktoyaktuk, Saturday June 6, 1981	
Tuktoyaktuk Hamlet Council	Vince Steen, Mayor Emmanuel Felix Sr. Deputy Mayor Ella Jean Nogasak, Councillor William Nasogaluak, Councillor John Steen, Councillor Richard Zigler, Councillor Randy Pokiak, Councillor Kelly Ovayuak, Councillor Steve Kikoak, Councillor Terry Testart, Secretary Manager Lillian Labossière, Finance Officer
Inuvik, Saturday June 6, 1981	
Inuvik Town Council and Public at Large	Dan Holman, Deputy Mayor Susie Huskey, Councillor Pauline Duggan, Councillor Dave Northrop, Councillor John Komaromi, Councillor Doug. Billingsley, Councillor Barry Clockson, Councillor Tommy Zubko, Councillor
Inuvik, Saturday June 6, 1981	
Government of Northwest Territories	Hon. Thomas H. Butters, Minister, Finance Nellie Cournoyea, MLA A. R. Zawirny, Regional Director, Inuvik
Inuvik, Sunday June 7, 1981	
Committee for Original People Entitlement (COPE)	Sam Raddi, President Peter Green Nellie Cournoyea, MLA
Norman Wells, Sunday June 7, 1981	
Esso Resources of Canada Ltd.	Jack Underhill, Manager, External Affairs Dept. Derek Schmidt, Superintendent, Norman Wells Jim Lee, Production Manager, Northern Operations.
Hamlet Council of Norman Wells & Public at Large	Jim Watson, Mayor Chuck Watch, Councillor George Doolittle, Councillor John Carpenter, Councillor Warren Schnitze, Councillor Kathy Bjornson, Councillor Barney Cooper, Citizen
Yellowknife, Monday June 8, 1981	
Dene Nations	George Erasmus, President.

THE SENATE

Monday, June 29, 1981

The Senate met at 8 p.m., the Honourable Renaude Lapointe, P.C., Speaker *pro tem*, in the Chair.

Prayers.

THE LATE TERRANCE STANLEY FOX, C.C.

TRIBUTES

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, seconded by the Honourable Senator Flynn, with leave of the Senate and notwithstanding rule 45(1)(h):

> That this house deeply mourns the death of Terry Fox, an outstanding Canadian, whose "Marathon of Hope" will always be remembered, and pays tribute to his courageous spirit and unselfish generosity so magnificently displayed in his fight against the ravages of cancer; and
>
> That the Honourable the Speaker convey the condolences of the Senate of Canada to the family of this great young man.

Hon. Senators: Hear, hear.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, it is as hard, I find, to describe the phenomenon of Terry Fox's life as it is to find words to describe the feelings of Canadians and others on his death.

His life was really remarkable, to use an inadequate word. It is a loss for the nation and for us. Just remember that one year ago, on Canada Day, his cross-country run, his "Marathon of Hope", brought him here to Ottawa.

He lost his right leg in 1977 from cancer, and then, on September 2, 1980, had to stop his run near Thunder Bay because the cancer had spread to his lungs. On June 19 he was admitted to hospital, where very recently he fell into a coma and died at 7.35 a.m. on June 29, one month before his twenty-third birthday.

He received many honours. He deserved them all and deserved many that we did not have time to give him. He raised more than $23 million for cancer research.

In announcing on behalf of the government the establishment of the Terry Fox Humanitarian Award Program, the Prime Minister said today:

> Let us keep fresh in our minds his example of boundless hope and courage . . .
>
> The program will give help and encouragement in Terry's name to young people who are pursuing excellence in their academic studies in the fields of fitness, health and amateur sport, or in fields related to community service. That will be one way of keeping the spirit of Terry Fox alive in our land, one way of remembering a young Canadian who gave far more to his country than his country was able to give to him.

On a personal level, many of us know something of what he went through and some of us certainly know what his parents and his friends are going through. Just as it is difficult to define or describe Terry's life and one's feelings on his death, it is difficult to define the often loosely used word "hero". I do not know that I would like to try to define it in words, but Terry Fox defined it in deeds. I suppose that the comparison between heroes and those of us who are not heroes is one that we cannot easily understand. I believe it was Pope who said:

> Who sees with equal eye, as God of all,
>
> A hero perish, or a sparrow fall—

Fitzgerald, I do remember, said:

> Show me a hero and I will write you a tragedy.

In both his life and his death, Terry Fox gave us a real gift, one of the rarest of gifts that a human can give to the rest of mankind—inspiration.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, on behalf of my colleagues in the official opposition, I wish to join with Senator Frith in paying tribute to this uncommon young man.

Terry Fox, probably in part as a result of his illness, possessed an insight and a maturity not often found in people of his age. It was this appreciation of that which matters that led him last year, against unbelievable odds, to take action, to mount his own crusade against an enemy that threatened his life and so many other lives.

One cannot but marvel at his indomitable courage and determination. He refused to sit back and feel sorry for himself. Instead he proceeded, by his incredible cross-country marathon, to attract the attention of Canadians to the need for a renewed interest in and rededication to the task of conquering cancer.

● (2005)

But he did more than expose fear and despair to the bright light of hope. He did more than act as a beacon for those struggling to regain their health. He succeeded in galvanizing, as few are ever able to do, the faith and love of a nation.

He gave us reason to believe that we can, if we set our minds to it, some day vanquish this dread disease as we have so many others down through the history of man.

But more important than all else, Terry Fox made us feel again. He made us feel for the suffering of others. He helped us open up our hearts to those many Canadians who daily suffer in quiet dignity.

[*Translation*]

Honourable senators, the courage and wisdom of this young man were certainly out of the ordinary. However, if his generation was able to produce Terry Fox, our country will not be in such bad hands in a few years when his generation takes over. In offering our most sincere condolences to his parents, I want to say that they have the great consolation of knowing that they have given to the country a son whose contribution was remarkable. Senator Frith said that Terry Fox was truly a hero. I agree. We have had many heroes, and wars have produced a great many of them. We have monuments for those who gave up their lives to save their country. But we also have a monument to the unknown soldier. I wonder if, one day, we shall not also have to build a monument to those unknown people who, like Terry Fox, but without so much public support, have fought the same fight for the same objectives and who deserve all the admiration of every one of us and every Canadian.

Motion agreed to.

● (2010)

[*English*]

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons to acquaint the Senate with changes in the list of members appointed to serve on the Special Joint Committee on Official Languages.

(For text of message, see today's *Minutes of the Proceedings of the Senate.*)

RESTAURANT OF PARLIAMENT

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons to acquaint the Senate with a change in the list of members appointed to serve on the Standing Joint Committee on the Restaurant of Parliament.

(For text of message, see today's *Minutes of the Proceedings of the Senate.*)

CANADIAN AND BRITISH INSURANCE COMPANIES ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-66, to amend the Canadian and British Insurance Companies Act.

Bill read first time.

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

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

ECONOMIC COUNCIL OF CANADA ACT AND OTHER STATUTES

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-13, respecting the relocation of government agencies.

Bill read first time.

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

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

● (2015)

SUPERANNUATION AMENDMENT BILL, 1981

FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-65, to amend the Public Service Superannuation Act and the Supplementary Retirement Benefits Act in respect of the early retirement of air traffic controllers.

Bill read first time.

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

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

CURRENCY AND EXCHANGE ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-68, to amend the Currency and Exchange Act.

Bill read first time.

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

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

DOCUMENTS TABLED

Hon. Royce Frith (Deputy Leader of the Government) tabled:

Report on the administration of the *Small Businesses Loans Act* for the year ended December 31, 1980, pursuant to section 11 of the said Act, Chapter S-10, R.S.C., 1970.

Capital Budget of the Crown Assets Disposal Corporation for the financial year ended March 31, 1981, pursuant to section 70(2) for the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1980-2093, dated July 31, 1980, approving same.

Report of the Department of the Environment for the fiscal year ended March 31, 1980, pursuant to section 7 of the *Department of the Environment Act*, Part III, Chapter 13, Statutes of Canada, 1978-79.

Document outlining the R.C.M.P. policy concerning legal fees and disbursements for members and former members of the R.C.M.P., dated July 14, 1980.

PRIVATE BILLS

ONTARIO NEWS COMPANY, LIMITED—REPORT OF COMMITTEE

Hon. Richard A. Donahoe, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Monday, June 29, 1981

The Standing Senate Committee on Legal and Constitutional Affairs to which has been referred the Bill S-20, intituled: "An Act to revive Ontario News Company, Limited and to provide for its continuance under the Canada Business Corporations Act", has, in obedience to the order of reference of Monday, June 22, 1981, examined the said bill and now reports the same without amendment.

Respectfully submitted,

RICHARD DONAHOE
Deputy Chairman

THIRD READING

Hon. George J. McIlraith, with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time now.

[The Hon. the Speaker.]

Motion agreed to and bill read third time and passed.

• (2020)

G.A. BARBER & SONS LIMITED—REPORT OF COMMITTEE

Hon. Richard A. Donahoe, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Monday, June 29, 1981

The Standing Senate Committee on Legal and Constitutional Affairs to which has been referred the Bill S-21, intituled: "An Act to revive G.A. Barber & Sons Limited and to provide for its continuance under the Canada Business Corporations Act", has, in obedience to the order of reference of Monday, June 22, 1981, examined the said bill and now reports the same without amendment.

Respectfully submitted,

RICHARD DONAHOE
Deputy Chairman

THIRD READING

Hon. George J. McIlraith, with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

EASTERN DIVERSIFIED COMPANY LTD.—REPORT OF COMMITTEE

Hon. Richard A. Donahoe, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Monday, June 29, 1981

The Standing Senate Committee on Legal and Constitutional Affairs to which has been referred the Bill S-22, intituled: "An Act to revive Eastern Diversified Company Ltd. and to provide for its continuance under the Canada Business Coprorations Act", has, in obedience to the order of reference of Monday, June 22, 1981, examined the said bill and now reports the same without amendment.

Respectfully submitted,

RICHARD DONAHOE
Deputy Chairman

THIRD READING

Hon. George J. McIlraith, with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

BUSINESS OF THE SENATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Deputy Leader of the Government which should be of interest to all senators since it has to do with what may come to us before the summer adjournment, if there is to be one.

Would the Deputy Leader of the Government tell us what the government envisages at this time in the way of bills which could come to us, and when Parliament may adjourn for the summer recess?

I know that four bills were passed by the House of Commons last week and, of course, we have yet to deal with Bill C-57. It is my further understanding that the appropriation bill will be passed by the House of Commons tomorrow afternoon and that the government has appropriation only up to June 30, which is tomorrow. Does that suggest the government will want the Senate to pass the appropriation bill tomorrow, in a few minutes or even a few hours? Is that what is to be required of us?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I thank Senator Flynn for raising this question because it gives me an opportunity to share, with honourable senators, what I earlier shared with the Leader of the Opposition when we briefly discussed the matter.

● (2025)

Let me go in reverse order and talk first about the appropriation bill. What Senator Flynn said is correct. My information is that that bill will be voted on tomorrow afternoon in the other place, so we may not receive it until tomorrow evening.

The other statement is also correct that in March, by an appropriation bill, the House of Commons and the Senate gave interim supply until June 30—that is, tomorrow. Therefore, it would be desirable to have royal assent tomorrow evening, although, in my opinion, it is undesirable that we should be asked to do it at such short notice.

A possible justification for that, of course, is that when the bill is introduced, it will appear that it reflects the estimates with an adjustment related to the decision made by the Speaker of the House of Commons. Those estimates were debated in the Senate and studied and reported by the Standing Senate Committee on National Finance. The reason I say a "possible justification" is that we know from earlier discussions why we do not want the House of Commons to get the impression that because we pre-study a bill it means the bill, when it arrives, therefore does not require any further study. But, as of tomorrow evening interim supply will be exhausted, so we expect—if we receive it—that we will be asked to pass not the adjusting bills but that basic adjusted-estimates supply bill. I regret that we are asked to do that on such short notice, because I share Senator Flynn's feelings, or the implication in his question that it is not desirable for us to have to do it on such short notice.

Now, let me review generally the program for this week. Four bills have been introduced this evening, and second reading will be moved tomorrow. The supply bill makes a total of five bills. There is a possibility that we will have Bill C-37, to amend the Holidays Act. Bill C-50 is in committee. Bill C-57 has not yet gone to committee, but it has had quite a bit of pre-study. We would like it to go to committee tonight after second reading if honourable senators feel that its principle has been sufficiently debated.

A number of bills, I understand, are going to be introduced to correct the results of the ruling by the Speaker of the House of Commons. There was an intention that those adjustments would be the subject of an omnibus bill, but it appears now that they will be introduced individually. I believe, there is a possibility of an agreement in the other place on time to debate those bills.

I mention that, honourable senators, because it means, in turn, that there is a very good chance we will receive some of those bills tomorrow and the remainder on Thursday, when, I believe, the Commons anticipates dealing with the balance of them.

● (2030)

It means that if we sit on Thursday and Friday of this week, it would be possible—that is, technically possible; whether it is politically possible is another question—for us to complete everything that we would be asked to do before the summer recess by Friday of this week if we sit on Thursday and Friday, except for the threatened postal strike. We would be less than frank if we did not realize that we might have to hold ourselves ready for some legislative action that might relate to the postal strike. I cannot say anything more than that. I have no inside information. I am merely saying that it seems logical for us, as conscientious legislators, to know that it might be a possibility.

To summarize, there is a lot of legislative material before us, some of it quite meaty and some of it less meaty; some of it including rather important principles, some of them having been partly debated and dealt with and some—if I can use such a word about any legislation—comparatively routine.

At this stage, therefore, I cannot say whether or not we shall have to ask honourable senators to sit on Thursday and Friday, but I feel quite sure that we shall have to sit tomorrow afternoon and evening. At that time, I expect we shall be asking the Senate to grant supply under the appropriation bill. By that time we may also have some adjusting bills, and we shall have to assess the situation then.

I again thank Senator Flynn for asking me the question. Our plans for what may happen beyond Thursday will be subject to the possibility for our sitting those two days.

Senator Flynn: With regard to appropriation, I have a supplementary question. I was never told exactly what the effect might be of delaying by a few days the passage of a supply bill. We have always been told that the cheques could not be mailed, that everyone would suffer, and that the blame would be placed on the opposition. I was never convinced of that. Can the Deputy Leader of the Government enlighten me in this respect, particularly in view of the threat of a postal strike? If the cheques cannot be mailed, I cannot see why it

would be necessary to have supply right away. That is my first question.

My second question concerns the other bills, namely, those we received today and those that we may yet receive, outside of Bill C-57. It does not appear that there is any rush in connection with those bills. I would like the Deputy Leader of the Government to confirm that.

I come now to what the deputy leader called "adjusting bills" in connection with the estimates. He said they would reach us tomorrow or Thursday. Does he mean that except for the problem of the postal strike we could close Parliament by Friday; or is it quite certain, as I understand it is, that Parliament will sit next week? If Parliament is going to sit next week, then, before adjourning tomorrow we need deal only with the rush bills such as the appropriation bill. That would be the only one required. If the other place is to deal with the adjustments to the estimates tomorrow, Thursday and Friday, then it's obvious they do not have to be passed by July 1. If they can wait for one or two days, it seems to me that they can certainly wait for four or five. If we were to pass them by Monday or Tuesday of next week, it would really make no difference, because these special estimates do not involve paying out salaries. With regard to C-57, if we are not to finish this week, it would not hurt if we were to pass the bill next week. Certainly we on this side would favour that.

If there is any assurance that we can finish our program by Friday, we would then adjust ourselves accordingly—with one condition that we will mention to the deputy leader when debate is resumed on Bill C-57. In any event, I think we should be helped a little in trying to determine what we on this side should do. I can understand the other side saying that everything is fine, but I do not think that is our perspective. We are not as confident and do not possess the same blind faith as the Minister for Economic Development.

An Hon. Senator: Too bad!

Senator Frith: Honourable senators, three points were raised by Senator Flynn. The first was what I might call "Why supply tomorrow night?"; the second was the urgency of the other bills; and the third might be entitled "Really Friday?"

Taking the first one, "Why supply", as I understand it, the government will be out of authority to spend money. It is not just a question of mailing cheques.

Hon. G. I. Smith: How long has it been known that would be the case?

Senator Frith: As long as we have known—from the time it got interim supply.

Senator Smith: That was a long time ago.

Senator Frith: That's right. I can say that the government and the House of Commons has known for that length of time. All parties in the House of Commons, and also the government, have known for that length of time. That's right. It always seems to develop that way. It is, therefore, not just a matter of mailing cheques. They won't be able to spend money.

[Senator Flynn.]

An Hon. Senator: Good!

Senator Frith: Someone says "good". There is a good chance for someone to stand up and reveal their conscience and say, "I, as a senator, am going to see that the government does not get any money, because I believe it should not have it." In any event, that is the reason. Therefore, we cannot really say there is no reason to have supply if there happens to be a mail strike. It is more serious than that. That is the reason why it is needed by the 30th, because—

Senator Flynn: You are skating.

Senator Frith: Skating?

Senator Flynn: Your advice—it is good skating.

Senator Frith: It is all that I know. I could find out, but I am sure that if I telephone or call for an explanation as to why there must be supply, more than what I have already said, I can guarantee that I will have some real horror stories for you tomorrow.

Senator Flynn: When you spoke of a mail strike, I was not suggesting that we would delay passage of the estimates until the strike is settled.

Senator Frith: Of course you weren't; but you said that if there might be a mail strike you were asking yourself why it should matter for two or three days. That is why it would matter for two or three days. I am simply saying it is not really related to the mail question.

On the question of the other bills and to the degree of urgency, in my view none of them is so urgent that we would be required to pass it by tomorrow night, or, for that matter, later this week, if we were sure that we were coming back the following week.

This brings me to the third question. That is, is it really possible that we will finish on Friday? In my opinion, it is, and I will tell you why. I do not think we can say that Parliament will be sitting next week unless we are sitting. Will the House of Commons be sitting next week? I would not be surprised. If we have cleaned up everything they have sent us, however, and, in my opinion, everything we are likely to get, then there is no reason for us to come back the following week.

● (2040)

Hon. Duff Roblin (Deputy Leader of the Opposition): You cannot be sure. We may have to come back on Monday.

Senator Frith: That is a good point, Senator Roblin. But when I say there is no reason for us to come back, I mean there is no reason for us to come back just because the House of Commons is coming back. There may be a reason to come back for those other purposes I have mentioned. That is why I think that if we sit on Thursday and Friday there is a real possibility of the Senate finishing and not having to come back, except at the call of the Chair.

Senator Flynn: If we get the assurance that the House will pass those special bills, following the decision of the Speaker, I think I can follow the reasoning of the Deputy Leader of the Government; but, unless there is that agreement, I think we

would have to assume that we would come back next week, and that we might be here on Thursday and Friday, not in order to wait for these bills but for something else.

Senator Frith: Honourable senators, I agree with that, and I should say, by way of a very short addendum, that so far I have not been persuaded that there is any reason for us to consider those other bills before we adjourn. They tell me that there are some reasons, but so far I have not been persuaded. We need them before we adjourn, but we do not need them by the end of this week, or, at least, so far I have not been so persuaded. Unless we are persuaded that they are needed, or that the House of Commons is going to pass those bills because of the agreement, then I agree with what Senator Flynn has said.

Senator Roblin: What does that mean? What does your agreement mean?

Senator Frith: The agreement that Senator Flynn referred to, namely, that they are going to allocate the time and that they are going to vote on them this week.

Senator Flynn: And if we find out that they will not pass those bills on Thursday or Friday, should we adjourn tomorrow until next Monday or Tuesday?

Senator Frith: Unless I can be persuaded, and, as I say, I am not yet so persuaded, that there is any reason for us to have those other bills accepted before we adjourn.

Hon. Lowell Murray: Honourable senators, by way of a supplementary and having to do with the business of the Senate, I would like to ask the Deputy Leader of the Government what the hope and expectation of the government is with regard to Bill C-57, in a somewhat larger context.

As honourable senators are aware, since last December we, on this side, have been attempting to have an appropriate committee of the Senate study the National Energy Program as a whole. Indeed, as the Deputy Leader of the Government is aware, I have a motion on the order paper to refer the National Energy Program to a committee of the Senate so that witnesses may be called from the producing provinces, from the industry, and from the various federal government departments, to enable us to examine this program.

The Deputy Leader of the Government has adjourned the debate on my motion on numerous occasions since last December. More recently he gave as his reason for so adjourning the debate that Bill C-57, after all, was coming to this chamber, and that no doubt during debate on and committee study of Bill C-57 we would have the opportunity that we have sought for so long to inquire into the National Energy Program as a whole.

As I pointed out the other day, after he put forward this rationale, when Bill C-57 came to us we would no doubt be under the gun to pass it. Indeed, Bill C-57 is here and we are under the gun to pass it. I am sure the Deputy Leader of the Government will not argue that the committee study we will be able to give in the next few days to Bill C-57 will enable us to call witnesses from the government, the producing provinces, industry, and so on, and make a thorough-going inquiry into the National Energy Program.

That being the case, I want to say in all fairness to the Deputy Leader of the Government that we would be prepared to be much more accommodating about Bill C-57 if we could have some assurance from the government—

Senator Flynn: Not "some"; "the" assurance.

Senator Murray: —the assurance from the government that when we return in the fall the government will, on its own initiative, move to refer the National Energy Program to the appropriate committee of this Senate.

Really, what I am seeking is for the Deputy Leader of the Government to reiterate the assurance he gave to me, and to the Senate, on December 11 last, as reported at page 1444 of *Debates of the Senate*, that he was in favour of this, that he thought it was a good idea, and that really the only question remaining was as to what committee of the Senate would study the National Energy Program.

I would like him to reiterate that commitment and to give us the further assurance that—I will wait while the Minister of State for Economic Development advises the Deputy Leader of the Government on this matter. I recall that at one point I put the question to the Minister of State for Economic Development, and he suggested that we should get on with the Constitution. Indeed, the Minister of State for Economic Development is of the opinion that we are all as limited as he, and that we can only concentrate on one matter at a time.

I want to ask the Deputy Leader of the Government, in as amicable a way as possible, whether he will reiterate the assurance he gave us on December 11 and give us the further assurance that when we return in the fall, as a matter of high priority and as a matter of immediate action, the government will move to have the National Energy Program referred to a committee of this house.

Hon. L. Norbert Thériault: A short, precise question.

Senator Murray: It is on a point of order having to do with the business of this house, and I regret it if some of my colleagues resent the length of the intervention. Surely, however, none of them would argue that it is not an important matter that we are dealing with.

Hon. H. A. Olson (Minister of State for Economic Development): The rules still apply, no matter what the subject.

Senator Frith: Honourable senators, I still believe that it is a good idea for a committee of the Senate to study all aspects of the National Energy Program. I am not of the opinion that it is best for it to do so simply in the form of the program itself. In my view, it is better to do it with the bills as the bills appear. Bill C-57 is one part of the program; Bill C-48 is another part. I do not think I would have any trouble giving the assurance that all parts of the National Energy Program that a committee wants to study will be studied by the time the parts of the program that find legislative expression have come here. But I cannot give an undertaking that the subject matter

of the National Energy Program as a whole will be referred, as a package, to a committee.

Senator Flynn: Why?

Senator Frith: I am not saying it will not be. I cannot give an assurance that it will be; that is all.

Senator Murray: Do I take it, then, that the Deputy Leader of the Government is withdrawing the assurance he gave us on December 11, as reported at page 1444 of *Debates of the Senate*? He said:

> We may want to look into the question raised by Senator Murray as to what is the most suitable committee and what are the modalities; but the concept of giving the Senate an opportunity, through a committee, to examine this policy, and—

Hon. Arthur Tremblay: As a whole.

Senator Murray:

> —to bring before it people who might have views to express by way of criticism, defence or just general observation, is, I believe, a good one.

Is the Deputy Leader of the Government withdrawing the commitment he made to us on that date?

Hon. R. James Balfour: In one word.

Senator Frith: No.

Senator Murray: Then what assurance is the deputy leader giving us?

Senator Frith: I should say that Senator Balfour was the one who insisted on the one-word answer, and so that is the one-word answer for him.

To Senator Murray I still say no, because I think it is a good idea and is desirable, and I hope it will happen, as I have said, that all aspects of the National Energy Program will be studied by a committee of the Senate that will have the power to call witnesses and examine it.

● (2050)

I believe, however, that it is better that that examination take place as the pieces of legislation come rather than taking the whole program at once, in the form of a book saying, "This is the National Energy Program." I believe the National Energy Program is of such great importance that it should receive careful study by committees, but it should receive that study on the basis that I have outlined.

Senator Murray: In that case, is the Deputy Leader of the Government prepared to wait until the fall to have Bill C-57 studied by a committee of the Senate?

Senator Frith: I hope that Bill C-57 will be referred to the committee and that the committee will decide what to do with it.

Senator Flynn: Would you not agree not to oppose a motion made by anyone referring the whole matter to a committee? We could agree to an amendment so that it could be referred to a committee other than the one proposed. However, I think that if you are prepared to say that the government would not oppose such a motion, except on a technicality such as changing the committee, you might very well give second reading to this bill tonight, have it in committee tomorrow morning and have it back tomorrow afternoon. It is a very honest offer.

Senator Frith: I am having a little trouble with the double negatives. Would I not agree not to oppose?

No, I would not agree not to oppose a motion referring the whole National Energy Program to a committee.

Senator Flynn: I asked, "Would you agree not to?" You have added a "not."

Senator Frith: I will not agree not to oppose a motion referring the whole National Energy Program in a package. I will not agree not to oppose it, but I do not see why we have to quibble about words. The difference is clear. Senator Murray thinks that the whole program should be referred and, though I can see the merits in that proposal, I believe it is better for the committee to study the National Energy Program by studying the main parts of that program, namely, Bills C-57, C-48, and so on. I think that is the best way for us to do our work; it is just that simple. We disagree; it is a difference of opinion.

In the final analysis, the only thing we have in common is that we both think that the whole program should receive careful study by committees. Of course, also from a government point of view, it should receive as expeditious a passage as possible.

[*Translation*]

If you were in our place, you would do the same, would you not?

[*English*]

Senator Flynn: No, and for a very simple reason. We do not have the numbers and we do not have the discipline that you have.

Senator Frith: We all noticed how discipline on the other side cracked completely on the Constitution question.

Senator Flynn: What!

Senator Smith: That was not a question of discipline. That was a question of belief in principle, which did not seem to worry my honourable friends at all.

Senator Frith: I beg your pardon?

Senator Smith: I was merely replying to the sort of irrelevant intervention the genial Deputy Leader of the Government made. My answer to him was just as irrelevant as his observation.

Senator Frith: I accept the description of your intervention, in any event.

Senator Smith: I refuse your acceptance unless you apply it to your own intervention.

In any event, if I may, honourable senators, I wish to raise a question with the Deputy Leader of the Government, with whom I like to agree as often as I reasonably can. I should like

to remind him about another matter concerning which there has been some discussion about referral to a committee. That is the matter raised by Transport 2000 in a letter, a copy of which I received as chairman of the relevant committee. That matter is still germane, I am sure. I wonder if the deputy leader would give some commitment with regard to bringing it before a committee—not necessarily the one of which I am chairman—when we resume after the summer recess.

Senator Frith: Honourable senators, I do not think there is any question, in this case, as to which committee that should go to. If it is referred to a committee, it will be Senator Smith's committee.

There have been some events that have taken place with regard to the objections raised by Transport 2000 and some announcements made by VIA with reference to equipment, and so on. However, I do not intend that those developments should necessarily constitute a total answer. I will look up the correspondence, get an update and undertake to discuss with Senator Smith the referral of those items that may still be outstanding in the fall.

QUESTION PERIOD

[*English*]

POST OFFICE

POSSIBLE DISRUPTION OF SERVICE

Hon. Jacques Flynn (Leader of the Opposition): I have a question for the Deputy Leader of the Government.

Has he any report to make on the impending postal strike?

Hon. Royce Frith (Deputy Leader of the Government): Yes, I believe I do. I was given some information as I came into the chamber this evening.

As I heard the news this morning, honourable senators, the situation was somewhat deadlocked because of what I believe to be the position taken by Treasury Board. It was reported on the news that Treasury Board did not want to negotiate on the basis of a conciliation report, which included various items.

I am, however, glad to advise honourable senators that I am authorized to make this statement on behalf of the government.

The situation at the present time is very simple. The government has conveyed to the Canadian Union of Postal Workers its complete position on all outstanding items, including a commitment to negotiate on the issue of paid maternity leave. We have accepted many of the recommendations of the chairman of the conciliation board, including those on wages, the cost of living allowance and some improvements in vacation allowance. We also feel that we have accepted his recommendations on closed circuit television and, very largely, his recommendations on health and safety.

The union has refused to return to the bargaining table unless the government has agreed in advance to accept all of the chairman's recommendations. The union has also indicated that, in addition to the chairman's recommendations, it wishes to negotiate on recommendations contained in the report of the union representatives. These latter recommendations, plus those of the chairman, would increase the total pay and benefits costs for this group by 28 per cent over 1980 payroll costs.

Honourable senators, as I understood the situation this morning, there was some doubt that they were prepared to discuss the question of maternity leave. I believe—and I hope I am right about this—that the government has emphasized its willingness to discuss the question of maternity leave and that is now being considered by the union. That is, I believe, the position of the government.

Senator Flynn: At this time?

Senator Frith: At this moment, yes, as I understand it.

Senator Flynn: There is still hope that the strike will not begin at midnight?

Senator Frith: There is hope, in the sense that one of the two parties is waiting for a response by the other. In other words, the government has tried to make it clear that the question of maternity leave is definitely one that it is prepared to discuss. The government is waiting for the union to say whether it will come to the bargaining table, which the government is very anxious it do.

Senator Flynn: If the issue were settled in the sense that negotiations would take place, would the strike be called off?

Senator Frith: As I understand it, if the two parties are at the bargaining table, the strike will not go ahead. In common parlance—an expression I do not like very well—I don't think the window is very large, but there is a bit of light coming through.

ENERGY

OIL—CANADA-MEXICO AGREEMENT

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer in response to a question raised on June 16 by Senator Charbonneau. The honourable senator asked if Canada's oil agreement with Mexico provides for a downward adjustment of the price to reflect falling international prices.

I can inform him that it is clearly stated in the agreement between Canada and Mexico that the price of Mexican oil may be adjusted for each calendar quarter subject to mutual agreement and renegotiation. In fact, in accordance with this agreement, the price for Mexican oil was decreased on June 1, 1981.

• (2100)

THE ECONOMY

FOOD PRICES—CONFLICTING ANNOUNCEMENTS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised on June 18 by Senator Nurgitz which concerned conflicting announcements on food prices.

I can inform the honourable senator that the Agriculture Canada food survey differs from Statistics Canada's CPI food survey in many respects. For example, Agriculture Canada surveys 12 cities while Statistics Canada surveys 51; Agriculture Canada prices 99 items and Statistics Canada prices 125; Agriculture Canada surveys 64 stores while Statistics Canada surveys over 500; and, finally, the two surveys are conducted at different times during the month.

Because of these significant differences in scope and coverage, it would be inappropriate to use the May results of the Agriculture Canada food price survey to speculate what the CPI year-over-year movement would have been had prices been collected throughout the month.

EMPLOYMENT AND IMMIGRATION

IMPORTATION OF SKILLED LABOUR BY OIL COMPANIES—FEMALE PARTICIPATION IN JOB PROGRAMS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised by Senator Balfour on June 19, 1980, concerning the importation of skilled labour by oil companies and female participation in job programs. The answer is rather lengthy and I ask the permission of the Senate to have it taken as read.

Hon. Jacques Flynn (Leader of the Opposition): Not only do you have our permission but we invite you to do that.

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

Hon. Senators: Agreed.

(*The answer follows:*)

I am informed that the statement made by the Minister of Employment and Immigration and referred to the honourable senator in his question is consistent with the government's position that:

a) Canadians by right should have access to jobs generated in Canada; and

b) there is a shortage of certain skills in Canada, a now generally established and accepted fact, a situation brought about, in part, by the dependence of Canadian firms on foreign trained immigrants and inadequate training of the domestic labour force by companies in general, to meet industry's skilled manpower needs.

Because the occupational shortage is naturally going to hit those companies hardest which are acutely in need of the skilled manpower identified, the Minister of Employment and Immigration undoubtedly wished to ensure that requests for foreign workers will reflect the companies' commitment to increasing the training of Canadians so that business opportunities, present and future, or delays occasioned by the shortage of key skills will not be lost.

The female work force is an important and growing element in Canada's economic well-being and it is to maximize the use of such workers in non-traditional jobs that the minister was undoubtedly alluding. While no quotas are anticipated, it is hoped that good business sense for which Canadians are known, will encourage companies to more actively involve women and other disadvantaged groups, through training in the Canadian labour market.

In all these endeavours, the government is prepared to play a co-operative and supporting role through its programs and services.

With reference to the honourable senator's specific question concerning alternatives to a quota system, he should know that all CEIC regions have implemented a system in which a certain number of spaces in training courses in non-traditional occupations are reserved for women. This is not a quota system in that it does not limit the number of women who can participate in the course. What it does do, however, is ensure that a certain number of women can take the course regardless of how many male applicants there are or the length of the waiting list to get on the course.

My colleague the Minister of Employment and Immigration has announced a new policy of higher wage reimbursement under the Canada Manpower Industrial Training Program to employers willing to hire and train women in the traditionally male occupations. This incentive acknowledges the perceived risk and extra costs incurred by the training employer. Therefore, an increased wage reimbursement rate of 75 per cent is being offered to employers (usual rates are 40-60 per cent) as an incentive to hire and train women in non-traditional occupations.

QUEBEC

MICMAC RESERVE, RESTIGOUCHE—INCIDENTS INVOLVING PROVINCIAL POLICE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on June 22 and 23 Senator Flynn posed questions concerning the fishing rights of Micmac Indians on the Restigouche Reserve in Quebec and incidents which involved the Quebec Provincial Police. I have answers to those questions now, but the answers are rather lengthy and I ask the permission of the Senate to have them taken as read.

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

Hon. Senators: Agreed.

(*The answer follows:*)

During the night of June 10, 1981, and the early morning of June 11, 1981, a detachment of over 200 members of the Quebec police force aided provincial game wardens in a raid on the Restigouche Band on the Restigouche river. Several band members were charged with obstruction of justice in connection with the raid. The next day, the bridge connecting Pointe-à-Croix to Campbellton, N.B. was closed for part of the day. Access roads into and out of the reserve were kept under surveillance by the police and passengers and cars were searched. Some band members continued to place their nets in the river and another raid was carried out by police and game wardens on Saturday morning, June 13, 1981. The Minister of Indian Affairs, John Munro, travelled to Quebec and met with the Band Council and band members on Saturday afternoon and Sunday morning.

The Quebec Regional Office of DIAND was successful in setting up a meeting between the Restigouche Band Council and Mr. Lucien Lessard, the Quebec Minister of "Loisirs, Chasse et Pêche" on June 23, 1981 but the meeting was unproductive. The local Federal M.P., Mr. Rémi Bujold, also attended the meeting. On June 25, 1981, the Premier of Quebec, Mr. René Lévesque, announced that there would be no further raids on the reserve. The band has apparently submitted a paper to the Quebec government listing the Band's grievances in connection with the raids. The Department has not received a copy of this paper to date.

The events set out above followed the failure of negotiations this year between the band and the Quebec government over fishing by band members in the Restigouche river. The Band claimed a right to fish six nights a week; the province was prepared to allow only 72 consecutive hours of fishing. The province defended this figure as a needed conservation measure. Charges of over-fishing and illegal sale of fish have been made against the band in the past few years. For its part, the Band acknowledges that a portion of the total Band catch is sold commercially but insists that this is an integral part of what continues to be a depressed local economy. Another source of conflict in the situation relates to territorial jurisdiction. The Quebec government claims responsibility for the management of fishing in the Restigouche reserve. The band claims that it not only has jurisdiction to manage fishing within the boundaries of the reserve but claims an aboriginal right to fish in rivers adjacent to the actual reserve. Although the federal government transferred responsibility for the management of the salmon fishery to Quebec in 1922, the band members have publicly stated that they look to the federal government for a resolution of the current dispute.

In response to comments by the Honourable Jacques Flynn in the Senate on June 23, 1981, I am presuming that he was referring to remarks made outside the House of Commons by both the Honourable Roméo LeBlanc and the Honourable John Munro as reported in the press on June 23, 1981 and later confirmed in statements made in the House of Commons on that afternoon.

The Honourable John Munro has indicated that any by-laws made under the Indian Act can only apply to lands and waters on the reserve. In this instance, that part of the river being fished is not part of the Restigouche Reserve. The band, therefore, cannot make by-laws with respect to the management of that fishery. The fishery is managed under the Quebec Fishery Regulations made under the Fisheries Act. In 1922, the administration of Quebec fisheries was delegated to the provincial government by order in council. In the opinion of the Minister of Fisheries and Oceans, the regulations are adequate to protect the fisheries. The only slight difference of opinion seems to be with the way in which Quebec is administering their fisheries. Both ministers have agreed that a review of the implications of the 1922 agreement as it is presently applied is warranted. If the review indicates that changes are necessary, they will be made by Order in Council.

HOUSING

INCREASED SUBSIDIES TO CMHC FINANCED PROJECTS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a short but rather detailed answer to Senator Nurgitz's question of June 9 concerning housing subsidies. May I have permission for that answer to be taken as read?

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

Hon. Senators: Agreed.

(*The answer follows:*)

The regulatory maximum assistance available for loans under CMHC's Assisted Rental Program has been increased from $120 to $180 per unit per month. Increased loan assistance may be considered upon request from a project owner for a project in financial difficulty. The project would be subject to a comprehensive review to determine if the increased assistance would rectify the project's cash flow problems and to ensure a capability of becoming viable. Increased loan assistance would also be subject to amendments to the operating agreement, deleting protection for equity on sale and significantly reducing the allowable annual return on equity.

Specific projects have not been identified for increased assistance. Each case will be evaluated on its own merits after a thorough review and detailed renegotiation with the project owner.

FISHERIES

OVER-THE-SIDE SALES—ALLOCATION OF QUOTAS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have answers to questions posed by

Senator Marshall on Wednesday, April 8, concerning problems related to fisheries. With your indulgence, I should like to have the answers taken as read.

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

Hon. Senators: Agreed.

(*The answer follows:*)

In answer to the question of when the Minister of Fisheries and Oceans will make a decision on the allocation of the quota which inshore fishermen will be able to sell to the foreign trawlers and draggers in respect of over-the-side sales, may I respond by saying that, when this question was asked on April 8, 1981, the Minister of Fisheries and Oceans was not in a position to release this information. Following explorations of the possibility of country-to-country deals this year, which proved not to be possible in time for this year's fishery, on April 24, 1981, the minister informed concerned parties of plans to station vessels at selected locations during 1981 in the maritimes and Newfoundland. A press release was issued on June 15.

With respect to the question of whether the minister is reconciling the problems which direct sales pose to the processors, the answer is that, yes, as in previous years, the minister gave the processors' organizations ample opportunity to present their own mackerel management plans for 1981. Such proposals were unacceptable both to the fishermen's organizations and to the department.

THE ENVIRONMENT

ACID RAIN—UNITED STATES ENVIRONMENTAL PROTECTION AGENCY—REPEAL OF AIR POLLUTION STANDARDS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on June 22 Senator Sherwood asked certain questions in an effort to elicit facts on the background of the discussions that had been held by the United States and Canada with respect to the whole matter of acid rain.

With respect to the Canada-United States negotiations and Clean Air Act review, I may say that a meeting was held in Washington on June 23 in response to the commitment of both governments in the August 1980 memorandum of intent to begin negotiation of an agreement on transboundary air pollution. The meeting was conditioned by uncertainties surrounding the administration's position on review of the Clean Air Act by the Congress. The Canadian delegation expressed strong concern that domestic legislation be adequate to deal effectively with transboundary air pollution.

These concerns were also expressed in a diplomatic note on Friday and other senior level contacts through the embassy in Washington seeking consultation before the administration adopts a position on the Clean Air Act.

Interior Secretary Watt confirmed to Mines Minister Erola on June 24 that the administration's position is still being examined and that Canadian concerns will be considered further. The next negotiating session is scheduled for autumn, when the U.S. position will be clearer. In the meantime, the Canada-U.S. work groups established under the memorandum of intent are continuing their work.

With respect to the matter of the "leaked", and therefore unofficial, document, the government cannot issue a comment on the story concerning the Environmental Protection Agency because that concerns the EPA, since it was not an official statement of the EPA.

TRANSPORT

PURCHASE OF ADDITIONAL HOPPER CARS

Hon. Gildas L. Molgat: Honourable senators, I should like to direct a question to the Minister of State for the Canadian Wheat Board with reference to a release dated June 26 which appeared on my desk today from the Wheat Board's advisory committee. Apparently the committee sent a letter to the minister which reads in part:

> That the Advisory Committee to the Canadian Wheat Board urge the Government of Canada through the Minister of State for the Canadian Wheat Board that orders be placed immediately for additional hopper cars in accordance with the requirements recommended by the Grain Transportation Authority.

The letter goes on to say that the authority has recommended the purchase of 1,300 cars each year for the next four years to 1985 and approximately 900 cars per year thereafter to 1990.

Can the minister state whether he in fact received that communication and whether he is in a position to respond to it at this time?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, yes, I have received that communication from the Wheat Board's advisory committee. As a matter of fact, we received at an earlier time the recommendation of the Grain Transportation Authority along the lines referred to.

It is absolutely clear, in my opinion at least, that the government is dedicated to the concept of a transportation system which is adequate for the movement of grain. I think it goes with that statement that the government is also determined that there shall be an adequate supply of hopper cars within the system to move the crops that are likely to be forthcoming. This, whenever it is made, will be an announcement by the Minister of Transport. I do know, however, that questions concerning hopper cars, the ordering of hopper cars and the number of hopper cars needed are now under active consideration.

I think it is generally agreed that from the time hopper cars are ordered it takes about six months for them to start coming off the assembly line. I feel that there are enough hopper cars in the system to move the current crop that is forthcoming, although we do not, of course, know the size of that crop. It is

generally assumed, or generally agreed, that we are likely to need additional hopper cars for next year's crop.

All I can say in summary is that the whole question is under active consideration and I believe that constructive action will be taken to bring about an addition to the hopper car fleet that is likely to move the forthcoming crops.

NOVA SCOTIA SOURCE OF ADDITIONAL HOPPER CARS

Hon. G. I. Smith: Honourable senators, I should like to direct a supplementary question to the Minister of State for the Canadian Wheat Board. Is he aware whether or not the railway car-making facility at Trenton, Nova Scotia, is capable of building these cars? If so, is it likely that that facility will have the opportunity of participating in constructing the rather large number of units that will be required?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): My understanding is that they have already shown their capability of building this kind of hopper car. There are, of course, other facilities in Canada for the building of hopper cars. I suppose you cannot really make a decision on where the hopper cars are to be built before you make the decision on the number of hopper cars you have to order. There is every likelihood that the facility to which the honourable senator has referred will be used once the announcement is made.

● (2110)

WESTERN CANADA—MOVEMENT OF COMMODITIES BY RAIL

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I, too, would like to ask a supplementary question in connection with the movement of commodities of all sorts in western Canada. It has been stated that we are facing a very critical situation somewhere between 1983 and 1985 and that it will be necessary to ration rail space. I would like to know what proposals the government has to deal with that particular matter.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, the government is looking at the entire transportation system in a very active way, with an eye to the future. It was announced just a couple of weeks ago that $700 million will be provided for branch line rehabilitation, with the program extended over the next four years. It is my understanding that the CPR has applied to the Canadian Transport Commission for authority to extend its lines in western Canada through the Rocky Mountains. That is double-tracking through the mountains. So, while there are very important questions and problems to be solved and the matters of capitalization and capital for the CNR and the CPR, I am optimistic—and I am sure there are those who are pessimistic—that over the next few years the facilities which will be built by both railroads will be adequate to haul the traffic that will be available for the export market.

Senator Roblin: May I draw to my honourable friend's attention that optimism may not prove to be enough. We all like to be optimistic about what the future will bring, but we have already been warned by Canadian National and Canadian Pacific that their systems will not generate enough capital to undertake the kinds of restructuring the western rail lines will need. I ask my honourable friend if he will move beyond optimism to action.

I have in my folio here half a dozen clippings of recent origin that, I am sure, are just as familiar to my honourable friend as they are to me, in which we have been warned very clearly that if we sit around twiddling our thumbs and not doing anything of an adequate nature to meet the situation we will find ourselves unable to export the wheat, coal, potash, timber and other commodities that we want to export. As a matter of fact, my principal authority tonight is the Leader of the Government, because he is the one who said that we are facing a crisis and that unless we do something we will be rationing our rail space by 1985. I want to know what it is the government is prepared to do.

I know about the $700 million and about the prospective purchase of grain cars, and so did the Leader of the Government at the time he made his statement. Obviously, those measures are not adequate, to his mind, and I am sorry that he is not present to speak for himself. Certainly, these measures are not adequate, to my mind, so I ask my honourable friend when we will receive a statement that will bring this whole problem of transportation together and give us a reasonable expectation that we will meet the target that we have set for ourselves in the movement of commodities.

Senator Argue: Honourables senators, I am sure that the Leader of the Government in the Senate will want to speak for himself when he returns to the chamber. Sometimes so-called reports by the press do not quote exactly what one has said or what one intended to say, but, in any event, he will explain his remarks.

The Minister of Transport is very active as a result of his concerns over this problem. The government is giving its active and concerted attention to the matter. While the honourable senator and I may disagree in our respective optimistic and pessimistic views, we will both be around, I hope, over the next few years in some capacity, some place. I expect to see the railroads doing the job for which they were built, and I believe that the railways will have the capital required to provide the expansion that is necessary. I understand that there is a problem and I understand why the railways would want to put forward as strong an argument as possible to obtain revenue to, for example, meet the requirements of the grain industry.

I am sure that the days and months ahead will bear out my optimism. The Minister of Transport has the situation well in hand. I simply do not accept some of the alarming statements which are being made in this continuing dialogue.

Hon. H. A. Olson (Minister of State for Economic Development): That is one thing we do not do.

Senator Roblin: I am inclined to say that my honourable friend probably sucks his, but I suppose that would be unparliamentary.

Senator Olson: That would be unfair, too.

Senator Roblin: It probably would not be correct either. I have here one of the tattered news articles which seem to be of interest to the honourable gentlemen on the other side. I shall give them the benefit of a quotation from it. This news article refers to an interview given by the Honourable Leader of the Government in the Senate to Southam News, in which he is reported as saying:

> "By 1985 we're going to have to ration rail space in western Canada."

He is further quoted as saying:

> "It's an absolutely urgent priority," . . . "It's the most important priority we're facing."

I am inclined to agree that that statement is not far off the mark, but my honourable friend's response to my question does not seem to indicate that same degree of anxiety. Once again, I urge him to bring to this house at the earliest possible moment a statement as to what the government's policy will be with a view to providing Canadians, particularly those in the west, with a transportation system adequate to their needs. If the railways do not receive the money out of the Crow, then it is perfectly obvious that the government will have to put up the money itself. One way or another the money will have to be found. What is the government's policy going to be?

Hon. G. I. Smith: The same as always, I suppose.

DOUBLE TRACKING OF CNR FROM WINNIPEG TO VANCOUVER

Hon. R. James Balfour: Honourable senators, I have a supplementary question for the Minister of State for the Canadian Wheat Board. I wonder if he could give a progress report with respect to the implementation of the Prime Minister's commitment during the last federal election campaign to double-track the CNR from Winnipeg to Vancouver.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I do not believe that the honourable senator has accurately described the commitment, but I do not wish to get into the matter.

Hon. G. I. Smith: It looks more like a double-cross than a double-track.

Hon. Richard A. Donahoe: It sounds like an election statement.

Senator Argue: To many parts of the western railway system, double-tracking is absolutely essential. Honourable senators can snicker. I do not mean the honourable senator who asked the question, but there were many snickers. Many people felt that this statement was rather foolish and far-fetched.

Hon. Lowell Murray: Including the CNR.

Hon. Jack Marshall: That is what we are snickering at.

Senator Argue: The CNR has plans to double-track certain lines in western Canada—I believe, from Edmonton to Redpass Junction, and from there to the Port of Vancouver, and certain other lines leading to Prince Rupert. I believe that the schedule for the double-tracking required to move freight from the prairie provinces to the west coast for the next few years will be forthcoming.

The application by the CPR to the Canadian Transport Commission involves, in part, double-tracking over certain parts of its line in western Canada. The government has the entire question of railway policy very much under consideration and very much in hand. I believe that the construction will go forward as it is required.

Senator Smith: You would have done better if you had left us with your first impression and not gone into the matter.

Hon. H. A. Olson (Minister of State for Economic Development): Some of those construction projects are already under way.

• (2120)

[*Translation*]

EXCISE TAX ACT
EXCISE ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Tuesday, June 23, 1981, the debate on the motion of Senator Barrow for the second reading of Bill C-57, to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas.

Hon. Guy Charbonneau: Honourable senators, this evening I would like to comment on two tax measures contained in this bill, one having to do with the sales tax on newspapers and advertising supplements, and the other with the various taxes on petroleum and natural gas.

With respect to the latter, I intend to deal with the National Energy Program which will be implemented with the help of revenues collected through those taxes.

First there is the sales tax on newspapers and advertising supplements. In a brief pregnant with facts and figures which very convincingly support their point of view, a number of regional weeklies have stressed the negative impact that this tax would have on their means of production. They state that "this sales tax now looms as a threat against the editors of weeklies". The standards used to figure out the advertising content are vague and either do not apply or apply most inadequately to weekly newspapers. Besides, the administrative load of that tax can hardly be borne by many of those weeklies which are nothing more than small and medium-sized businesses subject to all the conditions resulting from a limited circulation, a shortage of specialists and a narrow profit margin.

The weeklies add that this tax will take away from the editors a certain independence in the management of their businesses since they will have to maintain a 3 to 5 per cent safety margin so as to avoid a dangerous narrowing of the gap between the advertising content and the standards, be it 75 or 70 per cent as first prescribed in the bill. The need to maintain

that safety margin will undoubtedly lead to a reduction in the already insufficient profit margin and many newspapers would then operate at a loss.

Keeping in mind the current economic situation—unbelievable interest rates, rampant inflation and a labour scene upset by that inflation—it is obvious that those small and medium-sized businesses which are in the unfortunate situation of operating in the newspaper field cannot cushion themselves against this other impact of the sales tax and everything that stems from it in the form of extra production costs and uncertainty.

The editors of weeklies point out that it is not simply a matter of profit losses, but it also involves job losses which the bankruptcy of a number of weekly newspapers would entail. Considering that a certain number of them are published in less urbanized sectors, and are therefore more dependent upon each existing job since there are not that many alternatives, it is clear that the new tax which will fill the federal coffers and correct certain abuses will not help the regions of Quebec. It is true that in the past there have been certain abuses related to the tax exemptions on all supplements. However, it does seem exaggerated to slap a tax on all newspaper supplements so as to eliminate those abuses. The same standards mentioned earlier with respect to the profitability of weeklies apply in the case of advertising supplement printing. The revenue derived from supplements of regional newspapers make the difference between operating profitably and going under.

In their brief they reminded us that this tax would prompt the major advertisers to centralize the printing of supplements in the specialized shops of Ontario so as to make economies of scale. This is because most Quebec printers who produce supplements also print regional newspapers. Any loss in revenue from supplements would bring about an increase in the printing cost of weeklies, which would worsen the financial impact of the sales tax on these newspapers.

The drafters to this brief recommended therefore that the government withdraw its requirements concerning the numbering of advertising pages in a supplement, and so on, and that it simply requires that the name of the newspaper appear on the supplement. To prevent any abuse, this exemption would not extend to any catalogue or book even if the name of the newspaper appears on it.

I therefore intend to support the request of the weekly newspapers to give them what little help I can in these difficult times. Quebec must face a massive renewal of its soft sectors. For heaven's sake, let us not impede the development of sectors which could by expanding and applying high technology, supplement those sectors left behind by the evolution of the economy.

Still as concerns the future of Quebec and of Canada as a whole, I would now like to comment on the excise tax on oil and gas and its implications under the National Energy Program.

In its 17th Annual Review, the Economic Council of Canada concluded that it is now necessary:

> —to give priority to securing a better rate of growth of the real income of Canadians.

It added that in the last decade, it would have seemed irresponsible to want to speed up economic growth. But today it has become essential for the economic survival of the country.

The Council recognizes that this objective will be met at some cost, that obstacles have to be overcome and that choices have to be made. What we need are policies which emphasize the growth of real income. This can be attained in various ways, but it is obvious that energy must serve as a catalyst for the economic growth of the country.

We also need some comprehensive policies which are meant this time to add to the efficiency with which resources are involved in the production process, whether it is labour, capital, raw materials, or energy. We should also promote technological progress; we should take advantage of large-scale savings and remove obstacles to the best allotment of various productive resources. Energy pricing is one of the impediments.

The council adds in its report that for several years foreign savings have allowed Canada to finance a substantial part of its investment program. Although those borrowings were profitable in several respects, they contribute to maintain the deficit of the current account of our balance of payments. The borrowings also encourage foreign ownership of Canadian industry and also increase our foreign debt. In addition, the increase in our foreign debt is less and less followed by similar increases in our capital reserve.

To enable Canadians to finance a larger percentage of investment, the council is suggesting an increase in domestic savings. They also state that the deficit of the current account should be reduced. Increased exports of natural gas, of electricity and coal, development of the production capacity in other export industries and transportation as well as reductions in oil imports are factors which could reduce the deficit of the current account.

The council concluded its survey of our current economic situation by stressing the fact that large energy projects are becoming particularly important and as emphasized, that an extended delay of those projects could increase instead of reduce the medium and long range use of foreign savings.

How ironical, honourable senators, that we should come to that conclusion when we consider the efforts of this government to increase Canadian ownership of the oil industry. Far from increasing Canadian ownership as would a program to promote personal investment, those efforts could impede the growth of the economy and our sovereignty in the oil sector.

Canadianization, and more especially nationalization, would impose costs which would result in a reduction of the gross national product without increasing our supplies by a single barrel of oil. Neither Canadian consumers nor the ownership of the oil industry would benefit from Canadianization; as a matter of fact, most of the main branches are now managed by Canadians.

Moreover, the National Energy Program is impeding the realization of great oil sands projects. Without them, it would be impossible to expect an adequate economic growth.

That is something of which the Economic Council has reminded us. An increase in energy production could greatly contribute to a rise in real incomes in Canada, but the issue of energy pricing will have to be settled first. The domestic prices for oil and gas must rise considerably and without too much delay to the international level. To ensure greater conservation and a more efficient utilization of energy, the Economic Council suggested that we need to increase the consumer's price.

It is clear that the issue of the price of Albertan oil is a source of confrontation between this producing province and the present government in Ottawa. Moreover, the carrying out of the main projects, such as the so-called "mega-projects", which in the eyes of the Economic Council represent our best chance to instil new life into our economy, must be postponed pending such an agreement. In the meantime, our imports from foreign countries have increased and as a result our balance of payments is suffering. No matter what they say about the current high interest rates being a necessary evil, it is clear that an influx of foreign and domestic capitals would strengthen our dollar and give us a greater margin of freedom with regard to American interests.

If Canada does not return soon to more normal levels of interest rates, our small and medium size businesses, already deprived of the oil sand incentives, could sustain irreparable damages. It is therefore essential that the government abandon its doctrinaire and stubborn objectives in order to arrive at some solution with regard to oil pricing. Let us not forget that it allowed an increase far greater than what was proposed by the previous government. Just like Mr. Trudeau proposed Britain should do with the Constitution, his government should "hold its nose" and approve an oil price increase satisfactory to Alberta, even if that meant putting aside his centralizing projects. This is not the time to engage in doctrinaire experiments, but rather to develop our resources and stimulate the economy.

Furthermore, there are various countries which need our resources and eventually will stop being polite, if we are not wise, or will go elsewhere to buy the required resources or force us to share. A Canada weakened by domestic wrangling and a stagnating economy will not be in a position to negotiate favourable contracts.

We should therefore take advantage today of the possibilities afforded us and of our resources while ensuring their conservation. Above all, let us not delay in increasing our resources and let us take up once again the slogan of the last few years: energy self-sufficiency by 1990.

We are being told that the oil available is decreasing and that one day all that will be left will be expensive deposits. That is why we must be able to resort to alternative energies. Yet, in this area, the government is also prepared to interfere by way of a Crown corporation or agency. This new industry is already complaining of the unfair and detrimental competition that government is putting up, in the field of solar energy for example. Canertech Inc., a subsidiary of Petro-Canada, has apparently refused to support some promising projects while pursuing the development of projects which have already proven economically sound. In other words, government wants to control the market.

Obviously, I am not objecting to the interest that the government shows in the energy field, considering its importance. However, why must it do so at the expense of the private sector?

Without a free, strong and efficient market, our country would never have known the growth it has experienced. Yet, the government seems to forget that historical fact.

• (2130)

[*English*]

Canada has been undergoing a political and economic evolution for almost a quarter century. The pace accelerates despite the result of the Quebec referendum. Economic maturity is one reason. Regional and cultural factors are others. The implications, regardless of their roots, are national in scope. Confederation is under great strain. The shifts taking place require new concepts as the old arrangements, the old methods of governing and the old balances of power become obsolete. The present conflicts are fundamental beyond *ad hoc* solution. The price of ignoring them is dismemberment of a nation. Western provinces that finally know affluence—affluence, incidentally, based on private initiative and enterprise—do not look kindly on the statism of the present government in Ottawa. They fear losing the climate of certainty which favours growth of their industries. Too much heavy-handed intervention in the private sector and too great a tug-back of powers to Ottawa could, in the opinion of western provinces and some of the up-and-coming eastern ones, jeopardize their future.

At the moment, Ontario itself is suffering something of a confidence crisis. Much of its industrial machine is, like that of Britain after the war, creaking with age. In many sectors its manufacturing competitiveness is being eroded. The results are to be seen in the sharply higher number of permanent shutdowns. A notable exception is the steel industry but there are a few others. In the context of the steel industry, we should note that the tar sands projects represent great potential for increased production. Since the steel industry is one of the locomotive industries of our economy, we can see how important a settlement of the talks between Alberta and Ottawa is, both for Ontario and for industrialized Canada as a whole.

The development of the tar sands and the construction of the plants will have a major impact on all industry suppliers. Most of these are located in Ontario and Quebec. It would be constructive for community leaders in Ontario to remember this fact, and an effort should be made to arrive at a compromise. Most people probably think that it is a cliché to say that Canada was founded on compromise. Unfortunately, it happens to be true. Unbending adherence to policies which divide

and destroy in the name of ultimate unity is more than foolish. In my view, it is tragic.

Meanwhile, the west has become economically self-sufficient to a large degree, although it still relies on external capital to maintain the heavy pace of development. The west can generate more and more of its own capital. It can earn substantial foreign exchange. It can feed and clothe itself, put gas in its cars and heat its homes. If the west became independent, it probably could reduce its cost of living by importing from outside Canada its canned goods, its cars, trucks and farm machinery, its clothing and supplies for the petroleum industry. It can earn the foreign exchange to do it. Central Canada must abandon its concern about oil and gas prices and concentrate instead on preserving a lush and profitable market which means so much to it in terms of employment and other economic benefits. The people of central Canada must be quickly and persuasively made aware by their political and business leaders that they have much to lose economically—far more than the people in the west.

In other words, interdependence still exists in Canada, although the direction of the traffic might have changed. However, one fact is clear. You cannot hold a country together through economic dependence. As soon as a region becomes more independent economically it starts speaking of separation. This should make it obvious to us that Canada must be held together by a bond of self-fulfilment and mutual respect between regions and the central government. Otherwise, once the underdeveloped and dependent member reaches maturity, it will feel no loyalty to an old tyrant. Basic psychology tells us that tyrants are respected out of fear, but they are not served out of loyalty and love. Put some distance between tyrants and people, or between have and have-not, and the underdog will seize the first opportunity to make that distance permanent.

Energy is now Canada's greatest asset, next to its territory and skilled population. Let us not blow it. There is enough for everyone, but let us not fight over the spoils. It would be very easy for a third dog to slip into the fight and run away with the bone.

Oil and gas pricing, though of prime concern to Alberta, has become the political symbol of western discontent and alienation. The unilateral action on the Constitution is regarded as an element of that symbol, just as Quebec looked at the rejection of an equal partnership by the anglophone community as a signal of total rejection of its culture and language and a threat to their survival. Alberta is not asking the world price for its oil and gas, nor is it asking that its upper price be reached in an unreasonably short space of time. The Heritage Fund is being used to the advantage of all Canadians. Loans at reasonable rates are made to Quebec and the Atlantic provinces, which otherwise might have to shop in the open market, competing for funds with the deficit-ridden federal government.

Alberta has offered money from the fund for the eastern gas pipeline and for the rehabilitation of transport facilities. Much of that money—except direct construction wages—would be spent in Ontario and somewhat less in Quebec. To a degree the same is probably true of the loans made to sister provinces. But some people in central Canada seem generally ignorant of the economic spill-off and the considerable economic benefits that accrue to them. Certainly, the spill-off does not occur when the funds go to the OPEC countries for their more highly priced oil.

● (2140)

Moreover, under the existing energy policy regime, Ontario could be partly dependent on foreign oil by as early as 1984, and increasingly so as the decade proceeds.

The logic of the National Energy Program, if there is any, escapes the west. Self-sufficiency has been endangered, if not made impossible. At best, Mr. Lalonde has thrust the achievement of self-sufficiency into the next century. Canadian companies are hurt the most. It is a canard to point to the seven sisters and say, "We are fighting for our heritage against the Yanks." The federal government purchases foreign oil at ever-escalating world prices, yet does little to reduce the country's dependence on it, even to the point of probably now forcing Ontario to depend on that unstable and costly source.

The west regards the energy policy as one designed by a government determined to placate central Canada. At the same time, the west does not believe the energy policy is a good one for central Canada, even in the relatively short run.

[*Translation*]

The part of the National Energy Program that deals with Canadianization poses two main problems. First, it does not seem to meet the aspirations of most Canadian-owned and controlled companies, for reasons that are particular to the sector concerned on the one hand and others that are inherent in the overall program on the other. In addition, though at first glance the program seems to suit Petro-Canada, nothing guarantees that it may do so over the long term.

Second, the program introduces an important element of discrimination which, based on state ownership and not on return, seems useless in the pursuit of Canadianization.

Any Canadianization program must meet a number of criteria if it is to promote the cause of both the public and the private sectors, and ensure security of supplies. First, Petro-Canada must play a major role; that is a political fact based on a political mandate that is not being challenged.

In assuming its role, however, Petro-Canada must not impede the efforts of Canadian owned and controlled companies, nor must it limit their possibilities.

Government regulations must be reduced to a minimum and the scope of the rules of the game which can be foreseen should be stretched to the limit to take full advantage of the entrepreneurial spirit.

Canadian-owned and controlled companies must be encouraged and not hampered in their decisions.

Canadians must be encouraged to invest in Canadian industry.

With regard to financial operations, there should be no difference between Canadian-controlled companies and non-

resident-controlled companies and nothing justifies encouraging Canadians to invest through means that are not available to foreigners.

Recently, during a conference on the National Energy Program sponsored by Prentice-Hall Canada, a speaker made the following remark: Most people agree to declared objectives of the National Energy Program but many do not agree with its terms. This program seems to involve hidden and different intents from its avowed objectives which are at best debatable and would not be readily accepted by people if they ever knew that it was the true purpose of the program.

Outside federal government circles there is a prevailing impression that the implementation measures contained in the National Energy Program will not make it possible to reach its objectives.

There must be better ways to reach the objectives of the program.

It is obvious that the taxation of oil provisions contained in Bill C-57 which evolves from the implementation of the National Energy Program constitute a backward move. The economy of this country needs fiscal policies that are favourable to its development and not likely to have negative effects. The government must rethink its energy program in order to put this country back on the tracks of self-sufficiency . . . there is not much time left to act. If indeed we have spent 53 years searching for a new Constitution and we must therefore speed up the process, the resources of this country are well worth stopping this mad race towards disaster that is the National Energy Program. There is no room in the economic history of a country as prosperous and full of potential as ours for narrow and doctrinaire policies which endanger our national heritage and our common future. There must surely be ways to solve the economic and federal management problems other than through an authoritarian program which will adversely affect the positive influence of private enterprise and personal initiative by Canadians and which will prevent them from becoming the true owners of their own natural resources. The state should serve the citizenry and not take away its responsibility and privilege to exercise its talents for the benefit of society.

[*English*]

Hon. G. I. Smith: Honourable senators, first I should like to congratulate my colleague, Senator Charbonneau, on his eloquent and excellent speech. You will perhaps be glad to know that in addition to making me feel that he ought to receive the warmest compliments for his effort, he has reduced by a substantial quantity the amount of time which I shall ask honourable senators to spend in listening to me, because he has put some of the most cogent arguments that I believe should be put against the contents of this bill and of the National Energy Program, in terms which I could not hope to improve upon and which, except to indicate my concurrence with them, I will not take your time to try to improve on them.

I have to observe that I can find absolutely no excuse whatsoever for a government which introduced this bill in the House of Commons months ago, first calling upon the opposition in the other place to pass it in a relatively short time, and then asking us to deal with it in a matter of days. I know the Deputy Leader of the Government is not to blame for this, and I do not find fault with him. Indeed, I suspect that if he had the opportunity to say exactly what he thought on the matter, he might be just as indignant about it as I am.

The only instance of worse mismanagement that I can think of lately in the affairs of government is the fact that it still has not got to this house the appropriation bill which it knew months ago, or at least from March 30, had to be passed before June 30. It has not got it here yet. The government cannot use the excuse that it did not know. I cannot use the excuse that there was not any time.

An Hon. Senator: Right.

Senator Smith: The government has had all of this time, and it throws it at us not today, when we might have 24 hours to deal with it, but some time in the expiring hours of tomorrow, when the right to spend money disappears at midnight, as I understand the Deputy Leader of the Government.

What possible excuse can there be for this? What possible reasons can there be, except, on the one hand, incredibly bad planning and, on the other hand—which I think far more likely—an equally incredible disregard for the rights of Parliament. It seems to be that if there were any reasonable way in which this chamber could delay passage of that bill, it should be done. But I realize, as well as anyone else, that when the authority to spend money runs out, the process of government, in large measure, ceases and therefore it is not really a practical proposition, much as we may resent the circumstances, for us to refuse to accede to that bill before the dying hours of tomorrow.

● (2150)

It seems to me that it is a deliberate, cold, calculated plan to put this chamber in the position where we would have to bear the onus of bringing to a halt the financial operations of the government in many respects, or of throwing aside our right to give proper and fair consideration to the business of the country, particularly the business which involves the spending of enormous sums of money, some of them beyond the imagination even of those of us who are accustomed to hearing enormous sums of money expressed in the spending plans of this government.

I suppose we have been faced with this same situation year after year after year, and I can remember quite a number of such occasions myself. I think it is an incredible thing that we should be asked to do this, except by some accident of fate over which we could have no reasonable control. It is time we registered our dissatisfaction with the process, and, indeed, sooner or later, in order to bring to bear our due and proper consideration on such spending operations, and the financial business of the country, we will have to consider accepting the onus which would come with bringing to a halt the financial operations of the government in such large measure.

The delay and lateness in bringing this bill to this chamber is not by any means the only odious feature of Bill C-57. It is

shot through with such features from beginning to end—principles that ought to be rejected out of hand by any responsible government that wants people to believe it governs according to the principles of democracy.

Let us look at one of the first—in the sense of the place in which it appears in the bill—of these objectionable features. I refer to the provision which intends to, and will, change the method of calculating duties upon certain commodities such as wine from a specific duty on a specific quantity to an *ad valorem* duty, which will be calculated in relation to the consumer price index, or some other method of relation to the cost of living.

I am well aware that there are other substantial taxes which rely on the *ad valorem* method of calculation, but the fact that these wrongs exist is no excuse, and no reason, and no justification, for extending the principle further.

There are many objectionable features to this. One—and a fundamental one—is that it removes the power of Parliament to control the specific imposition of taxes. It hands to the Governor in Council—indeed, even to Statistics Canada—the duty of deciding what amount of taxation shall be paid on a gallon, or litre, or whatever kind of measurement you want, of wine, or a unit of any other substance to which this change will apply. It seems to me that if you look back in history you will find that Parliament was born out of the determination of the people of England that Parliament, and only Parliament, would impose taxes and spend them. Parliament, and only Parliament, would exercise control over the public purse. This government, it seems to me, is getting away from that principle as fast as it can. It is doing so by degrees. It is not ready just to say all at once, "Let us not bother with Parliament imposing taxes, or keeping control over the public purse," even though that is almost true already; but little by little, and more and more, as more gets behind them, they are working towards the stage where, whether intentionally or not—and I confess I find it hard to believe anything except that it is intentional—Parliament will not be imposing taxes, except in a very general way, and some calculator, like Statistics Canada, will calculate what tax shall be imposed on the people of Canada. Then somebody else, who is equally irresponsible as far as the electorate is concerned, will decide how to spend it, which, in large measure, is what is happening now.

It seems to me that the sooner we realize this, and say, "Thus far and no further," the safer will democracy be, and the more closely we shall be adhering to the principles upon which democracy as we know it was built.

Almost as bad, though not quite, because the democratic process is fundamental to our kind of life, is the fact that this bill gives every incentive to the government not to worry too much about inflation, because as the price of a litre of wine goes up under this system, so does the take of the government. There is no incentive for the government to reduce inflation, except perhaps thinking about what people may think of it, though it does not seem to be paying very much attention to that these days. The more inflation, the more taxes. That is exactly what happens.

Worse than that; if you take a look at page 9 of this odious bill, in the section which bears the figure 24 in very heavy black letters, and then go down to paragraph (2) under that numeral, you will see this:

> (2) The excise taxes imposed by subsection (1) shall be adjusted
>
> (a) on the first day of April, 1981—

And then on for the future.

> —so that the taxes imposed in the five month period commencing on that day are equal to the amount obtained
>
> (i) by multiplying
>
> (A) the taxes set out in subsection (1)
>
> by
>
> (B) the ratio, adjusted or altered in such manner as the Governor in Council may, by regulation, prescribe—

So there. You do not even start by having the power to say what this rate of tax shall be, or by how much it shall be adjusted. You do not even start by giving it to the people who calculate the consumer price index, or the cost of living, who, I suppose, are part of Statistics Canada: But then, having let them calculate it, as I read this and as I think anyone else will have to read it, you allow the Governor in Council to adjust that ratio up or down by regulation. That is what it says. If that is not taking control of the imposition of taxation on the substances which are subject to this kind of thing away from Parliament, and putting it into the hands of the Governor in Council, I do not know what it is. It would be hard to devise any other means of doing it, except boldly to say, "Let the government do it."

Well, that is a lovely way to start out, by looking at a piece of legislation to find that a situation will be produced, when it becomes law, where, first, the imposition of taxes of a specific amount on a specific item of goods, or quantity of any substance, is handed to the Governor in Council, and, second, the government is given a vested interest in keeping inflation from falling too low, because if inflation drops the government's tax shield drops, and if inflation rises its tax shield rises.

This, of course, is without anybody really knowing what is going on. This does not happen by way of legislation which is debated in Parliament. It happens quietly. It might get published in the *Canada Gazette*. Unfortunately, the *Canada Gazette* is not number one on the reading list of Canadians, and it will be quite a while before what appears there becomes an object of knowledge to them.

● (2200)

Hon. Léopold Langlois: Which section are you referring to?

Senator Smith: If you look at page 9—and, incidentally, you have to look hard because the number 9 is put in a very obscure place—you will see the heavy black figure 24. Then go down the page until you come to the subsection where the figure (2) appears. Then look at the (a), then at the (i), then at

the large (A) and then at the large (B). Eventually you will trace the obscure trail through the dense verbiage and come to the place you are looking for. Mind you, you will not see it the first time through. By the time you get through all of this mass of verbiage, it is pretty hard to relate back to where you began. If one were a suspicious person—which I am not—one would think that the draftsman who invented this method of writing things was as anxious to hide the meaning of it as are the people who draw up the income tax rules.

Of course, you need not stop there. You can turn over to the next page, go down past the (ii) until you get to the (b), then go through the (i) and the big (A) and the big (1) and you will find the same thing again. I suppose that the hope of the draftsman was that nobody would bother to read this too carefully. I must confess that it doesn't do one much good to read it carefully because, even doing that, you will not be sure of exactly what it means. I can, however, tell that it means something I do not like.

Senator Roblin: You have a sound instinct there.

Senator Smith: There are quite a number of other unfortunate features—odious features, rather; I will use that word because it is one which I think best describes it in courteous terms, although there are some other terms that might be more appropriate.

One might turn, for example, to pages 81 and 82. There, having to do with the change in taxes on tobacco, cigars and cigarettes, you will find that the same thing is happening; duty is being imposed not by legislation but by regulation as the Governor in Council may decide. I suspect that there are more places like that which I have missed, but I have given you a couple of examples, at any rate.

Turning back to page 54, honourable senators, we come to another extraordinarily odious provision, as I read it. This is with regard to the definition of "natural reservoir in Canada." It has to do with this extraordinary way of slipping in a tax on petroleum and gas along with the amendments to the Excise Act and the Excise Tax Act, then giving it a separate life as another bill altogether, saying that it shall be referred to by a separate name.

In any event, regardless of the name—and a piece of nonsense and skullduggery by any other name would sound just as odious—it defines a natural gas reservoir in Canada as follows:

> "natural reservoir in Canada" includes a natural reservoir situated in the submarine area adjacent to the coasts of Canada in respect of which the Government of Canada or the Government of a province has granted a right, licence or privilege to explore for, drill for, take or remove minerals or hydrocarbons in any form;

Look at that, honourable senators: an area "in respect of which the Government of Canada or the Government of a province has granted a right." That is an outright grab, as I read it. No matter what a province claims with reference to a submarine area, if it has gas in it, it is designated as a natural reservoir in Canada and Canada is going to have the gas. That is a bald disregard of the law in Canada, completely dashing aside the claims of provinces like Nova Scotia and Newfoundland, to whom this means a great deal. This cannot be done merely because the government, the draftsmen or the sponsors of the bill in the other place wish it. Incidentally, I do not include in that category the remarks made by my colleague from Nova Scotia who explained the bill to this house. I have to say that my colleague and friend explained it well indeed, although it is quite understandable that he did not take the same care that I have with regard to the more obscure parts of it. I have, however, no complaints—indeed, I have nothing but compliments—about the way in which he placed the bill before us. Of course, I would have been more complimentary if he had drawn some attention to these things. I suspect, though, that he felt that somebody on this side of the house would assist in that respect and that he did not need to do it.

Everybody in the other place and in this place knows that, whatever the federal government may say about the ownership of the minerals in the submarine lands off the coasts of Nova Scotia, Newfoundland and the other provinces except British Columbia, those provinces claim ownership as well. Here I come to the very learned argument put forth by my respected friend, the Deputy Leader of the Government, when he was dealing with the question of the *British Columbia Reference* case and the ownership of lands off the coasts of any province. As I recall, he convinced himself, at least, that there was little substance to the arguments of Nova Scotia and Newfoundland. I do not intend to indulge at very great length in that argument tonight, but I do want to draw attention to two or three of the things which, as I understand his argument, he felt were very important. In particular—and he will certainly be able to correct me if I am wrong—he argued under the common law of England and referred to the *Keyn* case, to the effect that the Crown owned only the foreshore and not even the territorial sea. He also argued that there was no parliamentary enactment giving to Nova Scotia any offshore rights, referring to enactment, as I understand it, of the Parliament of Great Britain.

● (2210)

Well, I do have to bring to the attention of the house that the phrase "relating to any kind of delegation of authority" used in the *British Columbia Reference* case by the distinguished judge who wrote the decision did not refer to legislation but to rights to which the British Crown was entitled. It spoke of delegation by the British Crown of the rights to which it was entitled. It made no reference at all, as I read that case, to any parliamentary or similar enactment. It was a delegation by the Crown of the rights of the Crown.

Hon. Royce Frith (Deputy Leader of the Government): But the *Keyn* case did.

Senator Smith: No, that is what the judge said in the *British Columbia Reference* case. The *Keyn* case, as I understand it, dealt with the ownership of lands beyond the foreshore.

Senator Frith: But the *Keyn* case did talk about legislation.

Senator Smith: Oh, yes, it did, that is quite true, but not the judgment of our own Supreme Court in the *British Columbia Reference* case.

It is my submission that the British Crown did confer rights—the rights it had—on the Governor, Council and Assembly of Nova Scotia. Indeed, not only did it confer them, but it required in the most direct and mandatory terms that the Governor of Nova Scotia should hustle up and do what it had previously commanded him to do, namely, have a legislature elected, so that with their help he could govern Nova Scotia. That legislature was convoked so that it could pass whatever laws were reasonably necessary for the governance of the country.

With respect to the *Keyn* case, it dealt with the common law and it was decided, I think, in 1874 or about that time. The extent to which the common law of England applied to Nova Scotia is dealt with in a case called *Uniacke and Dickson*, which was decided in 1848 by the Supreme Court of Nova Scotia, or rather, as they operated then, by the Governor being advised by the judges of the Supreme Court of Nova Scotia. They held—and it has been the law of Nova Scotia ever since, and I don't think anybody would ever dispute it—that the common law of England applied to Nova Scotia to the extent that the circumstances in which the colony found itself made it reasonable for it to apply. Of course, the common law can never apply when there is valid legislation contrary to the common law.

Incidentally, if I did not give the date of the *Uniacke and Dickson* case, it was 1848, which is nearly 30 years before the *Keyn* case.

The common law has always held, whether in England or in any of the derivatives of England, that whenever a legislature having proper jurisdiction passes a law which is contrary to the common law then that statute prevails. That has always been the law and I don't think anybody would argue that.

If you go back, you can see long before the *Keyn* case—long before Confederation—this Governor, Council and Assembly in Nova Scotia were passing laws which were clearly inconsistent with any common law rule that there was no jurisdiction beyond the foreshore.

With all deference to my learned friend—and it was indeed a learned argument he presented—two of the main theses of his argument, as I understood them, do not in fact exist, one of them being that there was no legislative enactment conferring the right on the British Crown. Of course, there wasn't, but there was a conferring of those rights upon the Governor, Council and Assembly of Nova Scotia, and those rights were used, and that complies with the conditions, as I read them, as laid down in the *British Columbia Reference* case. The other thesis was, as I followed him, that the common law as illustrated by the *Keyn* case did apply in Nova Scotia.

Well, that will indicate to honourable senators that at least there is another side to the argument put forward by the learned senator, and that it is certainly not by any means a clear-cut, open-and-shut, case, if it is any kind of case at all, that the decision in the *British Columbia Reference* case applies to Nova Scotia.

If you come to look at the situation with regard to Newfoundland, you will find an even stronger case there, because, for many reasons in Newfoundland's history, its position is different from that of any other province of Canada. Part of it, I think, was outlined by Senator Cook when he spoke on the matter some weeks ago.

What I say, then, is that the taxes imposed, or the taxes that would be imposed if this piece of garbage ever became the law, would be imposed on property which is claimed certainly under a very strong colour of right by the Province of Nova Scotia and by the Province of Newfoundland, and perhaps by other provinces as well, and yet they would be imposed without so much as a how-do-you-do. They just write it down on this bit of paper and hope that a majority in both houses will bring about the establishment of these words in the law, and then they will go and raid the revenue which comes from those natural resources and use it for their own purposes.

There is another provision I should like to refer to, but at the moment I can't find the exact spot where it appears. Perhaps I will before I am through, although you may not wish to wait that long. It says that the provisions of this statute—and it says it two or three times within the whole bill—"shall bind Her Majesty in the right of Canada and the right of the provinces." That is another bare-faced assault on the rights of provinces.

Without repeating all the things I said before in respect of this, I will simply say I feel just as strongly that this kind of provision is outside the right and jurisdiction, as well as the principles of fair play, for the Government of Canada to try to assert.

Honourable senators, there is plenty in this bill to make one doubtful, no matter how loyal one is to one's party or to one's affiliation. There is enough in this bill to make anyone who is interested in the rights of the provinces, or in protecting the rights of the regions, look at it askance and feel that it should be subjected to the very strongest of scrutiny on the basis of the sober second thought of this house and on the basis of being referred to a committee of this house. So, honourable senators, I suppose I do not have to conclude by saying that I do not like this bill, and I do not intend to vote for it.

● (2220)

Senator Frith: I was about to ask Senator Smith, "Apart from that, how do you like the bill?"

Senator Smith: As one of my predecessors once said, "I like it not."

However, as I said at the outset of my remarks, I do want to concur as strongly as I can in the remarks of Senator Charbonneau about the necessity of realizing that the power which has always been exercised by the centre of this country—and, indeed, politically it is exercising it right now—is shifting away. At the moment, and as it has been for the past few years, this power is shifting westward. If the gas discoveries off Sable Island and the oil discoveries off Newfoundland and

Labrador materialize, as the discoverers hope, where it will shift after that I do not know, but certainly power will continue to shift away from the centre of the country.

This subject is a very delicate one because it involves saying to the people of central Canada, "Look, you fellows have run the show for a long time and, although you are in the saddle right now by virtue of the concentration in population, you must realize that the situation will not continue in this way forever and that there are people in other parts of Canada who will not allow you to let it continue forever."

I have always said—and I think I can say it without the slightest reservation or without any fear that anybody can contradict me with any facts or assertions as to what I have said in the past—that I believe in the principle that the growth and strength of central Canada was a good thing for Canada. Although I argued that the rest of Canada had paid a very high price in this situation, it was a price worth paying because Canada's strength—of which I, as a Canadian, am very proud indeed—has arisen, until very recently, in large measure through the growth in population, production, or in any way one cares to look at the matter, of the central part of the country.

I come from a part of the country that helped to pay that very great price, but I do not regret it or complain about it at all. Since the price we paid in the past has helped the country to develop, our payment of that price ought to be recognized by more attention and more assistance now. But I have never complained about the fact that most of the growth has taken place in the central part of the country, because I have always believed that that is what has made Canada strong.

However, the change in the direction and the location of growth in this country has created a very different situation for the people of central Canada. It is to their credit that they have always been the very best of Canadians in terms of being willing to see that their wealth, of which they had a great deal compared with the rest of the country, was shared throughout this country, and I honour and appreciate them for that. Indeed, I suppose that over the years one of the strongest supporters of equalization was Ontario—and I spent a good many years dealing with this matter firsthand, and I do not need to emphasize it.

Senator Roblin: That's right.

Senator Smith: I am glad to hear my colleague, Senator Roblin, confirm what I have just said, because, in a similar capacity, he was dealing with the matter through almost the same years as I was.

I feel that the people of Ontario would do the same now as they did then. However, I do not believe that they have adapted themselves to the change in climate. I do not believe that the people of Ontario realize, from the point of view of power, wealth and resources, that they no longer occupy the same prominent place they did some time ago. I feel that when the people of Ontario recognize this fact, many of the difficulties which some of us think arise in this province now, will be adequately dealt with because, based on their past record, I feel that they are fair, reasonable and decent people who want to see Canada grow but who have not yet had long enough to realize how the centre of power and growth is changing. I merely want to say to the people of Ontario, as I believe my colleague, Senator Charbonneau, did, that they must accept these changes very soon, or the realization may not come in time to save us all a great deal of trouble which could otherwise be averted.

I thank honourable senators for their attention and their patience. I know that I have taken a good deal of the Senate's time. While I do not apologize for doing so, I am sorry that it seemed to me necessary that I take as much time as I did to say the things I thought had to be said.

Hon. Lowell Murray: Honourable senators, I rise for the purpose of proposing the adjournment of this debate. In so doing, I make one last or perhaps penultimate appeal to the Deputy Leader of the Government to consider his position overnight to determine whether or not some way can be found to refer the National Energy Program as a whole to a committee of the Senate when we return in the fall, thus expediting passage of the bill that is before us and sparing the Senate the necessity of listening to an abusive speech by me tomorrow afternoon or tomorrow evening.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, until the last remarks by Senator Murray, I was prepared to give an undertaking to think of little else overnight. But if the only reason for such thought is that I would be spared a speech by Senator Murray, I am afraid I will not be persuaded, admirer as I am of his rhetoric.

On motion of Senator Murray, debate adjourned.

THE ESTIMATES

CONSIDERATION OF REPORTS OF NATIONAL FINANCE COMMITTEE—DEBATE CONCLUDED

On the Orders:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance on the Supplementary Estimates (A) laid before Parliament for the fiscal year ending 31st March, 1982.—(*Honourable Senator Frith*).

Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance on the Estimates laid before Parliament for the fiscal year ending 31st March 1982.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I would like to speak to Order No. 4 and Order No. 5. It will be recalled that these orders have been dealt with together, and that we have had a good deal of excellent debate on them with interventions by Senator Everett, Senator Lamontagne and Senator Roblin. I feel that these three senators have thoroughly and eloquently exhausted the principles involved and, therefore, unless there are other sena-

tors who wish to speak, I would ask that these two orders be considered debated.

The Hon. the Speaker *pro tem:* Honourable senators, if no other senators wishes to speak, these orders are considered debated.

● (2230)

[*Translation*]

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B)

The Senate proceeded to consideration of the Report of the Standing Senate Committee on National Finance on the Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1982.

Hon. Fernand-E. Leblanc: Honourable senators, Supplementary Estimates (B), 1981-82, have just been tabled following the ruling made on June 12, 1981, by the Speaker of the House of Commons. Madam Speaker then decided to delete 10 items from the Main Estimates for 1981-82 because, and I quote:

> These items are really legislative items which deal with matters of substance.

This ruling like as previous ones, is based on a principle already recognized by your committee, namely that appropriation bills should not be used to amend existing statutes or to enact legislation. I quote again the ruling by Madam Speaker:

> The Appropriation Act should only seek authority to spend the money for a program that has been previously authorized by a statute.

For their information, honourable senators will find attached to the report of your committee, the complete ruling made by Madam Speaker.

The government has amended six of the 10 items ruled out of order and has reintroduced them in its Supplementary Estimates (B). The minister responsible for the Treasury Board, who was the main witness at the June 18 sitting of the Standing Committee on National Finance, has also indicated that he would introduce legislation dealing with nine of these items.

I should like to take a few moments to review the items contained in the Supplementary Estimates.

[*English*]

In the case of vote 30b pertaining to the Department of Agriculture, the original vote was objected to because it requested authority for payments to "owners of animals affected with diseases under that Act that have died or have been slaughtered in circumstances not covered by the Act." The new vote is identical to the original with the exception that this phrase has been deleted. The dollar amount of the estimate has not been changed, as the actual estimated outlays associated with the changes are estimated to be minimal.

Votes 35b, 40b, and 45b, pertaining to the Department of Energy, Mines and Resources, deal with the Home Insulation Program, the Canadian Home Insulation Program and the Canada Oil Substitution Program respectively. All three received funding under an interim appropriation bill passed in March in the amount of 25 per cent of the full estimate. When these votes were ruled out of order, because they were deemed to be establishing new programs, in the absence of other legislative authority, Parliament was put in the position of having authorized expenditures for which there existed no estimate.

[*Translation*]

In order to correct the situation, the Supplementary Estimates deal only with interim supply. As I said, Parliament should introduce bills designed to properly set up these important programs and pass the relevant appropriations for the rest of the fiscal year.

The initial Vote 5(b), Supply and Services, was intended to allow certain adjustments in the calculation of the department's accounts. The unacceptable terms included in the vote have been deleted from the supplementary item.

Finally, item 110(b), Ministry of Transport, included certain terms that were intended to amend a particular section of the Atlantic Region Freight Assistance Act dealing with payments to truckers. Once again the unacceptable terms have been deleted, and the item has been put forward without change.

Finally, I want to repeat that your committee has been concerned for quite some time about the fact that the Main Estimates can amend or enact other acts. We believe the ruling made in the other place provides us with a unique and major opportunity for an in-depth study of the legislative process.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in the same manner exactly as orders 4 and 5, Supplementary Estimates (B) will give rise to a debate, or at any rate to the introduction of the supply bill. For that reason, as I understand the context of the report, I respectfully submit that this order may be considered as having been debated also.

[*English*]

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I only wish to say that this matter has been dealt with in the context of a debate under items 4 and 5 on the order paper, and I think there would be no objection to considering the sixth order included in that category and, therefore, disposed of.

Senator Frith: I apologize to Senator Roblin for not asking if someone wanted to speak before I made my suggestion.

The Hon. the Speaker *pro tem:* Are honourable senators agreed that this order is considered debated?

Hon. Senators: Agreed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, June 30, 1981

The Senate met at 2 p.m., the Honourable Renaude Lapointe, P.C., Speaker *pro tem*, in the Chair.

Prayers.

THE SENATE

THE HON. THE SPEAKER—ABSENCE FROM CHAMBER

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I want to make an intervention on behalf of His Honour the Speaker with regard to his absence. He has been asked very frequently to perform diplomatic functions for the country. This is a function he performs well, and we are proud of the way he does it. In my opinion, however, he is being asked rather too often to do so, and I think that is his opinion also.

For the last two days he has been absent because he was required to represent our country at the installation of President Marcos in the Philippines. Anyone who has taken trips of that kind knows that they are anything but holiday junkets. You spend half your time on an airplane, and most of the other half trying to catch up with both ends of jet lag because of the short turn around. That is the reason he is not here today, however, and I want honourable senators to know that.

● (1405)

DISTINGUISHED VISITORS IN GALLERY

SENATOR AND MRS. ALAN MISSEN OF AUSTRALIA—MR. AND MRS. G. W. BALDWIN

The Hon. the Speaker *pro tem:* Before we commence our proceedings, I should like to draw the attention of honourable senators to the presence in the South Gallery of Senator and Mrs. Alan Missen of Australia. Senator Missen is Chairman of the Senate Standing Committee on Constitutional and Legal Affairs and is a member of the Standing Committee on Regulations and Ordinances.

On behalf of all honourable senators, I wish Senator and Mrs. Missen a pleasant stay in Canada.

Hon. Senators: Hear, hear.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I should like to draw the attention of the Senate to the presence, with Senator Missen and his wife, of a very well-known former member of the House of Commons, Mr. Ged Baldwin, and his wife.

Hon. Senators: Hear, hear.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

EIGHTH REPORT OF STANDING JOINT COMMITTEE PRESENTED

Hon. Nathan Nurgitz, for Hon. John M. Godfrey, Joint Chairman of the Standing Joint Committee on Regulations and other Statutory Instruments, presented the following report:

Tuesday, June 30, 1981

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its Eighth Report as follows:

(Statutory Instruments No. 13)

1. In accordance with its permanent reference, Section 26 of the *Statutory Instruments Act*, S.C. 1970-71-72, c. 38, your Joint Committee has determined to draw to the special attention of both Houses the Atlantic Coast Marine Plant Regulations, Section 6(a) of which, as made by SOR/78-867, is, in the Committee's judgment, *ultra vires* Section 34.3 of the *Fisheries Act*.

2. Section 34.2 of the *Fisheries Act* empowers the Minister to set conditions, of types there defined, in licenses issued for the harvesting of marine plants. Section 34.3(a) of the Act empowers the Governor in Council to make regulations prohibiting, *subject to the conditions of any licence* issued by the Minister under Section 34.2, the harvesting of marine plants. Section 34.3(b) of the Act empowers the Governor in Council to make regulations prohibiting, *notwithstanding* the conditions of any licence, the harvesting of marine plants or of any class thereof in any area or areas of the coastal waters of Canada *for such period or periods as are specified* in any such regulation. Section 6(a) of the Regulations under report prohibits the harvesting of Irish moss of the species *Chondrus crispus,* wire weed or horsetail notwithstanding the conditions of a licence issued by the Minister, but fails to specify any period or periods during which the prohibition is to be in force. Section 6(b) of the same Regulations does, by way of contrast, specify periods during which prohibitions of harvesting are in effect notwithstanding the conditions of licences.

3. In correspondence with your Committee the Minister of Fisheries and Oceans has claimed that Section 6(a) of the Regulations was made not under Section 34.3(b) of the Act, but under Section 34.3(b). However, that cannot be the case as the prohibition which may be imposed under that latter provision is expressly subject to the

conditions of any licence issued by the Minister. In earlier correspondence from the Department of Fisheries and Oceans the prohibition in Section 6(a) of the Regulations was said to be applicable at any time, by which was meant "at all times". Yet, Section 34.3(b) of the Act is clear: the prohibition may be imposed for such period or periods as are specified by regulation. The failure to specify any period does not satisfy Section 34.3(b) of the Act, and does not amount to the prescription of an indefinite period. If authority for this interpretation of the plain words of the Statute is wanted, your Committee refers to *Dantex Woolen Co. Inc.* v. *Minister of Industry, Trade and Commerce* (1979) 2 F.C. 585.

4. Your Committee's Joint Chairmen restated your Committee's objection to Section 6(a), and its response to the argument advanced by the Minister, by letter to the Minister dated November 6, 1980. A further letter requesting the Minister's response was sent under date of May 19, 1981. While both these letters have been acknowledged there has been no response to their substance.

Respectfully submitted,

NATHAN NURGITZ, for JOHN M. GODFREY
Joint Chairman

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

Senator Nurgitz moved that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, normally at this point in our proceedings I would make a motion with respect to the time of the next sitting of the Senate. I intend to do so before we leave.

Hon. Jacques Flynn (Leader of the Opposition): I hope so.

Senator Frith: Obviously, yes. However, I do not wish to do that now. Rather, I should like to warn honourable senators that I might be asking leave to revert to Notices of Motions later.

The state of play, as honourable senators can understand, always changes from moment to moment at this time of year. I hope you will accept my assurance that I am not trying to make a cliff-hanger out of this or a "Perils of Pauline", leaving senators in an undecided position owing to a lack of clarity about our plans.

As things stand at the moment, we have a number of pieces of legislation before us for this afternoon's sitting. There are the second readings of certain bills and perhaps the third reading of any of them that is of an uncontroversial nature. While the fact that a bill receives three readings at one sitting without debate in the other place does not determine whether we would so treat it, it is fair to say that it is a factor, and that happens to be true of some of the bills before us. I will leave it to the sponsors to explain that to honourable senators when introducing those bills on second reading.

I understand that the appropriation bill will be voted on in the other place at three o'clock this afternoon. However, because of the possibility of a number of votes taking place there we cannot anticipate receiving that bill within, for example, a half-hour. It might take longer than that. We do hope to have it later this afternoon, and in time for royal assent at 5.45.

There are then three other bills that are more or less corollaries to the appropriation bill. I refer to three of the eight bills that are meant to deal with the ruling of the Speaker of the House of Commons, and we have been informed there is some urgency attached to them. I believe the other place will deal with those three bills immediately after the vote on the appropriation bill, in which case we might well receive them later this afternoon. If that is so, and if we are convinced that we ought to deal with them, I will suggest that they be assented to at 5.45 p.m., or perhaps later at 9.45 this evening. In any event, we shall wait to give royal assent to the appropriation bill and to any other bills that receive third reading, and we shall see whether we can be helpful with those three bills to which I have just referred and to which I shall refer more particularly when I introduce the appropriation bill. If the aforementioned happens, then I shall suggest that we not sit on Thursday and Friday.

● (1410)

We are still awaiting the reporting of two major pieces of legislation from committee, Bill C-50 and Bill C-57. I have been advised by the committee chairman that there is serious doubt as to whether the committee will be ready to report those bills on Thursday or Friday, but that there is a good chance that the committee will be ready to report them on Monday. If we deal with the appropriation bill and any corollaries there may be to it, the bills to which we have given third reading, plus any other bills that are ready, then it seems to me that it will be unnecessary to sit on Thursday and Friday, for we would be here, as I understand it, only to await those other five bills which are of the package that deals with the ruling made by Madam Speaker in the other place.

So, honourable senators, that is the plan and that is why I cannot give definite information yet. In my opinion, it is quite probable that we will finish either with a late afternoon royal assent or royal assent this evening, which will discharge our obligations for this week, pending receipt of more legislation next week.

Senator Flynn: Honourable senators, I have two points to raise. The more important point is with regard to the three bills the deputy leader mentioned might come from the other place this afternoon. As I understand it, the deputy leader indicated that he wishes the Senate to give those three bills second and third reading and royal assent today. It was once

my understanding that all the deputy leader would want would be for second reading to be moved and for them to be explained by the sponsors today.

One of the bills in question is Bill C-77. I should point out to Senator Frith that we do not have the bill itself and, therefore, do not know the purpose of the bill.

I cannot convince myself that there is the same urgency with regard to these bills as there is with regard to the appropriation bill itself. The appropriation bill will provide money for the current operations of the government and, since interim supply will expire today, I can understand why it would want them as of tomorrow. But even if they were delayed, I am not convinced that a serious problem would thereby be created. If, for example, we pass the bill dealing with the insulation program on Monday or Tuesday of next week, I cannot see that this would make any great difference. Certain cheques may be delayed, but I don't see that they are of a type to be considered urgent. It seems to me that the situation is similar with regard to all these bills.

But, that having been said, if we on this side are willing to pass the appropriation bill and give three readings to these other bills this afternoon and have royal assent at 5:45, as has been suggested, then the government should be very happy and should be willing to indicate immediately whether we will adjourn until Monday.

My second point is with regard to Bill C-57. As the deputy leader mentioned, the committee is not willing to report at this time, in spite of the fact that we are only dealing with the subject matter of the bill. What we on this side of the house want to do with regard to this bill is to continue the debate this afternoon and adjourn it until Monday evening, at which time we would complete the debate on second reading. Since we on this side of the chamber would like a recorded vote on this bill, that could be dealt with after the debate on second reading Monday evening. I am sure it would suit senators, generally, much better to have that vote on Monday night rather than, for instance, on Thursday or Friday afternoon.

• (1415)

On the whole, it seems to me reasonable and responsible on our part to suggest that the Senate, when it adjourns today, be adjourned until Monday evening.

Senator Frith: Honourable senators, I agree. There are three main points. The first is whether the opposition is behaving reasonably, and I believe they are.

The second point is whether these three bills are necessary. In introducing the appropriation bills, it is my responsibility to persuade you that they are corollary, and that there is good reason to tack them on, to the appropriations. I think that is, in effect, what they are. However, I agree with Senator Flynn that, at this point, I am not sure that it is necessary immediately. I am trying to find out why we have been told that these particular three are more important than the other five. I am asking honourable senators to give me an opportunity to explain why I think they should be treated separately.

[Senator Flynn.]

The third point deals with Bill C-57 which I had hoped to have referred to committee today since Senator Hayden has said that he could call a committee meeting on Monday afternoon. That would mean that if the opposition desired a recorded vote on both second and third readings—

Senator Flynn: Only on second reading.

Senator Frith: Only on second reading? On the principle of the bill, but not on third reading? Then we could have Bill C-57 referred to committee and vote today on the principle of Bill C-57.

Senator Flynn: I say Monday.

Senator Frith: We could have a recorded vote today on the principle of the bill and then refer it to committee, deal with it on Monday, and have third reading on Tuesday. I am not dug in at all on that question. I will support any procedure that will allow us an opportunity to vote on the second reading of Bill C-57, and on third reading next week, so long as it meets the wishes respecting a recorded vote and the bill can be considered by the committee.

Senator Flynn: I believe that having a recorded vote on that bill this afternoon would not be fair since there was insufficient warning to senators, generally, that there would be a vote today.

Senator Frith: I was under the impression that we would terminate the debate today and refer the bill to committee. Senator Hayden's understanding was that the committee would meet on Monday to study both Bill C-50 and Bill C-57.

Senator Flynn: We could meet on Monday, but the committee is seized only with the subject matter of the bill, which creates another problem. If the committee wishes to meet on Monday to consider the report it has now prepared, we will not need a vote on second reading today. The committee may meet on Monday.

If my proposal is adopted, the recorded vote would take place on Monday night and the bill would be referred, in the normal way, to the committee for a meeting on Tuesday morning.

Senator Frith: As a member of that committee, does the Leader of the Opposition anticipate any problems in receiving a report from the committee next week?

Senator Flynn: I would prefer that you put that question to Senator Hayden.

Hon. Salter A. Hayden: It is a peculiar request to ask the chairman to speculate on what a committee is going to do. As a member of the committee, my honourable friend was present at the meeting this morning and heard the pros, the cons and the difficulties that exist with regard to certain sections of the bill. Those difficulties have been set out in a report of the committee on the subject matter of the bill.

• (1420)

We have been studying the subject matter because the bill has not reached the stage in the Senate where it can be referred to committee. We described our approach to various

problems with the bill. We noticed the minister's attitude yesterday afternoon with respect to the position of the Senate and the reasons why these particular amendments have been included in the bill. As yet, we have not been able to decide on authoritative and understandable language to deal with a number of the items.

As you can imagine, the minister did not stir me or any member of the committee into any great ecstasy when he said that the House of Commons had dealt with the subject matter of these items, and he was not prepared to review that consideration. Our answer to that was, "It is nice to get your concurrence in our suggestions, but we don't really need it." We felt we could deal with the bill in the absence of that concurrence, and then it is up to the Senate. These are the "ifs."

We have another stage of dealing with these "ifs" and that is the language to cover a statement by the committee as to what changes should be made and to what degree the department or the minister might be prepared to delve into them. In some cases, there have been no suggestions; in other cases, basic information is not available to support the conclusions either one way or the other. The question of whether or not to suggest amendments is not very difficult to answer when you are not supplied with basic material.

I am going the long way around to explain why it is not easy to say this will be dealt with on Monday. However, I think we can reasonably expect, if we meet on Monday afternoon and in the interim an effort is made to resolve the question on the different points presented by the minister, we will have something to deal with.

In saying this, I have to put in a couple of "ifs." I still think it is reasonable to expect that we might be able to conclude our hearings on Monday in time to present a report on Bill C-57 on Monday evening. But, first, we must deal with Bill C-50 which presents some of the same problems, such as waiting for the latest proposals based on and differing from the proposals which were contained in the committee report. The best I can say in those circumstances—and I cannot prejudge what the decision of the committee will be, although I could make a good guess—is that it is reasonable to proceed on the basis that if those "ifs" are met, we could present a report on Bill C-57 on Monday evening.

Senator Frith: Honourable senators, we should avoid spending so much time talking about what we are going to do that we will not have any time in which to do it. What I am asking honourable senators to do is to be prepared to sit this evening, and we will know later this afternoon whether we need to, and if we can accomplish what we have been talking about, then I think we will not have to sit on Thursday and Friday.

• (1425)

[*English*]

QUESTION PERIOD

ENERGY

THE BUDGET—LOWER CHURCHILL RIVER—POLICY RESPECTING HYDRO-ELECTRIC POWER DEVELOPMENT

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have two delayed answers. The first is in reply to Senator Marshall's question regarding an inquiry on the Lower Churchill River hydro development.

The federal government has been supporting studies of the hydro-electric potential of the Lower Churchill River through the Lower Churchill Development Corporation established in 1978, with the federal and Newfoundland governments as 49 per cent and 51 per cent shareholders respectively.

There has as yet been no decision by either government as to which of the two major development possibilities—Gull Island or Muskrat Falls—might be undertaken on the Lower Churchill.

Under the National Energy Program, provision has been made for a federal equity contribution of up to $200 million. It is also anticipated that federal credit support would be provided to ensure that debt financing could be obtained at acceptable rates.

IMPORTED OIL PRICE DIFFERENCES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed reply to a question asked by Senator Smith concerning the difference in prices of oil imported by Canada from various suppliers, and so on. It is a rather long answer, and if senators agree, I should like it to be incorporated as having been read.

Hon. Senators: Agreed.

(*The answer follows:*)

There are a number of factors bearing on the price of Canadian oil imports, including quality differences, the particular pricing policies of supplier nations, and the world oil market situation. Under the OPEC pricing arrangements, the normal situation has been for the various OPEC producers to price on a quality basis in comparison to the price set for Saudi Arabian crude. Over the last eighteen months or so, however, there has been a pricing split within OPEC, with Saudi Arabia, Kuwait and other Gulf States pricing significantly lower than other OPEC producers.

Canada also imports oil from non-OPEC nations. In the case of North Sea oil, for instance, a high price is commanded based on the exceptionally high quality of the product, although there has also been a significant recent price decrease by the United Kingdom. Mexico, while not an OPEC member, has tended to follow OPEC pricing patterns for similar quality oils, but with variations in response to world market conditions.

Obviously, continuing reliance on oil imports subjects Canada to the uncertain and erratic movements in world oil prices. One of the specific objectives of the National

Energy Program is to balance domestic oil supplies with domestic demand by 1990.

TRANSPORT

MANITOBA—CHURCHILL—GRAIN SHIPMENTS

Hon. Earl A. Hastings: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board pertaining to the use of the Port of Churchill, Manitoba. I have had many inquiries with respect to the increased use of Churchill, and I am wondering whether the government intends making more use of that port for the export of grain this coming season.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I should like to thank Senator Hastings for his question. There is a widespread campaign, a lobby campaign, from western Canada in support of the Port of Churchill and demanding that the Canadian Wheat Board should each year make a commitment to use that port to the extent of 3 per cent of our grain exports.

I wish to make it crystal clear that the Wheat Board and the federal government are fully in support of the continued use of that port. However, I wish to say for the record that the board has great difficulty this year, under current circumstances, using that port for anywhere near 3 per cent of likely exports. Because of last year's drought and the shortage of supply, the Wheat Board has been able to program one-quarter of a million tonnes of grain through that port for this year. This is being done, under the circumstances, at a projected net loss of some $2 million to the Wheat Board, and to the producers who use the Wheat Board, for the use of the Port of Churchill. If the Wheat Board went up to half a million tonnes, this would incur an additional loss of $4 million, which would work out to a loss of about 40 cents a bushel on that additional quantity of grain. There is no way that the Canadian Wheat Board feels justified in using the port this year to that projected amount, with such a heavy loss to the producers. If the port is to be used, I think it should be used in an economic sense, and used to its full extent in the years in which it can make an economic return to the producers who use the Canadian Wheat Board.

● (1430)

In 20 of the last 23 years the port has been used to the extent of more than half a million tonnes; so I do not think it is possible to give any kind of guarantee that the port will be used to the extent of 3 per cent of the projected export in every single year, because particular circumstances may mean a very drastic loss to the grain producers, through the Canadian Wheat Board, in the use of that port. I do feel, however, that the Wheat Board should use as its target that kind of volume of use, but that in years when there is going to be an absolute loss that factor should be taken into consideration, and the suggested use should not be held to that point.

The federal government's position with regard to the point is very strong. Over the years it has been committed to the use of this port, and the amount of money that has been spent by the federal government in the use of the Port of Churchill over the years has been very great. I do not want to give the details of all of these figures, but I think some of them should be on the record.

The Keewatin re-supply service has been included at a total cost of $7.5 million. Capital investment by the National Harbours Board since 1973 has been $12.5 million. The operating deficit since 1979 totals $25 million. The Port of Churchill is supported, in the main, by use by the Canadian Wheat Board and moneys from the federal government. These amount to $1 million in NHB wages, $0.5 million in grants in lieu of taxes and $0.5 million in local purchases. The National Harbours Board planned expenditure for phase 1 of this port's revitalization is $8.2 million. The government's payments for the upgrading of the Herchmer subdivision will be $29.5 million.

A study is in progress as to the feasibility of upgrading the line I have just referred to, and with regard to the problems of discontinuous permafrost, to the point where the line can carry fully loaded hopper cars. If the study shows that this can be done, and is technologically feasible, I expect that it will be done.

Between 1971 and 1978 Canadian National Railways received $5.9 million for expenditures under the branch line subsidy program on this line. The railway passenger service into the Port of Churchill has cost the federal government $11 million annually. The air services cost is $1.6 million.

That is a major commitment by the federal government to the Port of Churchill, a major use by the Canadian Wheat Board, and virtually only the federal government and the Canadian Wheat Board use this port.

For the future, the challenge with regard to Churchill, is to the provincial governments, to make sure that they participate. Saskatchewan supports the Port of Churchill, and a lot of speeches are made there in favour of it. Saskatchewan puts in $20,000 a year for the development board that supports the Port of Churchill. As far as shipments of potash are concerned, however, not a tonne of potash has been sent. With regard to Alberta's commitment as far as the shipment of coal is concerned, they sent not a tonne of coal.

Because of the meeting in Dauphin on June 3, 1981 and because of our discussions there, I feel that the provinces of Alberta and Sasktachewan, and perhaps the province of Manitoba—although circumstances are more difficult for Manitoba—may in fact take the Port of Churchill seriously, and may endeavour to program some exports of coal and potash through that port in the years ahead. I hope this will be done.

The federal government stands behind Churchill. As I say, the challenge is to the provincial governments to show that they are prepared to get in and help.

Hon. Duff Roblin (Deputy Leader of the Opposition): I do not suppose, honourable senators, that my honourable friend thought that I would be less than forthcoming in asking a supplementary question to a supplementary speech with regard to the Port of Churchill. I congratulate the minister on his

speech. It was a good one. As usual, it was succinct and to the point. I refer, of course, to the political point. I am not so sure that it was to the economic point with respect to the Port of Churchill.

My honourable friend has given us a recital of the defects of the Port of Churchill, as much as anything else. He has told us that all that is going to happen is that a trickle of something less than 3 per cent of the Wheat Board flow is to go through that port, and obviously that is not going to maintain it on an economic base.

I am surprised to hear that there has been a subsidy of $25 million since 1976. Did I hear the minister correctly? In any case, very large sums of money are being paid out by the federal government, according to his recital, for very little return. Then he says, "But the problem is that the provinces do not play their part". I am not going to make any judgment on that point. I do know, however, that we have to be practical about the kind of materials that move through Churchill. In 10 long years of struggle, insofar as the province of Manitoba is concerned, we found it very difficult to get bulk commodities through that port, and if you do not have bulk commodities you do not have very much. We have brought in sweets. We used to bring in liquor, toffee, things of that description. Obviously, however, that does not keep a port going. You have to have bulk commodities.

What are the bulk commodities that are possible? Potash is one. Only Saskatchewan has any potash in the area which is possible as a service area for Churchill. Bringing coal through Churchill is a very difficult proposition, because the rail line that goes into that port is not suitable for the shipment of modern freight cars with potash and coal. When you get into the Port of Churchill itself, the handling facilities for these bulk commodities leave something to be desired. So there is a problem.

The impression that the minister gives me is that he is going to do his part with regard to solving the problem by throwing more money at it. Well, I have seen an awful lot of money thrown at the Port of Churchill, both by the provinces and by the federal government, in days gone by, and I do not think either party could say that they were satisfied with the results.

What the minister did say, however—and I am surprised he did not mention it today—when he was in Dauphin, on June 4, was that the federal government was awaiting the results of research and feasibility studies. I am not usually much of a man for studies, because they are usually an excuse for not doing very much. In this case, however, with the problems that have been elucidated with respect to Churchill, it might be a very good idea to have a study in depth in order to tell him what should be done on the matter.

My question to the minister—and I assure him that I have a question—is, what happened to this research and feasibility study? If it is in process, will he furnish this house with the terms of reference so that we can have some idea of exactly what kind of study is being made on an extremely important topic?

Senator Argue: The study I referred to is the study that is being made on the possible upgrading of the railway line, so that it can take hopper cars. That is a technical study. It is believed, or, at least, the indications are, from the study to date, that there is probably a real possibility of methods being adopted which will allow for the reconstruction of that line across the discontinuous permafrost. In a way, that will allow the full use of hopper cars. That study has not yet been completed, but I hope that it will be and that this is the way it will go.

• (1440)

With regard to the problems of the Port of Churchill, the use of it for shipping bulk commodities and so on, everything that Senator Roblin has said about the difficulties is certainly true. I was, however, encouraged by a discussion among provincial ministers with regard to the possibility, for example, of the export of coal through the Port of Churchill. While the spokesman for the Government of Alberta quickly pointed out that the export of coal is in the hands of private companies and not those of government, he felt that there was a real possibility that these companies could be encouraged to use that port.

Mr. Planche went on to talk of an experiment which I believe is going on in Switzerland—and Senator Olson probably knows of this—to do with the conveyance of coal on a belt system. Although he was not putting that system forward as the conclusion of any study, he did say, and I think he was sincere, that there are real possibilities for the use of the Port of Churchill to ship some of the huge quantities of coal that are likely to be exported from Canada by 1990.

My figures show that exports of coal will go up from some 14 million tonnes in 1980 to some 53 million tonnes in 1990. Mr. MacMurchy said that if that line would take hopper cars, they would be prepared to see whether they could export some potash through Churchill.

I believe that there should be meetings of ministers from the various levels of government who may be interested in the Port of Churchill. Through these meetings we can see whether precise programs facilitating the full use of that port can be undertaken, not only for the shipment of grain, but also for the shipment of potash, coal and any of the other commodities that may be proven to be feasible.

Senator Roblin: I think that is an encouraging reply. I would urge the minister to take the lead in convening such a meeting so that these basic matters can be looked at. In the last little while we have been inclined to have our attention diverted by the wheat business, and have been throwing up our hands in the face of problems. Until we get all of the players on the stage, we are not going to find out what we can do. I hope that what the minister suggests can be done.

I would ask the minister if he would tell us whether the Port of Churchill receives the same winter grain freight subsidies that are in place for other ports in eastern Canada. Will he also give the house a statement as to the icebreaking facilities that are made available to Churchill as compared to other ports? Those are two important factors in forming some

assessment of the competitive position of that port with respect to other outlets in the country.

Senator Argue: I do not think there are any special subsidies with regard to shipments going through the Port of Churchill or to the east. Although I would like to check this information to be sure that I am right, as I recall it the Canadian Wheat Board uses the Port of Halifax for winter shipments. They do so not on the basis of having that transportation subsidized by the Wheat Board itself, but on the basis that it is an economic use of that route and that port at that particular time. I would think that that kind of general statement would apply all around.

There is an icebreaker, the M.V. *Arctic*, which is capable of carrying grain. If my memory serves me correctly, it was used last year in the Port of Churchill to take out a shipment of grain some weeks after the port had officially closed. That vessel is capable of many other things, but it is available on an agreed-to basis for the shipment of grain in the Port of Churchill.

I mentioned earlier that the port may be used this year for 250,000 tonnes. The Wheat Board is hopeful, as the barley crop is coming on—and that crop now looks promising—that it may be possible to have some additional shipments through Churchill, perhaps towards the fall and perhaps comprised mainly of barley.

THE SENATE

CONDUCT OF QUESTION PERIOD—POINT OF ORDER

Hon. G. I. Smith: Honourable senators, I wish to rise on a point of order to observe that this is really a travesty of an answer, as far as questions and answers are concerned. It would be quite suitable for the minister, if he wanted to make a prepared statement of several pages in length, to rise and ask for leave to make the statement. It would then be discussed, as it has been. However, I should like to draw the attention of the minister to the fact that his colleagues sitting beside him has embarked upon an endeavour to bring some order to the Question Period. He has referred to a good many authorities with regard to the form that the questions should take and, to some extent, to the kind of answers that should be given.

I have made some effort in that regard myself. The Minister of State for Economic Development may have observed that in the last while I have been in support of his contention as to what the rule for questions and answers should be. I simply ask the minister: How can he expect us to pay the slightest attention to his protestation about the proper conduct of the Question Period when his colleagues stands up—having been invited, I have no doubt—and proceeds to make a speech of several pages in length about a matter which he knew to be controversial, which he knew would provide responses on this side of the house, and which took him something like 10 minutes to give.

I simply say that if we want to play games with the Question Period, all right, we will all play them. If we want to make the Question Period a reasonable and suitable one according to the general rules applicable to Question Period, well, then, let the honourable gentleman's colleague, the Minister of State for the Canadian Wheat Board, decide whether or not he wants to seek opportunities to make long-winded debatable answers, or whether he wants to stand up, as is the custom in many legislatures, and say, "With leave, I would like to make a statement about the use of the Port of Churchill." I am certain leave would be granted, and he could make his statement. That would result in a debate without disturbing the general attitude toward the Question Period.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to applaud again the offer of Senator Smith to try to improve Question Period. It is true that Question Period is used for a genuine seeking of information. As he pointed out, though, and quite properly, we cannot play games. This game cannot be played on one side of the house unless and until the questions on the other side are going to seek information rather than give it. If they are going to refrain from making a speech, however short—and "a speech" is clearly defined in the rules—then I believe it is not proper for him to suggest that they play the game any way they like on that side of the house but we have to follow the rules on this side.

Senator Smith: I did not say that at all.

Senator Olson: In spite of your protestations, we have not noticed any reduction in the length of the so-called preamble to the questions from that side of the house, which usually are made up of a whole lot of opinions and turn out to be speeches.

Hon. Allister Grosart: What are you doing now?

Senator Olson: I am replying to the point of order raised by Senator Smith.

Hon. Robert Muir: The minister is lecturing, as usual, and does not abide by his own lecture.

Senator Olson: Therefore, it seems to me that Senator Smith could do a great service to this chamber if he would carry the message he has tried to direct to me and to the Minister of State for the Canadian Wheat Board into his own caucus, and ask that the rules be cleaned up.

Senator Muir: Senator Smith has forgotten more about rules and orders than you will ever know.

Senator Olson: He sure has forgotten them.

Senator Smith: I thank my colleague for that. Though I still remember a few, I do not have to remember very much because the minister has just demonstrated now that he does not care in the least for the rules. He only wants to read them when it suits him. If that is the way he wants to conduct affairs, I simply say that we on this side of the house are probably his equals in making speeches.

Senator Olson: You are probably better than I am.

Senator Smith: With regard to the length I would not claim that, though I might as to the quality.

I am sure there is a custom in the other place, as there is in this house. What was to prevent the Minister of State for the Canadian Wheat Board getting up and saying, "I would like leave to make an important statement about the use of the Port of Churchill," which is a national port and a very important part of our country? Nothing! Or, if he wanted to make a dissertation defending the action of the government, why did he not resort to an inquiry? Why does he have to use this travesty of Question Period, which he has done time after time after time? And we never mention it until my honourable friend the Minister of State for Economic Development—having forgotten the manner in which he tried to conduct Question Period when he sat on this side of the house—gives us a lecture on the contents of the rules.

● (1450)

POST OFFICE

DISRUPTION OF SERVICE

Hon. Robert Muir: Honourable senators, I should like to direct a question to the Deputy Leader of the Government in the Senate, and could he respond briefly, not giving me a professorial lecture, as some other senators do, with respect to the conduct of the house?

May I ask him whether, apart from what we learn from the news media, both written and electronic, he knows what the situation is at the moment with respect to the postal strike? Are there any recent developments he can relate to the chamber?

Hon. Royce Frith (Deputy Leader of the Government): No, there are not.

PUBLIC WORKS

THE LATE RIGHT HONOURABLE JOHN G. DIEFENBAKER—MONUMENT

Hon. Robert Muir: Honourable senators, I wish to pose a question to the Deputy Leader of the Government in the Senate. According to the news media, which oftentimes are correct, it would appear that the government has made a decision not to erect in Ottawa any monument to the memory of the late Right Honourable John G. Diefenbaker. If that is true, can the deputy leader tell us why the government has made that negative decision and what the reasoning behind it is?

I trust that the report I will be given will be as full and comprehensive as those usually delivered by the Minister of State for the Canadian Wheat Board, but perhaps with a little more content in it.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I will obtain as much information on that question as I can. Unless either of my colleagues who are members of the cabinet know anything about the matter that they think would be helpful at this stage, I will have inquiries go forward.

Senator Muir: I wish to address my sincere thanks to the Deputy Leader of the Government in the Senate. If the information I have gathered from the news media is correct—and, again, I have no reason to think it is not—then the government has made that decision. I hope I am wrong in that, however, and I hope that when the response is made it will prove that I am wrong and that the government has decided to erect a monument in Ottawa to the memory of the late Right Honourable John G. Diefenbaker, who was friend and foe alike to members of all sides of the house and of all parties. Moreover, if the news item is correct, I am puzzled as to why they would decide to erect a monument in Prince Albert, where there is already an outstanding monument to the late right honourable gentleman. Would you kindly check on that for me?

Senator Frith: I shall see that those comments also come to the attention of the government.

Senator Muir: Thank you.

NATIONAL REVENUE

CUSTOMS—EFFECT OF DECISION OF SUPREME COURT OF CANADA

Hon. Nathan Nurgitz: Honourable senators, in the absence of the Leader of the Government in the Senate, I should like to direct a question to the deputy leader. Last week the Supreme Court of Canada, in the case of *The Queen vs. Shelley,* indicated that in customs matters there is an onus of proof which remains on the individual—that is, on the traveller—but that for the customs officials there must be some information or something which triggers that onus. In other words, the position is not that the onus is on the traveller to start with.

In view of the rather constant complaining—certainly that I have heard in the part of the country I am from—with respect to harsh if not shabby treatment by customs officials of Canadian and foreign travellers, will the deputy leader have an inquiry go forward with respect to whether the contents of this judgment have been made known to the customs officials and, if so, what the impact of that knowledge is? If not, I should like to know why not. If the customs officials have been informed of that judgment, I should like to know the changes that will take place at border crossings.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I am sure that it is a formal departmental practice to have judgments of the Supreme Court—in fact, even judgments of lower courts—circulated on matters such as this, which is so central to the discharge of the duties of every customs officer at every entry port. If I find that the contents of the judgment have not been made known in this case, I shall certainly advise Senator Nurgitz. I shall also ask the department to give us, from a policy point of view, its response to that judgment. The judgment, as I understood it, seemed to analogize, somewhat, to reasonable and probable grounds for arrest. Something has to act as a trigger, and then the onus shifts to the traveller. It is certainly a matter of great impor-

tance to all Canadians, and I will try to obtain information on it as soon as possible.

EXCISE TAX ACT
EXCISE ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Barrow, seconded by the Honourable Senator Graham, for the second reading of the Bill C-57, intituled: "An Act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas".—(*Honourable Senator Murray*).

Hon. C. William Doody: Honourable senators, in the absence of Senator Murray, I should like to speak to this order for a few moments.

Hon. Senators: Agreed.

Senator Doody: Usually, I am a little hesitant to speak in this chamber because I am fully cognizant of the calibre of the speeches which take place during the normal course of debate. I was made even more forcibly aware of that during Question Period today. Rarely in a legislature do you have such eloquent and excellent speeches being delivered during Question Period. That is really a tribute to those who participate in the business of this chamber. Keeping that in mind, I shall make my comments reasonably brief and shall deliver them with modesty.

Undoubtedly, the government will make certain that Bill C-57 passes and finds its way into the law books of the nation. Anything I can say here this afternoon will have little or no effect on its passage. Despite that certainty, honourable senators, I feel I should say just one or two words on the subject. The valiant efforts of the opposition in both this place and the other place have been to no avail, because although numerous objections were made and amendments proposed to the bill they have simply been discounted. The bill was rammed through the other house and undoubtedly it will pass here.

The objections raised to the bill, certainly those that I have read, appear to me to be legitimate, reasonable and well thought out. By and large, they have been practical and common sense suggestions. They have not been in the political mainstream. They have reflected the sort of fair and reasonable concerns that the people all across this nation have with respect to this bill. As I say, however, those objections have had no effect. The concern legislators have for this country, for its economy, for its future, reflect, as I have said, the concern that they hear expressed by their constituents, their friends and fellow citizens from various parts of the country.

It is obvious to all except the most devoted followers of this government that the National Energy Program has been, and continues to be, a most unfortunate disaster. The National Energy Program has met with cries of anguish from every part of our country, for one reason or another. There seems to be something in the program which makes people all across our country cry out in alarm. From my point of view, there have been one or two good items that have surfaced recently, but, by and large, the reaction has been very negative, and, I think, with good reason.

I say that on behalf of most Canadians, but, of course, I am not speaking on behalf of the shareholders of Petrofina. I am sure they are quite pleased with the National Energy Program. If they can send out Canadian money amounting to $1.5 billion to make those wealthy ladies and gentlemen in another part of the world happy, then undoubtedly it meets their very strong approval. Perhaps I may envy them, but I certainly do not excuse the decision. What the acquisition of $1.5 billion in oil pumps across the country has to do with national energy self-sufficiency requires a great deal of elasticity in one's imagination in order to be comprehended. So perhaps I will let that one pass.

● (1500)

But this Petrofina purchase, nevertheless, is a most unusual deal, the details of which have yet to be made public. The consultant's report on which the absurd evaluation was reached has not been produced. This purchase is huge, although it is only one small item in the whole of the national energy stupidity.

If the Government of Canada had deliberately set out to disrupt the oil and gas industry, to strangle the Canadian economy to alienate the producing provinces and to hoodwink the electorate of Canada, they could not have done a better job. The cold, raw statistical facts set forth so well by Senator Balfour a few days ago demonstrate with frightening precision what this ill-starred program has done and continues to do to the oil industry and to our country. This emerging Canadian giant, this huge new industrial colossus, has been given a blow which we all hope will not be completely disastrous. Exploration and related activity has been reduced by 50 per cent. Almost half those people employed are to be laid off by midsummer. Rigs are heading south in a procession reminiscent of the wagon trains of another era, except for the very important difference that in the 1981 version, the wagon trains are heading south to help develop the United States of America.

How can we really expect the western provinces to trust the central government when they are told on a daily basis that foreign oil is worth almost three times what their oil is worth. If we apply this rather weird line of reasoning to other commodities produced in other provinces—iron ore, manufactured goods, food items, wheat, fish and so on—we can see how truly discriminating it is.

Now, honourable senators, we have before us a bill, C-57, which in effect is another form of discrimination. The purpose of the bill is to tax one resource in one region of our country. People in all parts of this nation in all walks of life have stated over and over again that the single biggest impediment to economic growth in Canada now is the oil-pricing impasse between Ottawa and Calgary. I submit that this bill which is

before us now will not help in any way to resolve this terrible dilemma.

The consequences of this government's national energy policy on the pocketbooks of the voters of this country is another matter. It is not a matter of the people of Canada having to pay a realistic price for the products—gasoline, home-heating oil and so on. Canada should have joined the rest of the industrial world in facing the facts of economic life a long time ago. It should have done it gradually over a period of time, and not have that tremendous economic shock lurking on the horizon. But, no, this government promises cynically, falsely, that under their boast of an energy program the cost of the increase in gasoline would be less than that proposed in that terrible Tory budget. Well, honourable senators, here it is before us now; another 8 per cent plus and it is still climbing. We have seen few examples of political trickery in our day or in any other day, I submit, to equal this one.

So perhaps, just barely perhaps, this government did not—or perhaps it did—set out to hoodwink the voters of Canada.

Senator Roblin: It succeeded.

Senator Doody: I will not take any more of your time this afternoon, honourable senators. Most of these points have been raised before over and over again and they will make no impression on the government or the government supporters in this chamber. Several previous speakers in this debate have said that the government majority will see Bill C-57 through and we will all collectively suffer the consequences.

But at least, honourable senators, let us do this: For the sake of our country and for the sake of this chamber, let us support Senator Murray's suggestion that this program in its entirety be referred to a committee. Let us look at and examine the program collectively and let us hear impartial testimony from witnesses in industry, governments, unions, labour and so on to satisfy ourselves that this policy is indeed in the best interests of Canada. Surely, we can find no better way or no better opportunity of exercising and demonstrating the role for which this chamber was created.

On motion of Senator Roblin, for Senator Murray, debate adjourned.

● (1510)

SUPERANNUATION AMENDMENT BILL, 1981

SECOND READING

Hon. Gildas L. Molgat moved the second reading of Bill C-65, to amend the Public Service Superannution Act and the Supplementary Retirement Benefits Act in respect of the early retirement of air traffic controllers.

He said: Honourable senators, I would like to begin by indicating to Senator Donahoe that my comments will be short enough for him to meet his deadline and to give his response to my comments. It is my pleasure this afternoon to propose that the Public Service Superannuation Act be amended to establish special pension arrangements for air traffic controllers.

For many years now the unusual needs of employees in this unique and demanding occupation have been recognized. Air traffic controllers actively engaged in the control of air traffic, of course, bear a great responsibility for the safety of air travellers and must, accordingly, maintain the highest standards of effectiveness at all times. Operational controllers are required to pass stringent medical examinations each year and to demonstrate that technical proficiency has been maintained in an occupation that is subject to rapid technological change and ever-increasing volume, and where the consequence of error can be of tragic importance.

Obviously, it is essential to provide such employees with optimum working conditions and to a great extent this has been done over the years in the establishment of wages, hours of work and other conditions of employment. The fact remains, however, that many controllers cannot continue in operational service for the same periods as other public servants because the occupation imposes a physical standard which may not be maintained in an individual's later years. This fact has been recognized in many countries. Belgium, France, Switzerland and the United States have all passed special pension arrangements of a sort which are proposed by the introduction of this bill.

These provisions are intended to be a fundamental part of an integrated program to permit controllers to move out of operational service and into alternative employment. The program was developed in co-operation between the Department of Transport and the air controllers' union, the Canadian Air Traffic Control Association. Both groups have co-operated in this proposal.

Other things have also been put in motion—for example, a re-training plan which is one aspect of the program. This has been provided by the Department of Transport for controllers who are removed after 10 years or more of service. This is a relatively new plan, but the initial indications, from both the management and the employee sides, are that it will be of great use to controllers who find themselves in this situation.

The proposals in Bill C-65 constitute the other aspect of the program, namely, the provision of pension benefits at ages earlier than these normally would be available to public servants under the present terms of the Public Service Superannuation Act. This is the first time that modified terms have been proposed under that act for a specific employee group which is, in itself, an indication of the unique needs and career patterns of controllers.

It is proposed, therefore, that controllers be eligible to receive benefits at earlier ages and with less financial reduction where it is necessary to leave the operating environment after a substantial length of service.

Where the move is essential because the controller can no longer meet the medical or the technical standards, or because management feels that continuing service would endanger health, or that there would be some particular problems, then the immediate accrued pension benefits would be payable on termination of employment in the Public Service, provided

that the controller has had 20 years or more of service. If the air controller has had 10 years of service but less than 20, then a reduced benefit would be payable immediately.

In either case, if the controller is continuing employment in the Public Service, but in some other category, he may choose to draw up to one-half of his benefits as a supplement to the income from his second career which may very well be less remunerative than his first career.

A controller who leaves the operational service voluntarily will be able, under these proposals, to draw his full earned pension if he has served for 25 years in the operation and is aged 50 or more. This compares to the existing provisions for retirement at or after age 55 with 30 or more years of service for the Public Service in general. Therefore, there would be a reduction to 25 years from 30 years, and from age 55 to age 50.

At the same time, the controller who does not meet this age and service requirement but who leaves after age 45 will be eligible for a reduced pension with the reduction being based on the age-50 and the 25-years-of-service standard rather than on the age-50 and the 30-years-of-service standard as it applies to the rest of the Public Service.

It should be noted very clearly that the controllers will share in the cost of these improved benefits by contributing an additional two per cent of salary to the superannuation account. While the bill before us provides that the new benefits will apply retroactively to April 1, 1976, as was originally agreed upon in 1976 with the Canadian Air Traffic Control Association, the additional contribution will take effect only from the date of enactment for reasons of equity arising out of the delay that has occurred since this plan was originally proposed and agreed to by the controllers and the government.

As my honourable colleagues may recall, the provisions of this bill were originally included in the pension legislation introduced in the House of Commons in October 1978. This legislation was only at the report stage when Parliament was dissolved on March 26, 1979. Apart from the removal of the somewhat incongruous requirement for the added two per cent contribution for the retroactive period from April 1, 1976 to the end of 1976, and a change in the pension indexing arrangements applicable to the special benefits, Bill C-65 essentially contains the same provisions as the earlier bill.

The indexing payments or the cost-of-living adjustments to pensions, after they are payable, were originally proposed to become effective only at age 60 or on disability, but convincing arguments were advanced by the Canadian Air Traffic Control Association that such benefits should receive immediate adjustments where a controller is forced to leave operational service. Therefore, the bill before you proposes such immediate adjustments and is less restrictive than was originally proposed for those who leave operational service voluntarily.

This feature will ensure that the controller retirement program proposed in this bill will retain its value for those controllers who are forced to leave operational service. As a consequence, another step will have been taken to ensure that the air traffic control system in Canada maintains the highest standards of efficiency and, hence, its purpose respecting public safety.

[Senator Molgat.]

Hon. Richard A. Donahoe: Honourable senators, I should like to congratulate Senator Molgat on his presentation of the principles involved in this bill. If my remarks respecting the bill are somewhat less comprehensive, and perhaps less incisive than his, I should like you to understand that that is because I was not originally the person to whom was assigned the task of responding to this bill. It was only a short time ago that I learned that it was to be my duty or obligation to make that response.

I have had the opportunity to do some rapid research into the question of what was said and how this bill was handled in the other place, and I have come to the conclusion that this bill is one which arrived before Parliament after a very long and protracted series of negotiations. As Senator Molgat has said, previous bills have been introduced intending to deal with this particular situation. They did not reach fruition and, consequently, this bill had to be brought forward. As a result of that delay and of further negotiations, this bill, I think, is an improved one.

I think there can be no question in the minds of reasonable people that this is a particular branch of the service—if there is one at all—where it is easy to justify a treatment with respect to retirement and retirement benefits that differs somewhat from the general manner in which retirement from the government service is dealt with.

In the course of perusing *Hansard*, I observed that, when this bill was before the other place, the opposition house leader made some remarks about it. I was struck by one thing that he said. He said that if anybody who was listening to him had the opportunity of knowing, being related to, or having close association with a person who had served in the capacity of controller, he would be easy to convince that the occupation does make extraordinary demands and does require the maintenance of a strong head and a steady nerve if the well-being of the public is to be genuinely protected.

● (1520)

The nature of the work is such that it makes exceptional and heavy demands upon the nervous systems of those engaged in it. As a result of performing that work over prolonged periods of time, there is every reason to believe that an air controller's physical and mental state is likely to be such that it would be desirable from all points of view—the point of view of the controller, the service and the public—that he be retired. Since the need for early retirement devolves from the quality and nature of the work in which he has been engaged, it does seem right and proper that he should be given special consideration in terms of retirement.

I do not think there is any need to delve deeper into the nature of the benefits that are being given to these air controllers. Senator Molgat dealt with that in a comprehensive and satisfactory way, and I cannot really add anything more to it. But a point that he made deserves mention, and that is that

these additional benefits are not simply granted in respect to the nature and kind of service rendered, but that they are required to be, to some extent, financially supported by those who are to be the recipients. That seems to me to be a reasonable and proper way of dealing with it.

There has been a certain element of generosity involved in this, in that the contributory obligations are not being made retroactive, although the effectiveness of the statute is made retroactive to a considerable extent—I believe back for a period of almost five years. That probably is a concession to this group that is justifiable and properly should be made.

Having regard to those thoughts and considerations that are advanced by the honourable sponsor of the bill, I am pleased to say that it meets with full and complete support from this side of the house.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. Gildas L. Molgat: With leave of the Senate, now.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, is there any particular reason why this bill should not be referred to a committee? Normally, I would expect it to be referred to committee, even though we have general agreement in principle, so that we might examine the details at our leisure.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I know of no reason to refer it to committee. I agree that that should always be our normal approach, so I have no quarrel with the fact that giving it third reading now without sending it to committee is an exception, but I understood that this should be such an exception. There was full support for the measure in its present form.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT

BILL TO AMEND—SECOND READING

Hon. W. M. Benidickson moved the second reading of Bill C-66, to amend the Canadian and British Insurance Companies Act.

He said: Honourable senators, this bill was passed by the other place on second reading on June 23. The mover of the motion for second reading proposed that the bill be referred to a standing committee, but by unanimous consent the other place agreed instead to consider the bill in Committee of the Whole. Later that day, it also agreed to third reading of the bill. It will now be up of the spokesman of the opposition to indicate whether he feels that this bill should be referred to committee, and, also, whether or not, as we approach the summer recess, we should have third reading.

Honourable senators, the main purpose of the proposed amendment to the Canadian and British Insurance Companies Act is to clarify the authority of the Superintendent of Insurance to incur certain types of expenses in exercising control of a company for the purpose of its rehabilitation, or for the purpose of winding it up under the Winding-up Act.

Section 91.3 of the Canadian and British Insurance Companies Act authorizes a court, under certain circumstances and on the application of the Attorney General of Canada, to issue an order directing the Superintendent of Insurance to take control of an insurance company for the purpose of its rehabilitation or for the purpose of winding it up under the Winding-up Act.

Section 113(1) of the act provides that where the superintendent has control of a company for its rehabilitation or winding-up, the costs incurred by the superintendent in exercising such control are to be assessed against some or all of the other insurance companies registered under the act or the Foreign Insurance Companies Act. The objective of this provision is to preserve the remaining assets of a company having financial problems for the payment of policyholder claims by charging all the expenses involved in carrying out the rehabilitation, or the liquidation, against the insurance industry as a whole.

The Strathcona General Insurance Company, a federally incorporated company having some $39 million of claims outstanding, encountered financial difficulties earlier this year. In the prospect of a plan to enable the company to meet all its obligations being put together by a consortium representing certain segments of the insurance industry and other interested parties, the Supreme Court of Ontario directed the superintendent to take control of the company for the purpose of its rehabilitation. The company was short of cash and it was essential that it be able to borrow funds so that claims could be paid while efforts were made to collect its receivables. The consortium agreed as part of its plan to guarantee the repayment of the funds borrowed by the company on condition that the interest costs would be paid by the superintendent as part of the expenses incurred in exercising control of the company for purposes of its rehabilitation.

● (1530)

The payment of the interest costs by the superintendent, and their subsequent assessment against the industry, seemed to be well within the intent of the legislation, which is to permit the superintendent to do whatever is necessary to carry out a plan to enable a company under his control, for the purpose of rehabilitation, to meet its obligations. On this basis, the plan put forward by the consortium was implemented. The costs associated with the implementation of the plan, including the interest costs, will be paid by the superintendent and assessed against registered companies one year from now, at the time the companies are assessed for the department's regular operating expenses for the 1981-82 fiscal year.

Although the interest costs associated with meeting the temporary liquidity needs of a company seem to be just as essential an expense of rehabilitation or winding-up as are the costs associated with salaries of persons conducting the company's business or winding it up, and with its equipment and supplies, I am told that the Department of Justice has expressed the view that the current wording of section 113 is such that the payment by the superintendent and subsequent assessment against registered companies of interest and certain other costs might be open to challenge.

The main purpose of the bill, therefore, is to remove any doubt about the ability of the superintendent to pay and then assess against the industry, in the event of the rehabilitation or winding-up of a company, interest costs incurred in borrowing to meet a company's requirement for liquid funds and costs involved in terminating employment contracts and property leases.

The bill will amend section 113 of the act to make it clear that where the expenses arise in respect of a company that carried on only property and casualty insurance business, the assessment in respect of that company will be based only on the premium income of the property and casualty business of the other registered companies.

I am informed that the executive committee of the Insurance Bureau of Canada, the principal trade association for property and casualty companies, is aware that the interest costs associated with the plan to enable Strathcona to meet its obligations will be assessed against the industry, and that the provisions of section 113 may be clarified in this regard, and has not raised any objection.

Hon. Jean-Paul Deschatelets: Could the honourable senator tell me if, after the bill was examined in Committee of the Whole, there was any amendment to it?

Senator Benidickson: No.

Hon. Guy Charbonneau: Honourable senators, as a member of the insurance industry, I wish to support what I call this housekeeping bill, although I am not totally enamoured of it.

As honourable senators know, the superintendent, in his involvement with a company in trouble, is granted authority under the Canadian and British Insurance Companies Act to take expenses incurred in exercising control of the assets of the company out of sums allocated for the administration of his department—that is the Department of Insurance—which reports to the Minister of Finance.

This particular amendment to section 113 of the act further defines the sort of expenses that can be taken out of the department's funds. The newly listed expenses include interest costs on money borrowed to help keep a company afloat while it is being rehabilitated or wound-up by the superintendent. They also include costs of terminating leases or employment contracts or other similar expenses, as Senator Benidickson mentioned.

According to the superintendent, this particular amendment is required because of the Strathcona Insurance Company, which was recently in trouble. I will refer to that again a little later. Objections arose to paying interest costs on money borrowed to keep that company afloat while it was being rehabilitated. In his estimation, such expenses are covered by the spirit of the act because its primary purpose is to ensure that policyholders' liabilities can be discharged by the company in trouble and that its assets are not squandered.

At this stage, I agree that these expenses are needed to help keep the company afloat, and I must add that the track record of the Department of Insurance, over a number of years, has been extremely good. It was suggested in the other place that this was the first insolvency since the depression. However, that is not quite right. I recall that during my 30 to 35-year career in the industry, there have been two other insolvencies.

The case of Strathcona was not quite the same as that of the previous failures. A member of the other place mentioned—wrongly, I believe—that Strathcona really acted as a reinsurance broker. It was not quite that. It was more what we in the industry would call a fronting company. A fronting company means that you insure everything you can, fronting for offshore or other companies, and keep as little as you can; and, of course, get as much commission out of it as you can. So you do not have your bucks invested in it. Therefore it leads—and that is what happened in this case—to very shoddy and unrealistic underwriting.

In their case I would call it gambling, because their net retention was out of all proportion to their capital. It reached the point, as some honourable senators may have read, where they had to resort to what we call unlicensed reinsurance, which means it is offshore and not registered in Canada. It is not under the control of the Department of Insurance, and therefore you collect if you can, and if the company is not sound it might renege on its commitments. That is what happened with Strathcona.

In addition, you find yourself with a major Canadian company not being able to collect on its claims, and therefore having to buy debentures from a company such as the Strathcona Insurance Company which is really insolvent. This company had to buy debentures for $2,300,000. I hope they collect. This is what we are faced with, however.

● (1540)

It was decided by the superintendent, and rightly so, that he would try to bail out the company as best he could. Obviously, because of their underwriting practices, a lot of other companies decided, "Why should we bail out the black sheep in the family when it is not trying to mend its ways?" When they saw the handwriting on the wall, they just kept on going.

I must say that they were encouraged by certain of my broker colleagues, who, because of the competition that had been going on in the industry for the last three or four years, were trying to secure accounts, as was everybody, and were using Strathcona.

Senator Benidickson said that the industry came to the rescue of the Stratchcona. I would say that it was not the major insurance companies who did this, but a consortium of brokers who probably had become worried about the image of

the industry, and decided that they would themselves, together with this major client who could not get paid, loan money in order to keep the company afloat, and shift the administration to another insurance company.

Be that as it may, although the Canadian and British Insurance Act is basically sound, and has been serving the country very well, I still think, although I approve of this bill and will move its adoption, that when we reconvene in the fall the Senate, or the other place, should take a good second look at the whole act, so that these things will never occur again.

Hon. W. M. Benidickson: Honourable senators—

The Hon. the Speaker *pro tem:* Honourable senators, I wish to point out that if Senator Benidickson speaks now his speech will have the effect of closing the debate.

Senator Benidickson: Honourable senators, it will be seen that Senator Charbonneau has more inner knowledge of the workings of the industry as a whole, from 30 years' experience than I have. Notwithstanding that, he has said in a general way that he approves of this amendment, and, indeed, the basic purposes of the Canadian and British Insurance Companies Act. We are dealing particularly, of course, with section 113(1) of that act. Senator Charbonneau proposes that the Senate, when we resume our duties after the summer adjournment, give some attention to an examination of the administration of the act. The minister who introduced the amending bill in the other place did hear the speech of the representative of the official opposition, who had blamed re-insurance by foreign companies, very largely, for the difficulties that resulted in the trouble here. The minister said that he was anticipating a report from the Superintendent of Insurance, particularly with respect to the re-insurance aspect of that business. He did not expect that it would be forthcoming until perhaps the fall.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker *pro tem:* When shall this bill be read the third time?

Hon. W. M. Benidickson: Honourable senators, if there is no intention of requesting that this bill be studied at this time by a committee of this house, and in view of the fact that it was not seen fit to have it sent to committee in the other place but was dealt with in Committee of the Whole, and in view of the time schedule we have before us, I feel that I should move third reading now.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

[*Translation*]

ECONOMIC COUNCIL OF CANADA ACT AND OTHER STATUTES

BILL TO AMEND—SECOND READING

Hon. L. Norbert Thériault moved the second reading of Bill C-13, respecting the relocation of government agencies.

He said: Honourable senators, this bill is making its third appearance on the order paper since 1978. It is quite simple and self-explanatory.

A number of departments and agencies which must by law maintain offices or fulfill certain functions in Ottawa, have already been or will soon be relocated outside of Ottawa. This bill, which contains amendments to the present legislation concerning each of the agencies concerned, should rectify the situation by recognizing legally the new location of these departments and agencies. Bill C-13 provides the necessary changes. In five places, the words "city of Ottawa" are replaced by "National Capital Region". With regard to the Canadian Pension Commission, which comes under the Department of Veterans' Affairs and which is scheduled to be transferred to Charlottetown, the words "city of Ottawa" are replaced by the words "at such place in Canada as may be designated by the Governor in Council". During the two previous Parliaments, the Minister of Public Works introduced bills to rectify the situation, but none got past first reading.

The present bill is identical to Bill C-22 introduced on November 6, 1979, during the first session of the 31st Parliament, which replaced Bills C-32 and C-23 introduced by the former Liberal government during the third and fourth sessions of the previous Parliament. This bill does not mention the Farm Credit Corporation because the previous government, that is the Conservative government decided in July 1979 not to move the corporation to Camrose, in Alberta.

Most of the agencies mentioned which have been transferred within the last two years are still located in the National Capital Region, either in Hull or in Vanier. The agencies concerned are the Economic Council of Canada, the Department of Indian and Northern Affairs, the Land Titles Office, the Canadian Transport Commission, the Public Archives and the Department of Regional Economic Expansion. In addition, it is planned to move to Prince Edward Island both the Canadian Pension Commission and the Pension Review Board, which come under the Department of Veterans Affairs.

Very specific aspects of various relocation and decentralization programs have been discussed in the other place, both in the house and in the committee. Indeed, most of the programs were developed following decisions made in the past by the government.

● (1550)

[*English*]

Honourable senators, as I stated a moment ago, in my humble opinion this is a mere housekeeping bill, but it does establish, to my mind, a precedent that I am in favour of. Although, like every Canadian, I am proud of my national capital and of the capital region, I think that this bill may, in

the long run, go far to entrench in the minds of bureaucrats and politicians the idea that Ottawa or the Montreal-Toronto area is not necessarily Canada. That is why, as a maritimer, I am proud of the fact that the government has decided to relocate the Department of Veterans Affairs in Charlottetown. I hope that in years to come there will be other decentralization decisions made so that the government of this country will realize that Canada stretches from one ocean to the other.

I understand that some other honourable senators may wish to say a few words on this bill, and I would be happy to hear their comments.

Hon. Rhéal Bélisle: Honourable senators, may I be permitted to say to the sponsor of this bill, Senator Thériault, that he was short and sweet, and that his explanation was apropos?

As he said, this housekeeping legislation is necessary because of the relocation of some government departments to Hull and the decentralization of others to locations outside the National Capital Region.

This is the fourth time this bill has been introduced. It was numbered C-32 in the Third Session of the Thirtieth Parliament, C-23 in the Fourth Session, and C-22 in this First Session of the Thirty-first Parliament.

The bill revises certain statutory references to the city of Ottawa to provide equivalent references to the National Capital Region and other areas of Canada. The words "National Capital Region" are substituted for the word "Ottawa" in the following statutes: the Economic Council of Canada Act, the Land Titles Act, the National Transportation Act, the Public Archives Act, and the Department of Regional Economic Expansion Act.

The bill also amends the Pension Act to expand the area in which the chairman must establish residence and to allow the Pension Review Board to sit outside the National Capital Region.

[*Translation*]

As it has been mentioned, the Economic Council of Canada and the Atlantic Development Council might henceforth hold their sittings in the National Capital Region, and no longer in the city of Ottawa only.

Land titles offices for the registration districts of the Territories might be established in the National Capital Region, and no longer in the city of Ottawa only.

Storage rooms for documents left in the Archives Building might be located in the National Capital Region, and no longer in the city of Ottawa only.

The head office of the Canadian Pension Commission, the residence of its chairman and of its members as well as the location where the Pension Review Board holds its sittings might henceforth be outside the National Capital Region, as directed by the Governor in Council.

Honourable senators, this is not a case of absolute opposition in principle, but it is a costly operation.

The house is being asked to approve a fait accompli retroactively. We should have had an opportunity to debate this bill in the Senate. Regional and municipal authorities were not consulted either.

Maintaining British North America Act section 16, which stipulates that the seat of the Government of Canada shall be Ottawa until the Queen otherwise directs, paves the way for judicial objections from discontented citizens.

Relocating government agencies makes patronage easier and may just be perceived as such by the people. It might be politically advantageous for the government in office to relocate an agency or a regional office in a Liberal riding. For instance, in 1977 the government proposed to transfer 13 services to ridings, all of them Liberal except one.

Relocations breed discontent among the employees involved and bear directly on their morale.

When it was proposed to move Parks Canada regional offices from Cornwall to Peterborough, $160,000 was spent for nothing, on the rental of offices in that city. Managers asked for transfers. In the end, the government had to buy back the homes that officials had bought in anticipation of the move.

The relocation of federal agencies in Hull only serves to aggravate the deterioration of downtown Ottawa.

As for the move of the Department of Veterans Affairs to Charlottetown, it only increased the backlog of claims for disability pensions submitted by handicapped veterans.

In conclusion, honourable senators, I think the government takes pleasure in making certain moves without prior authority and in coming to the Commons and the Senate afterwards to announce, "Those are the facts, you must legislate them into existence." I believe it could become a very dangerous precedent that could lead to serious consequences. If the mover of this bill wants to propose third reading today, I think that we would agree.

[*English*]

Hon. Jack Marshall: Honourable senators, I will not take up much of your time. Even though we all agree that the relocation of various departments of the federal government across the land is of benefit to the people of Canada, I should like to stress one of the problems that can arise.

Dealing mainly with the relocation of the Department of Veterans Affairs to Charlottetown, I would point out that this has caused certain problems which one could not predict or project. The Department of Veterans Affairs, and particularly the Canadian Pension Commission—that agency of the Department of Veterans Affairs which deals with the adjudication of disability pensions—is an agency which is different from any other bureaucracy. One of the reasons is that the adjudication based on the assessment of a veteran's wounds requires a particular kind of knowledge on the part of those civil servants, a knowledge based on experience in veterans' affairs and experience in war so that they can adjudicate in a fairer and quicker way than would otherwise be possible.

● (1600)

One problem that has arisen is that most of the heads of the agencies involved—agencies such as the Canadian Pension

Commission, the War Veterans Allowance Board, the Bureau of Pensions Advocates and the Pension Review Board—are second world war veterans who are due to retire soon. It is obvious that not all of them will be moving to Charlottetown. Consequently, for the many thousands of applications now before the Department of Veterans Affairs and the Canadian Pension Commission, the widely known delays that are being experienced will continue.

Again, while we agree to the relocation of federal agencies to other parts of Canada, the government should take cognizance of certain facts so that there will be no further delays in pension applications and their adjudication. For instance, before we allow these experienced people to retire—and second world war veterans are now in the 64 age group—the federal government might agree to allow them to continue beyond the mandatory retirement age so that the relocation of the Pension Commission can take place without interrupting the hearing of applications. As will be brought out in other parts of the legislation, that move is of tremendous significance to the treatment of veterans, because as things stand now the cases take so long to process that many of the veterans die before their cases are actually adjudicated. So I think it is most important that the government recognize these facts and extend the term of service of these experienced people who head up these agencies of the Department of Veterans Affairs, at least until there can be a logical and good move of all of the files to the province of Prince Edward Island.

Apart from the treatment of veterans, I think it is worthwhile mentioning that the Department of Veterans Affairs holds files for people in the Department of National Defence and people in the RCMP, who are wounded at times and have to be treated and who have to apply for pensions in the same way as anybody else. There are also eight or ten other agencies of government that the Department of Veterans Affairs looks after.

If memory serves me correctly, the annual report of the Department of Veterans Affairs makes note of approximately 11,000 applications to the Canadian Pension Commission. Looking at a breakdown of those applications in terms of the nation as a whole, approximately 6,000 or 7,000 of them are from the central part of Canada, coming from the cities of Quebec, Montreal and Ottawa. Apart from a little over 1,000 of them, all of the other applications come from west of Halifax.

Senator Frith: What percentage comes from west of Halifax?

Senator Marshall: Of the 11,000 applications, about 9,000 come from west of Halifax. In other words, before we move the Pension Commission to Prince Edward Island, we should consider the fact that that will mean that they will have to travel from P.E.I. to Vancouver, whereas if they were in central Canada they could at least be dealing more quickly with the pension applications right in central Canada, of which, as I have said, there are about 6,000 or 7,000. I do not have the actual figures before me.

Now, the War Veterans Allowance Board is already in Charlottetown, but I wish to stress the fact that the Pension Commission is the most important segment of the Department of Veterans Affairs and that, in my opinion, it should not be in a hurry to move, at least until it is able to catch up with the backlog of applications that are being seriously affected—not to mention the problem of the medical officers who would have to go with the Pension Commission to Charlottetown, and, as you know, there is already a national shortage in that respect.

Once again, I say that the government should look seriously at this move because, in my opinion, in order to help these veterans to whom we are committed, we should leave the Pension Commission here in Ottawa until the system works so that they will be able to treat them as well in Charlottetown as they can under the present circumstances.

Hon. L. Norbert Thériault: Honourable senators—

The Hon. the Speaker *pro tem:* Honourable senators, if the Honourable Senator Thériault speaks now, his speech will have the effect of closing the debate.

Senator Thériault: Honourable senators, I have taken note of the points raised by both Senator Bélisle and Senator Marshall, and while I realize that my colleague from Newfoundland, Senator Marshall, is an expert on matters related to veterans' pensions and has all of the facts at his fingertips relating to veterans' services, I personally cannot accept the suggestion that the commission should be given more time before moving to Prince Edward Island, because I can hardly accept the idea that decisions with respect to pensions, or decisions of any sort, cannot be made just as well in Charlottetown as they can in Ottawa, Toronto or Montreal.

I was pleased to hear Senator Bélisle say he was prepared to give leave for third reading of this bill, but I did note in his kind remarks a little of the flavour of the philosophy of the party he represents—namely, that the status quo should be maintained and that we should not change because it will disturb a few people.

I was equally surprised to hear my colleague Senator Marshall say that people don't want to move. You know, for a person who has lived in the maritimes himself and has seen hundreds, even thousands of his people, including friends and relatives, I suppose, having to move over the years to Toronto and Montreal and out to western Canada, he surprised me by suggesting that the commission should not move to P.E.I. It seems to me that it is only fair that some of those well-paid bureaucrats, who after all are being paid by all of the taxpayers of Canada, at least once in a while should be given the opportunity—not "told" that they should move but "given the opportunity"—of going to the Atlantic provinces. I am equally confident that in the future there will be opportunities for such bureaucrats to move to western Canada.

That is all I have to say at the moment, and I thank honourable senators for their attention.

Senator Bélisle: If I may be permitted to reply to the sponsor of the bill, may I say that I do not think he interpreted my remarks correctly, either in English or in French, if he thinks I am for the status quo. Perhaps he will read my speech tomorrow to see what I actually said, because I was certainly not suggesting that we retain the status quo. I am for moving, but I believe that when we move we should look at all three lights and proceed with caution.

Senator Thériault: I thank the honourable senator for his remarks. I hope what I have said will not be taken to suggest that I think he is for always staying in the same place; but sometimes if you look too long at the lights you miss the green light and you never move.

Motion agreed to and bill read second time.

THIRD READING

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

Senator Thériault: Honourable senators, I think we have received the green light so, with leave of the Senate, I move that the bill be read the third time forthwith.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

• (1610)

CURRENCY AND EXCHANGE ACT

BILL TO AMEND—SECOND READING

Hon. Peter Bosa moved the second reading of Bill C-68, to amend the Currency and Exchange Act.

He said: Honourable senators the aim of this bill is to permit the Governor in Council to issue gold coins. The gold mining industry had been advocating for some time a program to market its products, and the government responded, on the advice of the Board of Directors of the Mint, by proposing an amendment to the act which took the form of Bill C-39 and which was assented to on June 30, 1978.

The original amendment was modified to limit its provisions to January 1, 1981, and to have the minister responsible report to Parliament twice a year on the administration of the gold coin program. The aim of the modification was evidently to limit the gold coin program to a three-year trial period, after which it would be evaluated.

Following the amendment, the Royal Canadian Mint launched a gold bullion coin program. The Board of Directors of the Mint were asked to monitor the program to keep cabinet informed on the advantages of such a program to Canada and the advantages to the Canadian gold mining industry as well as other relevant economic factors such as inflation, the impact on the balance of payments and the overall profitability of the program.

The Board of Directors of the Mint commissioned the services of Price Waterhouse Associates to undertake a rather complex study, the main conclusion of which was summarized as follows:

> —the overall impact of the "Maple Leaf" program on Canada and the Canadian industry is positive.

While the program had a modest impact on the overall economy, it did create an estimated more than 100 new jobs at absolutely no cost to the government. The study by Price Waterhouse Associates was unanimously adopted by the Board of Directors of the Mint, who recommended that measures be taken to authorize the continuation of the Maple Leaf gold coin program. The Royal Canadian Mint has never asked the government for financial help in its operations since it became a crown corporation. The last report tabled in Parliament following the 1978 amendment shows that for the period from July 1, 1978 to December 31, 1980, the gross income from the sale of gold coins amounted to $1,456,911,000, and the net profit was $31,682,500.

Private companies that are involved in the distribution, publicity, processing of precious metals, supplying of materials, transportation services and risk insurance have benefited from the gold coin program, as have the various provincial governments that have imposed sales taxes on coins sold in Canada. The gold required by the Mint to produce the coins is produced by Canadian mines. In the event that they cannot produce enough to supply the needs of the Mint, the Mint can obtain the balance from the Bank of Canada's exchange fund account.

The Maple Leaf gold coin became available to the public for the first time in September 1979, and it was well received throughout the world. Over 2.2 million coins were sold during the first 16 months of the program. This coin offered an option of great value to gold negotiators, to international bankers and to investors who wanted an alternative coin to the South African Krugerrand. The Krugerrand has been on the market since 1967.

The only uncertainty expressed with regard to the Maple Leaf coin was the temporary nature of the program, which influenced the strategy used to market the coin. The official distributors in North America and Europe, therefore, were unwilling to stimulate investment in a program which had an uncertain future. When Bill C-68 was submitted to the House of Commons on June 25, and given second and third reading in the same sitting, it was agreed during the debate by all parties to extend the provisions relating to this particular program to January 1, 1991.

Everyone who participated in the Maple Leaf gold coin program and, more particularly, the representatives of the gold mining industry, are anxiously awaiting the decision to continue this program. The $100 gold coin commemorating special events, and the $50 gold coin, commonly called the gold Maple Leaf, are prestigious items for Canada, and have called worldwide attention to the importance of the Canadian gold mining industry. The gold coin program has been profitable to all those who have participated, such as the mining industry, the

Mint, the distribution agencies, and it has created over 100 new jobs. It has provided a new source of revenue for Canada.

For these reasons, honourable senators, I move the second reading of this bill.

Hon. John M. Macdonald: Honourable senators, I am sure we are all grateful to Senator Bosa for his detailed explanation of this bill. As he mentioned, Bill C-39 was passed in 1978 for a trial period of three years. Prior to that time, it had been required that the value of the gold in a gold coin be equal to the denomination of the coin. Bill C-39 enabled the cabinet to vary the amount of gold in that coin, to issue gold coins of any denomination and to specify the maximum number of gold coins to be struck in any given year.

When Bill C-68 was first introduced, it was to enable the Governor in Council from time to time to issue gold coins. That was objected to on the grounds that it gave too much authority. Consequently, an amendment was made whereby the policy was extended for a 10-year period which, apparently, satisfied all the parties concerned. At the time of the 1978 amendment an objection was raised to the effect that the proposal would give the cabinet too much authority, and there could be the danger of debasing the currency. However, that objection was overcome by putting in the legislation the provision that there be a report to Parliament every six months.

As the sponsor mentioned, the Mint engaged Price Waterhouse Associates to make a study of the effect of this program over the three-year period. As a result of that study, they recommended that it be continued. As far as I know, the results of that study have not been tabled, although I understand a copy has been given to some members in the opposition in the House of Commons. Perhaps the sponsor would arrange to have a copy of that report tabled in this house.

I was interested, of course, to hear of the great number of coins that have been issued and the tremendous value involved. Not only that, but in about a 30-month period over $31 million profit was made, which is over $1 million a month. Of course, this should be encouraged.

• (1620)

Perhaps the sponsor would inform me as to what the sales of these coins have been in the last few months, and how they compare with sales made during the first year. It is my understanding that a tremendous number were sold when the program was first put into effect. However, I must admit that I have not looked at the last report.

The original act stated:

> —the standard weight so prescribed for a coin shall be such that the value of the gold contained therein is equal to the amount that appears on the coin as the denomination thereof.

That was amended in 1978. What is the relationship now between the value of the amount of gold and the value of the denomination? Again, I do not know.

It is also interesting to note that in the original act gold was considered to be legal tender for payment of any amount. That was also changed in 1978.

Section 7 of the act states:

> (1) Subject to this section, a tender of payment of money is a legal tender if it is made
>
> (a) in gold coins issued under the authority of section 4;
>
> (b) in subsidiary coins that are current under the provisions of section 6;

"Subsidiary coins" means coins other than gold coins. It goes on to state:

> (c) in notes issued by the Bank of Canada pursuant to the Bank of Canada Act intended for circulation in Canada

I do not know what is meant by the words "intended for circulation in Canada." Perhaps it refers to notes that are sometimes issued to deal with the balance of payments and which are not in general circulation.

Section 2 of the act, as amended in 1978, describes legal tender as follows:

> (a) in the case of coins of a denomination greater than ten dollars, for payment of any amount, if the tender consists of not more than one coin;

I take it from that that gold can only be legal tender for amounts over $10.

Section 2 goes on to state:

> (b) in the case of coins of the denomination of ten cents or greater but not exceeding ten dollars, for payment of an amount not exceeding ten dollars, but for no greater amount;

I suppose that would take in quarters and half-dollars.

What intrigued me was the phrase:

> in the case of coins of the denomination of ten cents or greater but not exceeding ten dollars,

I know there are coin denominations of 25 cents, 50 cents and one dollar, but I do not know of any others.

Section 7(2) of the original act goes on to state:

> (c) in the case of coins of the denomination of five cents or greater but less than ten cents,

Again, I know of no coins which are greater than five cents and less than ten cents. This applies to the payment of an amount not exceeding five dollars.

Subparagraph (d) states:

> in the case of coins of the denomination of one cent or greater, but less than five cents,

Again, I know of no coins which are greater than one cent and less than five cents. However, I suppose there is a reason for wording it that way.

There is general agreement that this is a good program and that it should be extended. Certainly, any program which can make over $1 million a month is worthy of consideration. We, on this side, support the bill since it is simply an extension of the present program. I see no reason why it should not be given third reading today.

Motion agreed to and bill read second time.

THIRD READING

Hon. Peter Bosa, with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

NORTHERN PIPELINE

CONSIDERATION OF FOURTH REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the fourth report of the Special Committee of the Senate on the Northern Pipeline.

Hon. Earl A. Hastings moved the adoption of the report.

He said: I beg the indulgence of honourable senators this afternoon to make a few remarks with respect to the work of the Special Committee of the Senate on the Northern Pipeline and its fourth report.

Throughout this session your committee has continued to fulfill its primary task of monitoring the progress of construction of the northern pipeline from the Alaska-Yukon border to the United States border.

In our examination we have paid special attention to Canadian content requirements of the pipeline, employment opportunities for native people, and opportunities for people living within the region of pipeline construction.

In our meetings with officials we have also paid special attention to the matter of impact on the communities affected by the pipeline. Special attention was also given to cost escalation of the pipeline.

We have explored these avenues in four meetings: one with the minister, our colleague, the Honourable Senator H. A. Olson, the minister responsible for the northern pipeline; officials of the Northern Pipeline Agency; and, of course, Foothills Pipe Lines (Yukon) Ltd., the contractor responsible for construction of the line. As of today, the construction phase of the western leg from Caroline—a point just north of Calgary—to the United States border at Kingsgate in British Columbia has been completed. That is 260 kilometers of pipeline. It was on schedule and under budget. The United States portion from Kingsgate to the San Francisco area is proceeding on schedule.

● (1630)

On the Canadian portion there is a compressor meter station under construction. When completed, the pipeline on the western leg will be ready to accept gas this fall and facilitate the export of 240 million cubic feet a day to the California market.

With respect to the eastern leg from Caroline to Monchy on the Saskatchewan-Montana border, construction commenced the first week of June, and it is on schedule.

The 1981 program proposes 258 kilometers in Saskatchewan which would complete the Saskatchewan portion with compressor stations at Monchy and Piapot and also 170 kilometers

in Alberta and construction of a compressor station at Jenner, Alberta.

The United States section of the eastern leg is on schedule. Construction commenced in North Dakota and it is proposed that 200 kilometers will be constructed in that area this year.

The 1982 program will see a completion of the Alberta section amounting to 206 kilometers. A pilot spread of 58 kilometers will be constructed in the James River area of Alberta. By the fall of the 1982 the line will be ready to accept gas for export to the Chicago area.

With respect to the Yukon area, it is anticipated that clearing of the right-of-way in that area will commence the beginning of 1982.

In monitoring the various areas of concern to your committee, we are gratified to report that with respect to construction of the line in the Canadian section Canadian content continues to be maintained at or about the 90 per cent level.

With respect to the employment of native people, this varies from month to month, but in general over the western leg the rate of employment averages between 7 and 9 per cent. It is not bad, but neither is it good. We are impressed with the efforts of Foothills to increase that percentage of employment of native people. However, we are not as impressed with the work of the subcontractors in this respect. Your committee and the pipeline agency have taken steps to find ways and means of encouraging employment of native people on the line.

In regard to the Alaska portion, of course everything awaits satisfactory financial arrangements for the construction of this portion of the line. At the moment, President Reagan's Council of Economic Advisers are preparing, or have prepared, a package for presentation to Congress which will contain the necessary financing ground rules that were not provided in the original legislation authorizing the construction of the line. It is hoped that within 60 days after presentation to Congress the package will be approved. Essentially, it contains three very significant waivers to facilitate the financing of the line, the first of which would be to permit the producers on the North Slope of Alaska to participate equitably in the construction of the line. It is proposed that Exxon, Arco and Standard Oil of Ohio—the prime producers on the North Slope—be authorized to participate equitably from 30 per cent to 49 per cent in the pipeline.

The second important waiver will provide that the construction of the plant on the North Slope of Alaska—the cleaning plant which will cost in the neighbourhood of $6 billion to $8 billion—will be included in the cost of the project.

The third waiver, which is very important to Canada, will provide for the cost of construction of the Canadian portion to be paid when it is completed and not when gas flows.

Therefore, we await the approval of these and other waivers contained in that package by Congress, after which the package will be presented to the Federal Energy Commission of the

United States for approval and, thereafter, to the financiers to secure the necessary financing—in the neighbourhood of $30 billion—for one of the largest projects ever attempted without government participation or guarantees. The contractors are hopeful—indeed, they are anxious—about the first overtures that have been made to the financiers. But, they really have little to be concerned about until the waivers are passed and the financiers can take a serious look at the financing arrangements. At the moment, they are nothing but confident that the financial proposals will receive positive consideration from the financial community.

The most significant activity of your committee over the past session, honourable senators, was a recent trip to western Canada, the Yukon, Alaska and the Northwest Territories, which was designed primarily to tour the route of the pipeline from Calgary to its source at Prudhoe Bay in Alaska. More importantly, it was designed to assist committee members to gain a more comprehensive and significant understanding of the issues surrounding pipeline construction. In our eight days in western Canada and the north, you may be interested to know that we covered over 8,000 air miles and held 18 meetings with Canadian and United States government officials and industry representatives. We viewed oil and gas facilities throughout the north. But what is most important, honourable senators, is that we talked to the people of the north. We went to the community halls, to the church halls and to council chambers and we talked to those people who will feel the greatest impact of the pipeline and other developments in the north. In all our meetings with the people in the north, we received nothing but appreciative comments that the Senate should come to their locale to listen to their concerns and problems, and make whatever legislative contribution we could to their solution.

● (1640)

For our part, I believe that all members of the committee gained a greater knowledge and understanding of the feelings of the people of the north, and when I refer to the people of the north, I mean those who were born and raised there, those who came from other parts of Canada, and, perhaps most importantly, the native people. Their greatest concern, we found, is the same as that of any other Canadian who realizes the development that is likely to take place. They are not anti-development. I believe they fully understand and appreciate that one cannot stop the hands of the clock, that development is going to take place. But their simple wish is to participate in that development in a meaningful way, and not to be the victims of development or react passively to that development.

In the development of the north, honourable senators, we are entering a very fragile environment. There have been many better and more poetic descriptions of that great part of Canada than I can give today. We received, I believe, a glimpse of what the north means to Canada and the important role that it will play in the future. The resources that exist in that frontier area represent a considerable potential to assist Canada toward self-sufficiency in oil and gas by the end of the century. But the environment presents a challenge to engineering technology when faced with the problem of the accessibility of those resources.

There are major projects under consideration and under construction at the moment. Dome Exploration is slated to spend $40 billion in the area of the Beaufort Sea in the next 10 years. Gulf recently announced that it is moving into the Beaufort. We have the Arctic Pilot Project, designed to bring liquid natural gas from the high Arctic to a point in eastern Canada on the St. Lawrence or in Nova Scotia. All of those projects are being considered which will transport those resources to southern and eastern markets of Canada.

However, the question is asked by northerners, and should be asked by all Canadians as we enter that precious area, our last frontier: Do we know all we need to know before we undertake these projects? Do we know all we should know with respect to the impact of technology on that environment? Are we maximizing the industrial and regional benefits to northerners? What type of regulatory mechanisms should be in place to oversee these megaprojects?

The construction of the northern pipeline will receive more monitoring, more inspection, than any other project in the history of Canada, and rightly so. Should not those other projects receive as much consideration with respect to monitoring as they proceed? Have we identified the manpower skills and training programs required? One issue that was raised over and over again in our meetings with the native people and the people of the north was the need for manpower training in the north, in the environment of the people, to prepare them over the next 10 years so that they can participate meaningfully in those projects and not simply cut the brush for the right-of-way.

Are we assured that Canada will stay at the leading edge of all of this technology in the development of the Arctic? Finally there are the manpower, financing and technology conflicts which will exist over the north on the east coast and in western Canada.

The efficient allocation of precious human technological and financial resources can overcome all of those obstacles if we are prepared to do the work and put them in place before we proceed hell-bent on development. In other words, honourable senators, we must strive for a balance between development, the ecology, the environment, and the impact on human, social and economic conditions of the area. We must know what we are doing before we do it, because one mistake in that environment, in that ecology, will be irreparable.

It is for this reason, honourable senators, that in our report we have asked you to authorize the Special Senate Committee on the Northern Pipeline to undertake a study and report on the impact of transportation in that area of Canada north of the 60th parallel with a view to bringing together all of the technology that is available, all of the research that has been done, and make a worthwhile contribution to legislation in the future. We could be in the forefront, leading the way legislatively into the north, because over the next 20 years—just as was the case with the west at the turn of the century—the

north will replace the west in development. The work of this chamber can be of crucial importance to the development of that area. Working with the people of the north, we can give them the sense of participating with legislators in their destiny and in the development of the Arctic.

I am therefore proud to move the adoption of the report and I recommend it to honourable senators for their favourable consideration.

On motion of Senator Macdonald, debate adjourned.

● (1650)

NEWFOUNDLAND

DEVELOPMENT OF HYDRO POWER AND OFFSHORE OIL RESOURCES—DEBATE CONTINUED

The Senate resumed from Wednesday, May 27, the debate on the inquiry of Senator Cook calling the attention of the Senate to certain matters relating to the development of hydro power in Labrador, and to the development of the offshore oil resources of Newfoundland.

Hon. Jack Marshall: Honourable senators, may I first commend Senator Cook on his calling attention to matters relating to the development of hydro-electric power in Labrador and to the development of the offshore oil resources of Newfoundland, a subject which is of such vital importance to Canada's future as we strive towards energy self-sufficiency. I think it is probably appropriate to deal with this subject at the present time in view of the debate on energy arising out of Bill C-57, and Senator Hastings' well-worked-out speech on the northern pipeline. I can sympathize with Senator Hastings' feelings with regard to the development of the north and its impact on the economic environment. However, I want to talk about another north, namely, northern Newfoundland and Labrador. Today I am going to deal only with the hydro-electric potential, and will leave the offshore oil to another day. Meanwhile I will gather some more statistics.

If Senator Cook's figures are accurate—and I am sure that they are—there is a potential of 7,770 megawatts, or almost 8 million kilowatts, of hydro-electric energy in Labrador. If the federal government's figures are accurate, every million kilowatts is the equivalent of 700 barrels of oil. In these circumstances the potential availability of 8 million kilowatts in Labrador is the equivalent of 5,600 barrels of oil a day.

To stress my point, honourable senators, I want to refer to a speech made by the Minister of the Environment, in which he put into perspective the oil equivalent of hydro-electric power. The minister was speaking on behalf of his government. I am, of course, referring to hydro-electric power on a national basis, and not only from the point of view of Labrador.

The minister pointed out that hydro is the only fully developable form of renewable energy in Canada today. Already, hydro-electricity is contributing about 25 per cent of our primary energy needs.

This brings about a number of possibilities for Canada. It is said that there is about 63 million kilowatts of economically

[Senator Hastings.]

developable conventional hydro across the country, which is the equivalent of about 1 million barrels of oil per day. If all the developable potential of hydro-electric energy were exploited, say over the next 20 years, the number of jobs created by the projects, directly and indirectly, would amount to some 140,000 man-years, through project construction and support service employment. This would amount to some $2.2 billion in wages and salaries in current dollars.

In addition to this, there would be jobs created in the manufacture of electrical equipment and machinery, of steel and concrete and other materials for turbines, pumps, generators, accessory equipment, transmission cables and towers, controls and switching stations. Up to 90 per cent of the purchase value of these items, related to hydro development, is capable of being produced in Canada, and the labour content and skills required are high. They could involve an additional 750,000 man-years of work for Canada's secondary industry and its suppliers.

The economic benefits of hydro development would come to Canada as a whole, and also to various regions. Canada benefits through job creation in any region, especially in high unemployment areas, and by any additions to labour income anywhere. The national benefit is also increased through additional exports of hydro-electric power, and its beneficial effects on the balance of trade and the value of the Canadian dollar in international exchange. It is expected that new hydro development may add up to $1 billion per year in short and longer term energy export sales.

Regionally, most of the benefits of project construction employment and service purchases would go to the regions with developable hydro resources, like B.C., Quebec, Manitoba, Labrador and the Northwest Territories. There would, however, be substantial economic fallout to central Canada, where the hydro-electric equipment manufacturers are located, and where other suppliers of materials and services are found.

In a speech given recently to the Conference on Environmentally Compatible Hydro Development, by the minister responsible, it was indicated that the government was going to find out just how much hydro-electric power we have in Canada, which, to my mind, is just another form of procrastination on the part of the government, because, as he stated in the same speech, there is about 63 million kilowatts of developable conventional hydro, the equivalent of 1 million barrels of oil per day, available in Canada through hydro-electric power.

Certainly most provinces have an inventory of their hydro potential, and certainly Newfoundland has an inventory of several potential sites. For example, while the difficulty of the problem regarding transmission of power through Quebec persists, and is indeed reaching impossible proportions, Newfoundland has been going ahead slowly by developing hydro sites to fulfil its needs. The Upper Salmon is a $155 million hydro project in the Bay d'Espoir area of Newfoundland's south coast, which, when completed, will add 84 megawatts of hydro generating capacity, and an average energy capability of 497 million kilowatts annually to the province's generating system, and will displace some 830,000 barrels of oil annually.

Another project has been the construction of the North Salmon dam, spillway and diversion channel, valued at $11.5 million, and a further project valued at $22.9 million for construction of the West Salmon River dam power canal and channel improvements. These projects will come on stream in 1982 to help meet the province's energy requirements until late 1984.

Without listing other potential sites, the two which have undergone an impressive series of technical, marketing, economic, financial and environmental analysis are Gull Island and Muskrat Falls, which together can produce the energy equivalent of 27 million barrels of oil annually.

Muskrat Falls, where the installation of 618 megawatts is anticipated, would cost $3.2 billion, including transmission facilities, and can be constructed over five and a half years.

The cost of the Gull Island project, with the capability of 1,690 megawatts, is estimated at $4.3 billion and will take six-and-a-half years to complete.

Taking into account the comparative cost related to oil delivered to the island from Labrador, the cost of Gull Island would be the equivalent of $36 per barrel, or 60 mills per kilowatt hour. As related to Muskrat Falls, it would be 85 mills per kilowatt hour, the equivalent in terms of oil of $51 per barrel.

I mention these figures, honourable senators, to try and stress what increases in costs have come about since 1966, when the Upper Churchill Falls project was completed in order to produce 5,325 megawatts, which was sold to Hydro Quebec for an insignificant three mills, and which Hydro Quebec is in turn selling for 20 mills, just one-quarter of what it will cost to produce at Muskrat Falls. This situation will get worse as long as there are delays in construction.

The cost to produce, 1,698 megawatts at Gull Island is four times the cost of the Churchill Falls project. Even at 20 mills Hydro Quebec is earning some $600 million a year. This is what Newfoundland is contributing to Quebec.

Furthermore, the delays in developing the Lower Churchill emphasize the lack of sense that is being exhibited, and the lack of that co-operation between provinces for the national good that we should be seeing in a spirit of Confederation.

A study commissioned by the Newfoundland government from Acres Bechtel, a consulting firm, confirmed the viability of the Lower Churchill in the middle 1970s which would, if given the go-ahead, be coming on stream next year at a cost of less than $2 billion in order to produce the equivalent of 27 million barrels of oil. One of the requirements to bring about development of the project was the need to recall 800 megawatts from the Upper Churchill, which Hydro Quebec refused. So that today, even if agreement could be reached with Quebec, it would cost $7.5 billion, at today's dollars, and as long as agreement is delayed it will cost more, eventually reaching the point of doubtful cost effectiveness. Of course, the other problem has to do with the controversy over the transmitting of power across Quebec to proposed buyers in the United States, which again they refuse.

• (1700)

Newfoundland now has agreement in principle for the purchase of surplus power in Labrador by the Power Authority of the State of New York, which could now be provided from either the Muskrat Falls or the Gull Island sites. Since it is a long-term offer, the risk of financing is relieved and this agreement of sale is certainly of advantage to the federal government, which is a 49 per cent shareholder in the Lower Churchill Development Corporation.

One would imagine that, as a result of the discussion draft of the Energy Security Act, 1981, there is a small ray of hope for the possible expropriation of a Quebec corridor for the power Newfoundland plans to sell to the United States. In the discussion paper which the government has produced, it is envisaged that a designated international power line could provide at least a partial solution to the dispute between Newfoundland and Quebec concerning hydro-electric power derived from the Lower Churchill River.

Under existing arrangements, Hydro Quebec buys electricity at the border of Newfoundland, transports it across Quebec, and then sells it to the United States. While the National Energy Board currently has authority to approve construction and operation of a separate line from Labrador through Quebec to the United States, it lacks the authority to expropriate a right-of-way for such a line. Quebec has long held the position that power generated in Newfoundland and Labrador has no automatic right of access to markets via Quebec lines, just as it now claims that Newfoundland has no right to a corridor. Quebec insists that Newfoundland sell the power to Quebec Hydro at the border, at a price and at a time decided upon by Quebec. However, Newfoundland argues that it is being discriminated against by geography, and that it is losing some $600 million a year because of its inability to establish its own delivery system through Quebec.

While Quebec claims strong rights, in that it has the power lines, the facilities and the land that Newfoundland wishes to traverse, how far should Quebec be permitted to go? Would it insist on buying and reselling western natural gas that is destined for maritime customers at the end of the proposed Quebec and Maritimes pipeline? Would it similarly seek to regulate the sale of Sable Island gas that might be required by Ontario customers in pinch situations?

It should be the view that provinces are entitled to fair compensation for the utilization of their facilities, in the same way that a trucker would be paid for sharing a delivery assignment with the railways. However, to tell one province that it must sell its power to only one customer, and at wholesale prices, is extremely unfair. Such policies deny this country workable energy programs to help resolve our industrial and employment problems, and to help, as well, our striving to reach self-sufficiency.

Still, the concept of expropriation is not the only option, nor is it the best one. It would be preferable, from our point of view, were the federal government and the provinces to establish the long-sought national power grid proposal to enable all

parts of Canada to supply and receive power one from the other.

After seven long years of exasperating negotiations with Quebec, Newfoundland has had to explore several alternatives in order to fulfill its objectives for development. Members of the Standing Senate Committee on National Finance were made aware of the submission to them by the Newfoundland Minister of Finance regarding the introduction and rationale underlying the Upper Churchill Water Rights Act and the obstacles that Quebec has placed in Newfoundland's way over the past number of years to prevent it from gaining access to the vital energy resource. This act would recover rights under a 99-year lease, which was signed in 1966 by the Churchill Falls Labrador Corporation Ltd. If the courts found in its favour, Newfoundland would regain the resource.

Newfoundland also took court action against Quebec for the recall of 800 megawatts of Churchill power in order to develop the Lower Churchill more economically. Quebec refused and agreed to release only 300 megawatts, even though it has been shown that Quebec is not using the full potential of the Upper Churchill, and estimates indicate that enough water is being spilled to generate some 2,200 megawatts. As pointed out by Premier Peckford, however, after four years the trial of the main issues has not begun.

The Province of Newfoundland has had to look at the feasibility of laying underground cable connecting Newfoundland and Labrador, which would cost 10 to 20 per cent more than a line through Quebec. Newfoundland has had to look at an alternative route, known as the Anglo-Saxon route, which would bring the power down the west coast of Newfoundland and thence across to the Atlantic, at considerable extra cost.

I am sure, honourable senators, that I have bored you with facts, many of which you are already aware. I do so, however, because of our concern and worry about the future price of oil and about possible energy shortages. Surely the benefit to Canada can be seen in the potential of a renewable energy resource in Newfoundland, which desperately needs such a resource for domestic consumption, as well as the potential production for export markets.

Through the vision of the Honourable J. R. Smallwood, the Upper Churchill Falls project in Labrador has brought benefits to Quebec of some $2 billion since 1972, while Newfoundland has benefited by a mere $100 million.

Mr. Smallwood's successor, Premier Frank Moores, tried diplomatically to develop further the potential of Labrador power. Premier Peckford is now attempting to negotiate, though certainly with a different approach, and rightfully so, with a sister province.

While I speak as a Newfoundlander in support of Premier Peckford, and while I recognize the aspirations of the Premier of Quebec, surely in a spirit of Confederation we should realize and exploit our resource potential for the good of our nation. There is a way to rid ourselves of the greed and power which prevails in our country. The two parties should sit down in a spirit of goodwill to resolve an issue which, through its delay, is not only hurting our ability to be self-sufficient, but is making us dependent on foreign oil-producing countries, who must be laughing at us all the way to the bank.

[Senator Marshall.]

As I indicated, and as stated by the Minister of the Environment, Canada has the developable potential of hydro-electric power equivalent to one million barrels of oil a day. Surely, if Newfoundland has the proven potential of a good portion of that oil equivalent in hydro power to which I have referred, isn't it time that an all-out effort be made to ensure immediate action before it is too late? Shouldn't the federal government exercise its power and intercede by bringing the two premiers to a bargaining table in an effort to resolve this problem which is so important to our nation?

On motion of Senator Marshall, debate adjourned.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FOURTH REPORT OF COMMITTEE—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the consideration of the Fourth Report of the Standing Joint Committee on Regulations and other Statutory Instruments.—(*Honourable Senator Grosart, P.C.*).

Hon. John M. Macdonald: Honourable senators, Senator Grosart has indicated to me that he will not be speaking in this debate, and that he favours the adoption of the report at this time.

The Hon. the Speaker *pro tem:* Honourable senators, if no other senator wishes to speak, this order is considered debated.

• (1710)

LABOUR RELATIONS

MOTION TO APPOINT SPECIAL SENATE COMMITTEE—DEBATE ADJOURNED

Hon. Jean-Paul Deschatelets, pursuant to notice of Tuesday, June 23, 1981, moved:

> That a special committee of the Senate, to be composed of seven members, be appointed to inquire into and report upon
>
> (a) any matter relating to labour relations in Canada with particular reference to problems concerning the free collective bargaining process and the constructive settlement of disputes; and
>
> (b) any proposals for a more orderly and less disruptive exercise of the right to strike;
>
> That the Committee have power to engage the services of such technical, clerical and other personnel as may be necessary for the purposes of the inquiry; and
>
> That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time, and to print such papers and evidence from day to day as may be ordered by the Committee.

[*Translation*]

He said: Honourable senators, I shall take only a few moments of your time because I understand that Senator Lawson would like to say a few words on this matter. On Tuesday, June 23, 1981, I explained that, in my opinion, it was a matter of some urgency to submit to a Special Committee of the Senate certain aspects of labour relations so that it could recommend action to reduce not only the number of strikes in Canada, but also their duration.

A national Post Office strike began last evening at midnight. The strike will mean the loss for all Canadians of an essential service to which they are entitled. As in any labour conflict of this magnitude, it is difficult to point with any accuracy at who is responsible. I believe I speak for all of us in asking both parties to resume negotiations unconditionally and try to find a reasonable solution. Because of its tremendous financial implications, Canada cannot afford to lose for long the essential service of the Royal Post Office, and when the government becomes convinced that it has explored every other avenue, I hope that it will not hesitate to introduce emergency legislation which would allow all parliamentarians to make a fair decision based on facts.

Honourable senators, I have included in the text of my motion a few of my own ideas concerning the way that this special committee should be established. I want it to be well understood that the important thing is for us to set up this committee. As to the terms of reference of the committee I am not adamant and I would be willing to accept any amendment you might suggest.

[*English*]

Hon. Edward M. Lawson: Honourable senators, I know that because of the lateness of the hour it is tempting to let this proposed motion go without comment, but the matter is far too important to do that. It has too much impact on the economy of Canada not to make some comment on it.

I congratulate Senator Deschatelets for bringing this important matter to the attention of the chamber. Having said that, however, I would also urge extreme caution before any hasty move is made to establish a committee to take a walk out on this landmine that exists across Canada called "labour relations." The last time there was a hasty move to try to do something in this area was the creation of the Anti-Inflation Board guidelines, which were intended to create wage and price controls. They turned out to be wage controls and not price controls. The labour movement went along, albeit kicking and struggling, feeling that they were making the only sacrifice for the economy of the country, and what we are reaping now, with all the many man-days lost, is the harvest of that hasty action.

I am also concerned about what is proposed by Senator Deschatelets regarding "a more orderly and less disruptive exercise of the right to strike." That sounds pretty good, except if we are talking about a free society, free collective bargaining and free trade unions, the most essential ingredient in that is the right to strike—the right of the worker to withdraw his services, to withdraw his labour. To tamper with that would be to insist on changing the whole system.

I think it is important to look behind the causes of some of these strikes and the many man-days lost. It is not a good record that has been achieved by labour and management, but there are many factors that contribute to this kind of situation. I think it is imperative that we take a look at that. If we are going to have continuing run-away inflation, if we are going to have the high interest rates that we are presently subjected to, if we are going to have the banks making their reports of profit increases of from 20 per cent to 79 per cent, we cannot stand back in shock and surprise if working people insist on getting 12, 15 or 20 per cent increases in an attempt to keep pace.

In many areas of the country, for instance in my own area of British Columbia, the prospective home owner has to pay $80,000 to $100,000 for the lot alone. So it is not surprising that working people insist that they find some way of keeping pace with run-away inflation and with high interest rates—18, 19 and 20 per cent. And they say, "Nothing is being done. Nothing appears to be planned by the government to control inflation. Nothing is being done to control run-away interest rates." And if nothing is being done, the only device available to them is to negotiate for the sale of their labour—that's all they have—at the highest price possible.

When we talk about other reasons that contribute to strike situations, and to this rather bad record of man-days lost, we have to take a look at some of the disputes. We had a major one in British Columbia, the B.C. Telephone dispute. If anyone examined that carefully, and the people who were close to it, he should have seen that, first, there were the normal negotiations; there was a conciliation board of learned gentlemen, experienced men who recommended a settlement; there was a union that voted to accept. Then there was a strike because the B.C. Telephone Company decided for its own reasons not to accept.

Was this an abuse of the right to strike, or were there other reasons? Well, many people who were on the scene know that one of the major reasons for that strike was that the telephone company wanted to achieve a higher rate increase, which is now presently before the CRTC, and the basis on which they felt they could justify that was that, if they had resisted a settlement of their dispute and had withstood a lengthy strike, then they could go and get a higher rate increase.

So you cannot lay all of the concerns on the working people involved; you have to examine all of the many reasons that contribute to these kinds of disputes.

Senator Hastings talked about the problems of the north and all the major projects that are on the planning boards. I do not know how many of you had a chance to hear the report of the Major Projects Task Force last week. They have done a most detailed inventory of the projects that are planned between now and the end of the century. They only counted projects of $100 million or more. Between now and the end of the century they anticipate $439 billion-worth of projects in

Canada. That will mean one thing, as we already know: a shortage of skilled tradesmen in this country.

What happens when we go through this kind of process? What do you see when you look behind the scene to see what causes strikes? In the last booms we had in pulp mill and hydro-electric power development and so on, we find a simple example that illustrates one of the major contributing factors to some of these kinds of conflicts—a shortage of tradesmen. What happens when there is a shortage of tradesmen? Contractor A goes to contractor B's employees and says, "I need a few plumbers and electricians. I know we all have a contract that says $15 an hour and I can't pay you any more, but I will bonus you a couple of hours a day." So he steals the tradesmen and brings them to his company. Now the tradesman has a bonus of about $30 a day, or $4 an hour, so that his effective rate is $19 an hour. Every day the contractor pats him on the head and says, "You're doing great. We are making money. We are making progress. The job is finishing, and everything is just fine." After the job is finished, he winds up in a union hall somewhere involved in negotiations, and some business agent says, "Well now, we have to be aware of our responsibilities considering that inflation is about 10 per cent or 12 per cent. So why don't we propose an increase of 10 per cent or 12 per cent, or maybe another dollar and a half or $2 an hour? This will bring the rate to $17 an hour. This is a fair settlement for the next year following our negotiations."

● (1720)

But then the tradesman says, "Wait a moment; hold on now. I've been getting $19 an hour as a result of this bonusing system introduced by my contractor. He has been telling me every day that he is making money from me and that I am doing fine, and now you are proposing a cut in my pay of $2 an hour." These are the kinds of situations which result in a strike. Then we hear the reports in the media about the greedy workers and the greedy tradesmen who are trying to obtain a huge increase of $2 and $3 an hour. Whereas, the fact of the matter is, in the particular scenario I have described, that the contractor, anxious to finish his job and to avoid penalties for delay, is stealing tradesmen from other contractors.

In other jurisdictions, such as Sweden—which I will come back to in a moment—such a situation would not be allowed. There would be penalties against the employers for these kinds of practices. I do not want to lay all of the blame on the employers, because we have irresponsible unions and irresponsible members who get a little carried away as well. I am merely suggesting that we proceed with great caution in dealing with this very delicate area and the balance inherent in this kind of problem.

I had the opportunity to make a trip last fall during one of my many absences. I make that self-criticism because Senator Godfrey is not here to make it on my behalf. I travelled with a number of French-Canadian trade union leaders to six different countries last fall to meet with employers, industry officials, government officials and trade union officials to see what we could learn and to see if we could find a better way to deal with the concerns which were expressed by Senator Deschatelets. After visiting countries such as France and Italy, we wound up in Sweden, which is supposed to be Utopia for labour-management relations. We were met at the airport by a taxi driver with a nice Volvo who took us to our hotel. The bill was $52 American.

Upon investigating the situation, we found that 95 per cent of the blue-collar workforce is organized in some form of trade union and more than 90 per cent of the white-collar workers are organized in a trade union; whereas in Canada one-third of the blue-collar workers are organized and only a small handful of the white-collar workers. Sweden has a strong central body which negotiates on behalf of virtually all the trade unions in the country; whereas the Canadian Labour Congress is in the process of a great cleavage and of expelling all the building trades. There is no strong central body in this country which can negotiate and set such standards.

Senator Deschatelets referred to a ceiling rate increase of 12 per cent. The difficulty with such ceilings is that they become the floor. The 12 per cent would become the minimum, not the maximum. The system in Sweden is entirely different from what we experience in this country, and it would be very difficult to transfer that system to Canada.

Upon meeting with many other workers in the plants and so on, I found that the average worker—be he a trucker, a warehouseman or whatever—makes about 5,400 kronor per month. That calculates out to about $1,500 Canadian. Forty per cent of those earnings are taken off the top to pay for the social programs which exist in Sweden. Gas costs $3.50 to $4 per gallon. Where it is common for working people in Canada to have at least one automobile, it is a rare occasion for a family to have even one over there. Food and entertainment costs in Sweden are at least double what they are in Canada. Yet, their wages are no higher than the wages in this country. So when one talks about applying those kinds of systems to Canada, it simply will not work.

Senator Deschatelets referred to the figures on the man-days lost in that country. Certainly, it has a very enviable record. I believe his figures stopped at 1976. It is interesting to note that within two years following 1976 there was a general strike involving 600,000 workers. When I asked officials of the parent labour body of Sweden what had gone wrong, they indicated that there had been a change in government and, instead of leaving the matter to labour and management to work out, the government intervention was to such a great extent that it resulted in a general strike. That is why I advocate caution when dealing with this area.

The officials of the labour movement in Sweden also indicated that they have many real problems. Most of their energy is imported, which results in very high costs. As a matter of policy and philosophy they work very hard to minimize wild cat strikes, illegal strikes or work stoppages, because they say that they could not afford to compete with the European or world market if such labour practices were tolerated. Their whole philosophy is based on the commitment to minimizing waste. I believe this is an important area which could be much improved upon in Canada.

Every now and then there is a proposal to try a new system. Some years ago many were advocating the Australian system, which involves binding arbitration for all its disputes, the theory being that such a system would eliminate strikes in Canada. While the system eliminated almost all their legal strikes, they now have the worst record for illegal strikes of any country in the free world. Speedy solutions or magic formulae found in other countries just cannot be applied to the Canadian system.

There is one area in which I think the Senate committee could do some good. A report by the Employers' Council of British Columbia dealt with man-days lost as a result of compensation or accidents on the job. There are many more man-days lost as a result of absenteeism than there are from strikes or lockouts. The report stated that the number of man-days lost due to absenteeism in Canada is approximately eleven times the total lost days due to strikes. It estimated the yearly cost of absenteeism to the Canadian economy to be $10 billion. The other report said that it was about $14 billion. In other words, for every million man-days lost due to strikes, eleven million man-days were lost due to absenteeism, boredom, alcohol and drug abuse and so on. It seems to me that if we were really concerned about what is best for the Canadian economy we would organize a major task force or Senate committee to investigate this area of absenteeism.

My own organization feels that the problem of absenteeism is so important that we have a full-time director of human relations who deals with alcohol and drug abuse problems and with setting up joint committees with companies and trade unions across the country in an attempt to deal with this problem. When we think in terms of $14 billion per year simply going down the drain, imagine if we could cut that back by 10 per cent. It would mean a new industry for Canada which would offer a net $1.5 billion to the economy without affecting our environment or burning up our resources. It would simply mean the recovering of our most important resource, the human resource, and putting the people involved back into meaningful employment in our society and within our economy.

These are the kinds of directions which I think we should be taking. We should be talking about the problems of boredom, compressed work weeks, more meaningful jobs, dealing with alcohol and drug abuse and so on. I once asked officials of one of the major banks if they had such a problem. They replied that according to their estimate, of their 25,000 employees, 2,500 could not function because of what they called the banker's disease—alcoholism. When I asked them about their program, with the idea in mind that I might learn something, they replied that they had no program. It seems to me that there are enough people dealing with labour and management problems that it is not necessary for unskilled amateurs to become involved. Because labour-management involvement can be so visible and so vocal at times, many people are anxious to become involved, but at the same time there is this problem which is ten times as bad, yet we spend no time concerning ourselves with it or dealing with it. This is an area we should look at very carefully, because it is an area in which we could do so much for the economy of the country.

● (1730)

There are problems with industrial relations, but there are also many records of achievement all across the country that are rarely recorded. My own organization has been negotiating with the dairy industry of British Columbia since 1919. There have been 62 or 63 years of collective bargaining without a single man-day lost as a result of strike or lock-out. This says much to the credit of an enlightened management, an intelligent and informed membership, and the responsibility of the union leaders involved. There are many examples of that all across this country that are rarely reported. We only report, in great detail, all the major conflicts.

It has been my experience that the average Canadian worker wants very badly—it is a sense of pride with him—to give a good day's work for a good day's pay. If he feels he is being unfairly treated or taken advantage of, he is quite prepared to militantly stand up and fight for what he thinks is right. On balance, all he wants is to be fairly treated. He wants someone to do something about the question of interest rates, high land costs, housing costs, and so on. If the Canadian worker sees that fairness is being applied, and that it is necessary to make sacrifices for the good of the economy of the country as a whole, then he is more than willing to make his share of that sacrifice.

On balance, I think that we need to deal in areas of training as well. The federal government is to be congratulated for the contributions it has made over the last number of years. Money has been made available to trade unions to promote better understanding in business agents, shop stewards and members, and to give them some understanding of the economics of profit and loss. That is an investment the government has made for which it will see many returns over the coming years. It is a program that should be continued and expanded to cover areas of alcohol and drug abuse, absenteeism and so on.

Every now and then the government seems to spring into action with a training program. I remember a few years ago they did so, and trained and re-trained all kinds of people for jobs that were not available. In this country we turn out hundreds of teachers, lawyers and so on when there is a need for truck drivers, plumbers, electricians and nurses. The major programs task force suggests that some of these major jobs should be phased in. It suggests that there should be training to fit the needs, and that we should make an inventory of what is available and have training to fit the particular job. It is a simple, basic, bread-and-butter solution to this kind of problem. If we do that, we can prevent much of the conflict that is taking place.

You must remember that, when you are dealing with labour relations, less than 15 per cent comes under federal jurisdiction. The bulk of it comes under provincial jurisdiction. Interprovincial transportation, longshoring, telecommunications and so on come under federal jurisdiction, but the majority of labour relations comes under the jurisdiction of the provinces.

There is a different system in each province based on the particular needs. We would be invading a very delicate area if we talked about establishing a committee to deal with that.

I conclude simply by saying that, basically and on balance, I think we have a good system in this country. We should learn whatever we can about industrial democracy, which is a very important issue, from West Germany and the other countries which we visited. The West Germans are very keen on keeping their people involved in what is taking place. If a major technological change takes place, they are very anxious that their workers know about it. They are anxious to share this information.

However, in Canada, there is a great reluctance on the part of the Canadian employer to share that information because he thinks the employee will know as much as he does, or know too much, and that is a serious mistake. The sharing of information and a better-informed work force makes a more productive and efficient work force with a greater commitment to the employer and the economy. We should try to sell mutual trust instead of mutual mistrust. If we can deal in those simple, bread-and-butter areas, I think the kind of system we have can benefit from what other countries have done. However, let us not simply try to adapt a formula from somewhere else. It simply will not work here, and will add to the conflict.

The need here is to proceed with great caution. I question the advisability of establishing a committee at this time. Many attempts are being made by industry associations and trade unions across the country to co-operate, and those are rarely reported. On balance, basically, we have a good system. Let us just find out some of the shortcomings, make the minor repairs and adjustments and build for a better economy for Canada.

Hon. Guy Williams: If a strike is called and put into effect and, at a later date, there is a partial lock-out by the company, is negotiation much more difficult?

Senator Lawson: The answer is yes. It is more difficult to achieve a settlement but, at the same time, if there is to be any equality or balance, we have to preserve the employer's right to a lock-out as much as we preserve the union's right to strike.

Part of the problem which causes long strikes is that you have an imbalance—either a strong union and a weak employer, or the reverse. Where you have strong employers and strong unions, strong trade associations and strong councils on the union side, you have organizational balance and equality, and it often results in economic equality as well.

On motion of Senator Macdonald, debate adjourned.

APPROPRIATION BILL NO. 2, 1981-82

FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-80, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1982.

Bill read first time.

[Senator Lawson.]

SECOND READING

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

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 44(1)(f), that this bill be read the second time now.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, the bill that has recently been distributed is Bill C-80, Appropriation Bill No. 2, 1981-82. You will remember that we passed Appropriation Bill No. 1, the interim supply bill, in March.

I do not know whether it is because I spent a good part of my early life listening to sermons that I tend to divide comments into three parts but, in this case, such a division comes naturally because Appropriation Bill No. 2, 1981-82, provides three basic things.

First, it provides for the release of the balance of the adjusted main estimates for 1981-82 amounting to $20.054 billion. Second, it provides for the release of the whole of supplementary estimates (A), 1981-82, amounting to $2.143 billion. Third, it provides for the release of the whole of supplementary estimates (B) 1981-82 amounting to $184 million.

• (1740)

The total spending authority provided for in the bill is, therefore, $22.381 billion. You will find the exact figures in clause 2.

If you make a quick perusal of the bill, you will see that there are six clauses. In clause 1 there is the title of the bill, and then what I submit to honourable senators is the key provision, that is, clause 2, and you will notice the exact amount is $22,380,767,383.41. If you continue with that clause and go to paragraph (a) at the top of page 2 you will see:

> The Main Estimates now before the House and Supplementary Estimates (B) for the fiscal year ending the 31st day of March 1982 less the amounts voted by *Appropriation Act No. 1, 1981-82,* as contained in Schedule A to this Act—$20,237,467,383.41.

Then we go to supplementary estimates (A) in clause 2(b), and the amount shown there is $2,143,300,000.00.

To complete our general familiarity with the bill, I refer to the Summary of Requirements at page 43 where we see the total of $20,237,467,383.41. On the next page is Schedule B, which contains the amount that we already saw in clause 2.

As I mentioned, interim supply for the first three months of the 1981-82 fiscal year amounting to $8,267,119,391.59 was approved by Appropriation Act No. 1, 1981-82, passed by us on March 31, 1981.

The main estimates were tabled in the Senate on March 2, 1981 and referred immediately to the Standing Senate Committee on National Finance. Those estimates were discussed in committee with the President of the Treasury Board and his officials on May 28, 1981—just last month.

Supplementary estimates (A) were tabled in the Senate on June 9, 1981 and they, too, were immediately referred to the Standing Senate Committee on National Finance. Supplementary estimates (A) consist of one vote, vote 20a, of the Department of Energy, Mines and Resources, and provide for increased oil import compensation payments to refiners and other importers of crude oil and petroleum products. These supplementary estimates were discussed in committee with officials of the Treasury Board on June 10, 1981.

Supplementary estimates (B) were tabled in the Senate on June 18, 1981 and also were immediately referred to the Standing Senate Committee on National Finance. That is where I split an infinitive, to the chagrin of Senator Macquarrie, and said it was our habit "to immediately refer" instead of "immediately to refer".

The report of the National Finance Committee on supplementary estimates (B) was presented last night by Senator Leblanc. These estimates are necessary due to a ruling by the Speaker of the House of Commons on June 12, 1981. That ruling ordered 10 votes be deleted from the tabled main estimates because they contained words deemed to be inappropriate for authorization through the process of supply. You might remember that the principle of that ruling is something that Senator Grosart warned us about when we dealt with Appropriation Act No. 1.

Therefore, these estimates reintroduce three votes with the offending words removed: Agriculture, vote 30b; Supply and Services, vote 5b; and Transport, vote 110b. Also included are three votes of Energy Mines and Resources—votes 35b, 40b and 45b. We are to consider, later in our sitting today, the three bills that relate to these votes. Interim supply in March authorized money to be spent for these programs up until June 30.

Since a vote cannot appear in an appropriation act unless it is covered in an estimate before the house, it was necessary to place these Energy, Mines and Resources votes in these estimates at the exact amounts approved earlier in Appropriation Act No. 1. Therefore, it was a technical necessity to include these votes. These supplementary estimates were discussed in committee with the President of the Treasury Board and his officials on June 23, 1981.

Therefore, honourable senators, on the three branches, we talk of the release of the balance of the adjusted main estimates, the release of the whole of supplementary estimates (A), and the release of the whole of supplementary estimates (B). They have all been referred to and considered by the Committee on National Finance.

I need only add, in accordance with tradition, that I give the usual assurance that the form of this bill is the same as that passed in previous years taking into account Madam Speaker's ruling of June 12, including a summary table with Schedule A to reconcile the amounts contained therein to clause 2(a) of the bill.

Honourable senators, if you require additional information, I shall try to provide it.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like to say a few words on this proposition because we are now being asked to give first, second and third readings to this very large appropriation bill, and it is my opinion that it would not be prejudicial to the public interest that we should consent to this abbreviated procedure. The reason I am able to take that stand is because this bill is fresh in my mind, and its contents are certainly not strange to me at all, nor are they strange to anyone who has been following the proceedings of the National Finance Committee or the debates in this house that have arisen from reports of the National Finance Committee.

As the Deputy Leader of the Government said, the subject matter of this bill and, indeed, of the other three bills that he mentioned in his remarks, has been before us for some time—in fact, since March 3—and as the estimates made their way through examination of the National Finance Committee. I will be the first to admit that when one is dealing with such enormous sums of money one would be rash, indeed, to say that every appropriation has received the attention that it is due. I think it is probably fair to say they have received all the attention possible. If the committee is to conduct its work in any orderly and reasonably timely fashion at all, it has to make certain judgments as to what it will study in detail and what it will examine in a superficial way. Being a member of the committee, I can say with candor, and perhaps with some colour of right, that that committee does approach its task in a very conscientious way, and is, in my experience, one of the committees of this house in which we may take some satisfaction.

● (1750)

So I am satisfied that, as things go, the contents of this bill and the material that makes up the appropriation we are being asked to grant, has received appropriate scrutiny in the committee of the Senate. It has also received some attention in the *Debates of the Senate*, because when the Chairman of the National Finance Committee reported to the house, he did so on all three items that are now before us—the main estimates and supplementary estimates (A) and (B)—although in the latter case he was represented by our cordial deputy chairman who gave us the information just recently.

As a result of those reports, we have had an interesting debate. Perhaps not as many senators took part as had wished to, but under the circumstances those who spoke did so for so long—and here I must include myself—that they probably outwore the patience of other senators who had to listen to them.

So on the basis of that approach to the question of the appropriation bill, I believe we would be justified in acceding

to the suggestion of the government that we deal with this matter into either this afternoon or this evening.

On the other matter that was raised namely, three supplementary bills that are expected and which also deal with estimate items—I would offer a comment. I must say that I am mightily pleased that the House of Commons decided that proper procedures should be followed and that where those procedures had not been followed, as was the case with the main appropriation bill in the House of Commons, the Speaker, prompted by Mr. Harvie Andre, a leading member of the opposition from Calgary, quite properly ruled that the way in which they were going about things was the wrong way, and that the government should not try to bootleg items in under an appropriation bill which should have been dealt with in some other manner.

Even though that is true, and I am pleased that the Speaker has ruled that remedial measures should be taken, let us not forget that the remedial measures that have been taken do not disturb the fact that the items in the first case were part of the appropriation, and therefore considered as part of the appropriation and part of the estimates in the various stages that the estimates go through in both the House of Commons and the Senate.

So I really have no objection to responding positively to the suggestion of the Deputy Leader of the Government that we deal with those three bills in the same manner as we deal with this one, because in substance they are the same thing. They are not the same in form, and form is important, but they are the same in substance, and, therefore, I see no reason why they cannot be handled in that way.

While I shall not attempt to pre-empt the right of other honourable senators, particularly those in my corner of the chamber, from expressing their views on this matter, I can say that so far as I am concerned we are willing to approve of the procedure that has been suggested, and deal with these matters in toto either this evening or this afternoon.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. Royce Frith (Deputy Leader of the Government): With leave, honourable senators, I move that the bill be read the third time now.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tem* informed the Senate that the following communication had been received:

[Senator Roblin.]

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

June 30, 1981

Sir,

I have the honour to inform you that the Honourable W. R. McIntyre, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 30th day of June, at 9.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I thought I saw some eyebrows raised at the mention of 9.45 p.m.

The first of the three bills has been passed by the House of Commons, and the other two will probably be passed soon after 8 p.m., so I thought we should retain the time as 9.45 p.m. The Deputy Governor General is not far away, and it is possible to have royal assent a little before 9.45 p.m.

The Senate adjourned during pleasure.

• (2020)

At 8.20 p.m. the sitting was resumed.

OIL SUBSTITUTION AND CONSERVATION BILL

FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-77, respecting oil conservation and the substitution for oil of other energy sources.

Bill read first time.

SECOND READING

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

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave, I move second reading now.

Hon. John M. Macdonald: Honourable senators, perhaps we should have some explanation. This is the first time we have heard of this.

Senator Frith: I am going to give an explanation if leave is granted.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, when we were dealing with the appropriation bill I mentioned that supplementary estimates (B) were tabled in the Senate on June 18, 1981. Perhaps I may pause there to say that honourable senators will remember that the three parts of the appropriation bill that I felt we should look at were: first, the release of the balance of the adjusted main estimates for 1981-82, amounting to a certain figure; secondly, the release of the whole of supplementary estimates (A), 1981-82, amounting to a certain amount; and, thirdly, the release of the whole of supplementary estimates (B), 1981-82, amounting to a certain sum.

I had mentioned earlier, honourable senators, that there were eight bills that were going to be coming to us as a result of a ruling made by the Speaker of the House of Commons to the effect that of those eight bills three were characterized by the same urgency as the appropriation bill, and those three bills related to the Department of Energy, Mines and Resources.

Coming back now to the connection between these bills and the appropriations, they relate to supplementary estimates (B), which were the ones tabled in order to make the adjustments necessary as a result of the ruling that was made in the House of Commons on June 12. All of them, just generally, re-introduced three votes with the offending words removed: Agriculture vote 30b, and this bill we will perhaps get one day next week; Supply and Services vote 5b, and that bill we will get next week; and Transport vote 110b. It was pointed out also that there are three votes of Energy, Mines and Resources—vote 35b, 40b, and 45b.

Interim supply, in March, authorized money to be spent for these programs up until June 30—that is, tonight. Because of the fact that a vote cannot appear in an appropriation bill unless it is covered in estimates before the house, those votes were placed in the estimates in the exact amounts approved in the interim supply.

What we have here, in Bill C-77, relates to the Canada Oil Substitution Program, which was also the subject of supplementaries (B) relating to the interim supply. The program was introduced in the main estimates 1981-82, and provides for one-time grants to persons who will convert their equipment from oil to other fuels. The program was included in estimates mainly because it was considered to be urgently required.

The COSP program, the subject of this bill, will provide for payments out of the consolidated revenue fund for the program for the balance of 1981-82; so that is the distinction between what was already in supplementary estimates (B), which was interim supply, and what we have here, that portion of the main estimates not provided by supplementary estimates (B), 1981-82, covering interim supply. Of course, subsequent requirements will be voted annually in the estimates pursuant to these bills.

Turning to this bill, I would ask honourable senators to consider the bill in the context I have described, because that is the reason we are being asked to deal with this and two other bills tonight, whereas the other five bills we will deal with next week.

The short title is the Oil Substitution and Conservation Act. Applications for payment are then dealt with, together with certain restrictions. In clause 4 agreements are referred to that relate to the program.

I have very full notes on the whole program, but I think we have debated the program, and will probably be debating it again in this chamber. Therefore, unless I am asked to do so, I do not intend to get into any detailed explanation as to what the program is. I have been briefed adequately enough to be able to do so if honourable senators so desire.

I am offering this bill to honourable senators in the context offered earlier, and that is that this bill—like the other two that we expect to get this evening and that are now being debated in the other place, subject to a house order as to time—is tacked on as a corollary to the appropriation bill. The other five bills are similar corollaries, but they just do not involve the urgency that these three bills do.

The three bills I am referring to, of course, are this one, which is the Canada Oil Substitution Program, or COSP; the Home Insulation Program, or HIP; and the Canadian Home Insulation Program, or CHIP.

I should say, honourable senators, that I am sorry that we do not have the other two bills before us now. They are subject to a time agreement and a house order in the other place. I have been assured that we will certainly get one of them, and perhaps both of them, by about 9 o'clock, in time for royal assent at 9.45. After we have debated this bill, and if the Senate sees fit to pass it, I am going to suggest—and I wanted to talk to Senator Macdonald about this before, but I will say it now—that we adjourn to the call of the bell and until we get the other two bills. I will have even briefer comments to make about the other two bills, because they are of the same character, and it is simply a matter of describing the slightly different programs involved.

For those reasons, honourable senators, I move second reading of this bill.

Hon. John M. Macdonald: Honourable senators, you will recall that this afternoon, when Senator Roblin spoke on the main appropriation bill, he also spoke on these bills, which were to be introduced here this evening, indicating that we on this side are prepared to give our agreement and have them pass through the three readings this evening, because of the fact that they have already been debated and studied at great length. It was, shall I say, due to technical difficulty, or negligence on the part of the government, that they were not dealt with in the proper way, and so the government had to bring in this bill to correct the procedure.

Senator Frith: To adapt the warning we get on television, in this case the warning is, "Do adjust your set."

Senator Macdonald: In any event, we are prepared to give three readings.

I did not study the bill when these items were in the estimates, but I thought one point rather strange. Clause 4 says:

> 4. Subject to any regulations made under this Act and in accordance with such terms and conditions, if any, as the Treasury Board may specify, the Minister may enter into an agreement with any person in Canada who operates a natural gas or electrical transmission or distribution facility to provide financial assistance by way of grants, loans or guarantees to enable such operator to extend his facilities to other persons so that those persons may be provided with a heating source of natural gas or electricity.

I find it passing strange that there would be no reference there to using coal instead of oil. Perhaps that would come under clause 5, where it takes in any source of energy other than oil, natural gas or electricity. I may say that this is a somewhat popular program. If my memory serves me correctly, I believe that a person can get up to $800 to convert from oil to some other source of energy. A goodly number of people are taking advantage of this, and I suspect that a good many applications are written in. The government must expect that a fair number will apply for it because I see that clause 8 provides:

> 8. (1) In respect of the period from July 1, 1981 to March 31, 1982, there is hereby appropriated for the purposes of this Act, two hundred and two million, eight hundred and seventy-five thousand dollars to be paid out of the Consolidated Revenue Fund from time to time as required.
>
> (2) Additional sums required for the purposes of this Act shall be paid out of moneys appropriated by Parliament for the purpose.

In other words, the government feels that from now until next March, at least $202 million will be required to carry out the purposes of this act.

Having made these few remarks, honourable senators, I agree to second reading and third reading of this bill tonight.

● (2030)

Hon. John J. Connolly: Honourable senators, my only purpose in rising—apart from killing time—is to ask some questions of the Deputy Leader of the Government.

I am afraid that I did not quite follow what he said in respect of supplementary estimates. Looking at the appropriation bill that was passed earlier this day, I take it that the item that was deleted from the estimates to which this bill originally applied is vote 45b, the Canada Oil Substitution Program, and that the amount earmarked for the current fiscal year under that program is $67,625,000. That figure does not jibe with the amount mentioned in clause 8 of Bill C-77, which refers to an amount of $202,875,000.

Hon. Jack Marshall: That is typical.

[Senator Frith.]

Senator Connolly: That payment can be made from July 1, 1981 to March 31, 1982. Would the deputy leader have any information which would reconcile those figures?

I have another question. Shall I ask it now?

Senator Frith: I believe I have an answer to the first question, and I hope I will to the second. However, to be honest with you, my difficulty at the moment is that the deputy house leader of the other place is waiting outside to see me. He might have some news of what is taking place in the House of Commons. I shall leave my papers here for the Minister of State for Economic Development so that he can try to answer that first question. I believe the answer is in the catch-up of the interim from the final, but I will have to give you the figures. You can pose the other question, and please take your time doing so, senator.

Senator Connolly: Shall I ask the minister the other question?

Hon. H. A. Olson (Minister of State for Economic Development): Yes, you can ask the question, but I must admit at the outset that I am not familiar with this set of notes and it may be difficult for me to find a precise answer. The deputy leader has just left the chamber for a brief discussion with the deputy house leader of the other place with respect to the timing of arrangements that has been worked out between the leaders of the parties in the House of Commons. He will be back in a few minutes with a report I believe you will be pleased to hear.

Senator Connolly: Shall I ask the other question now?

Clause 7 of Bill C-77, which is before us now, deals with the making of regulations by the Governor in Council. I wondered, first, whether those regulations are available now. Secondly, could we have some indication of at least the general character of the regulations?

I notice, for example, that in clause 7(b) regulations may be made "establishing the qualifications of persons to whom payments may be made under section 3," and clause 3 of the bill indicates the type of person who can make application for payment. I am particularly interested in the relationship between clause 7(b) and clause 3.

Perhaps the minister would rather wait until the deputy leader returns.

Senator Olson: Honourable senators, the deputy leader has familiarized himself with this bill and the related documents. I am sorry, but I have not done so. I cannot give you a precise answer with regard to that relationship.

Senator Marshall: Do you mean to say that you don't have an answer?

Senator Olson: Honourable senators, I could improvise, but in light of the precision that is being requested, I would rather not.

I believe that the deputy leader has just re-entered the chamber.

Senator Frith: Honourable senators, it looks as though this is the beginning of an unusual evening.

The first question dealt with the difference between the amount in the schedule to the appropriation bill and an amount that is being asked for in clause 8 of Bill C-77. I believe the answer to that question lies in the fact that there were two legislative moves made with reference to these three programs. For the moment we are only talking about the subject matter of Bill C-77, which is the cost of a conversion program.

Two things were done. First, there was an amendment made to what was found in supplementary estimates (B) to catch up the technical requirements of the interim supply, since they had to be re-introduced into estimates because a vote cannot be the subject of an appropriation unless it is in the estimates. The bill that we are dealing with now is for the balance of the year and could not be put into the appropriation bill as part of the adjustments made through supplementary estimates (B).

I have not had a chance to do the actual arithmetic, but I believe that is the principle behind any discrepancy between the two amounts. Clause 8 of Bill C-77 deals with the period from July 1, 1981 to March 31, 1982. The amounts shown in supplementary estimates (B), dealt with for adjustment purposes and found under EMR, were for the interim supply.

The second question I did not hear.

● (2040)

Senator Connolly: My second question has to do with clause 7 of Bill C-77, which provides that the Governor in Council may make regulations. Actually, I have two questions. First of all, I am interested in whether the regulations are in being; whether the deputy leader has the regulations and whether he can give us an overview of them. I am particularly interested in clause 7(b).

However, if that information is not available—and sometimes regulations are not drafted at the time the bill comes before Parliament—then perhaps it can be given at another time.

Senator Frith: Honourable senators, I believe the clause containing the power to make regulations is a repetition of a clause that existed in previous legislation concerning this program, and the renewal is necessary in order to deal with the adjustments required by the ruling made in the other place. However, I am not sure of that, although that is my understanding.

Senator Connolly: In any event, you do not have the regulations now.

Senator Frith: No, I do not have those regulations—at least, not the regulations made pursuant to clause 7. There are some regulations in existence that were passed under the authority of a similar section, but I do not have any regulations that are drafted specifically under clause 7 of this bill. I do not think any such regulations exist.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. Royce Frith (Deputy Leader of the Government): With leave of the Senate and notwithstanding rule 45(1)(*b*), I move that the bill be read the third time now.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the information I have is that we will have the second of the group of three bills within about 20 minutes, and I understand we should have the third bill shortly after that—I hope in time for royal assent at 9.45.

That leaves us with two possibilities: We can wait until we have both bills, which will mean, as you can figure out, a total of two calls of the bell. In other words, we would be called back to deal with both bills, and then we would recess to await the attendance of the Deputy Governor General. As opposed to that, we could simply deal with the bills as they come—that is, when they are ready and we receive them. I rather favour dealing with the bills as they come, because it might well be that the third bill would arrive while we were dealing with the second bill. Therefore, I suggest that the Senate adjourn during pleasure to resume at the call of the bell later this evening.

I invite comments from honourable senators on whether they agree with what I have said. I invite comments particularly, of course, from the members of the opposition, and I take this opportunity to thank them for their courteous and co-operative attitude, because it is certainly an occasion for rocking the boat, if rocking the boat is what they desire.

The Senate adjourned during pleasure.

● (2140)

At 9.40 p.m. the sitting was resumed.

CANADIAN HOME INSULATION PROGRAM BILL

FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-75, respecting a home insulation program for certain provinces in Canada.

Bill read first time.

SECOND READING

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

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave, I move second reading now.

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

Hon. Senators: Agreed.

Senator Frith: First, I would like to say a word about the Home Insulation Program to remind honourable senators of the basic principles of the program, with no intention of getting into any matters of a controversial nature. The next bill we expect to receive is called CHIP, and it is perhaps necessary to remind ourselves of the difference between the two programs. The HIP Program applies only to Prince Edward Island and Nova Scotia. It was introduced by Appropriation Act No. 1, 1977 as a means of offsetting the substantial increase in the cost of electrical generation because of the high reliance of the provinces of Prince Edward Island and Nova Scotia on imported, oil-fired thermal generation.

It was determined that the resulting expenditure burden on consumers would be greatly reduced by a policy aimed at greater efficiency in consumer use of petroleum energy in general, and specifically by a program which results in greater efficiency in space heating. HIP applies to units built and occupied prior to January 1, 1977 in Nova Scotia and Prince Edward Island. Eligible units include principal residences, either rented or owned, and houses or apartment buildings of three stories or less. Mobile homes and hostels are also eligible units. A grant is provided for on either the cost of materials up to $350 or one-third of the total insulation cost of materials and labour to a maximum of $500.

As a further indication of federal assistance, particularly to Prince Edward Island and Nova Scotia, the grant was made non-taxable. Eligible items under the program include insulation materials, weather stripping caulking and the insulation of storm windows and storm doors. Applicants go through a pre-application process to obtain approval for proposed work prior to having the work undertaken.

As of June 1, 1981 over 70 per cent of eligible units in Prince Edward Island and Nova Scotia have participated in the program, with a resulting expenditure of almost $74 million. A recent re-evaluation of HIP in Nova Scotia indicated that 60 per cent of the participants experienced an average of 9 per cent decrease in their fuel consumption. This decrease varies significantly with work done. Of those insulating walls, for example, over 39 per cent experienced more than a 20 per cent decrease in fuel consumption, whereas of those installing storm doors and/or windows only 3 per cent enjoyed more than a 20 per cent decrease in fuel consumption. In Prince Edward Island the provincial government has calculated that the use of heating oil in that province has declined by 25 per cent since 1976, primarily due to the use of HIP as well as an increase in the use of wood energy sources and the installation of temperature set-back devices.

HIP was initially intended to end as of December 31, 1981. In view of the high participation rate in the program, the scheduled end date will be proceeding as planned. However, the government is examining the feasibility of extending after December 31, 1981 the Canadian Home Insulation Program, CHIP. CHIP applies in the rest of the country and to those residents of Prince Edward Island and Nova Scotia who would be eligible under CHIP and have not participated in HIP.

I would like to say a word about the linkage of this bill to the appropriation bill which, as far as we are concerned, is the main reason we are here tonight. It was first included in supplementary estimates (D), 1976-77. The program covered the provinces of Prince Edward Island and Nova Scotia, and provided for assistance to owners of residences to upgrade the insulation in their residences to help offset the high cost of electricity for heating. Most electricity in those two provinces is produced by oil-fuelled generators. The item that we are asking for will provide for payments out of the Consolidated Revenue Fund for this program for the balance of 1981-82—that is, that portion of the main estimates not provided for in supplementary estimates (B), 1981-82, which covered interim supply for the three months, April 1 to June 30.

Finally, I would like to make a few comments on some aspects of this legislation. Although the program was introduced in 1977, I believe it is now under review. In fact, the program only applies to houses built prior to 1961, but the plan is to have both HIP and CHIP go forward to 1977, once the government is satisfied that the pre-1961 homes have been adequately dealt with. The review procedures which are planned are the evaluation of the impact on householders, construction companies, the distribution system, the delivery system and so on, what items should be included in rentals and so on, and then the unpleasant aspects of certain chemicals used under the program.

With regard to the problem of usage of these chemicals, three initiatives are underway. A national testing survey is being conducted. A board of review is being established to hear submissions from all persons concerned, including contractors, home owners and so on. Then the Minister of Consumer and Corporate Affairs has indicated that when those reviews are completed he will come forward with a more detailed plan than the general plan which he announced in an attempt to find a way to solve that problematic aspect of this program.

Honourable senators, in summary, I have outlined the general background, the linkage to the appropriation bill and, perhaps, anticipated the answers to certain questions with regard to the two programs. I believe that some of these comments will apply equally to the other bill and will perhaps save me causing the contagion of that yawning syndrome.

Hon. L. Norbert Thériault: Honourable senators, perhaps I am not used to sitting in the evening in this place, because I am a bit confused. As I understand it, Bill C-75 applies to provinces other than the provinces of Nova Scotia and Prince Edward Island. Am I right?

Senator Frith: Yes. Bill C-75 deals with the Canadian Home Insulation Program.

Senator Thériault: It is my impression that the deputy leader was not talking to this bill but to the bill dealing with

the program in Prince Edward Island and Nova Scotia. Clause 2 of the bill reads:

> (2) No payment shall be made to a person under this Act unless
>
> (a) the person applies for the payment during the period from September 1, 1977 to December 31, 1987; and
>
> (b) the property in respect of which the payment is applied for is situated in Newfoundland, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, the Yukon Territory or the Northwest Territories.

In fact, this bill does not deal with the special legislation for Nova Scotia and Prince Edward Island, but with the other provinces.

Senator Frith: Honourable senators, I was speaking to both programs, but Senator Thériault is quite right: HIP applies only to Nova Scotia and Prince Edward Island; and CHIP applies to the other provinces. I was hoping that the comments I made would apply to both bills. Perhaps I should have picked up the bill as it came out of the House of Commons and read it as I ran along the corridor. I was hoping that my comments could apply to both CHIP and HIP. Bill C-75, according to its provisions, as pointed out by Senator Thériault, is an act respecting a home insulation program for certain provinces in Canada.

● (2150)

Senator Thériault: Does HIP apply to all the provinces and CHIP to Nova Scotia and Prince Edward Island.

Senator Frith: HIP applies to Nova Scotia and Prince Edward Island, and CHIP applies to Newfoundland, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, the Yukon Territory and the Northwest Territories.

Senator Thériault: What does HIP stand for?

Senator Frith: HIP is the original program. It stands for Home Insulation Program, and CHIP stands for Canadian Home Insulation Program.

Senator Thériault: This bill refers to CHIP.

Hon. John M. Macdonald: Honourable senators, I think everyone is totally confused as to the differences between HIP and CHIP, so perhaps we can now proceed with second reading.

I am glad that the deputy leader mentioned the bill which is yet to come to us, because immediately one would notice that this bill does not apply to Nova Scotia and Prince Edward Island. He has explained that.

Subclause 3(2) states:

> No payment shall be made to a person under this Act unless
>
> (a) the person applies for the payment during the period from September 1, 1977 to December 31, 1987;

I assume this program has been in effect since September 1, 1977; otherwise, this clause would be unnecessary.

This is a rather popular program. Clause 7 states that the Canadian Home Insulation Regulations shall be deemed to be in effect from July 1, 1981. Many people have insulated their homes in order to cut down on the cost of heating fuel, and this is particularly so in Nova Scotia. The cost of heating homes with oil has become so expensive that many people have made use of this program in order to cut down that expense. Insulation has been particularly effective in older homes.

You may wonder why, in a place like Cape Breton which has vast resources of coal, that it is not the most popular heating fuel. One reason, of course, is that it is cleaner and easier to burn oil than coal, and another is that coal has become so expensive that there is little difference between the cost of heating a home by coal as opposed to heating a home by oil.

There are a certain number of people who try to heat their homes by using wood as a fuel. Many years ago I stayed in a home where wood was the main source of heat, and I must say it is not an easy task especially when it is attempted by those who are not accustomed to heating their homes in that way.

If I remember correctly, a few years ago, a certain gentleman who worked for a radio station in Toronto went to live in the northern part of Cape Breton. He was going to go back to nature. Where he resided, an oil truck came around three times a week, but he was determined to use wood as his main heating fuel. He cut down a lot of wood, which he assumed would be his winter's supply. It lasted for three weeks, so he took off back to Toronto.

I think both bills have been adequately explained and, as I mentioned before, they have been studied. These bills will have the effect of regularizing the situation, and I think they should receive second and third reading without further delay.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(b), that the bill be read the third time now.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

HOME INSULATION (N.S. AND P.E.I.) PROGRAM BILL

FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with

Bill C-76, respecting a home insulation program for certain maritime provinces in Canada.

Bill read first time.

SECOND READING

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

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 44(1)(f), that this bill be read the second time now.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, I only wish to say this is truly HIP. This bill applies only to the maritime provinces of Nova Scotia and Prince Edward Island. I apologize to Senator Thériault and other senators if I confused them by giving them more detail than they wanted on HIP and CHIP. I think the remarks I made respecting Bill C-75 apply equally to Bill C-76 and, therefore, I move second reading of this bill.

Hon. L. Norbert Thériault: Honourable senators, I am not a resident of Nova Scotia or of Prince Edward Island. If I were, I would take objection to the titles of these bills. To me, this again reflects the thinking of bureaucrats in this city who draft bills. One program is called the Home Insulation Program and the other program is called the Canadian Home Insulation Program. I resent the fact that homes in Nova Scotia and Prince Edward Island are not called "Canadian homes". It seems to me that any so-called expert engaged in drafting titles of bills should be reminded that those maritime provinces are part of Canada.

Senator Frith: Honourable senators, on behalf of the bureaucrats, I do not think they should be blamed. It is the use of these acronyms that has caused the problem. The title of Bill C-76 is "An Act respecting a home insulation program for certain Maritime provinces in Canada." I emphasize the words "in Canada."

I agree with Senator Thériault that it is unfortunate that we too often use acronyms like CHIP and HIP, and leave the impression that one is Canadian and one is not. I do not think the bureaucrats should be blamed for that.

● (2200)

Hon. John M. Macdonald: Honourable senators, why are there two bills, Bill C-75 and Bill C-76, when they seem to cover the same matter?

Senator Frith: Honourable senators, it is a matter of chronological sequence that the original program applied only to the maritime provinces, and then it worked well there so they added it for the others. As I mentioned in my comments on both bills, the intention is to finish the maritime section at the end of the year and then have the whole program operate under the second bill.

Motion agreed to and bill read second time.

[The Hon. the Speaker.]

THIRD READING

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

Senator Frith: With leave of the Senate, now.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until Monday next, July 6, 1981, at 8 o'clock in the evening.

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

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable W. R. McIntyre, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Honourable the Deputy of his Excellency the Governor General was pleased to give Royal Assent to the following bills:

An Act respecting a home insulation program for certain provinces in Canada.

An Act respecting a home insulation program for certain Maritime provinces in Canada.

An Act respecting oil conservation and the substitution for oil of other energy sources.

An Act to amend the Department of Labour Act.

An Act to provide for the prohibition of certain international air services.

An Act to amend the Canadian and British Insurance Companies Act.

An Act to amend the Currency and Exchange Act.

An Act to amend the Public Service Superannuation Act and the Supplementary Retirement Benefits Act in respect of the early retirement of air traffic controllers.

An Act respecting the relocation of government agencies.

Mr. Lloyd Francis, Deputy Speaker of the House of Commons, then addressed the Honourable the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March 1982.

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy of His Excellency the Governor General was pleased to give Royal Assent to the said bill.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until Monday, July 6, 1981, at 8 p.m.

THE SENATE

Monday, July 6, 1981

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

Prayers.

NEW SENATOR

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received certificate from the Registrar General of Canada showing that Peter Alan Stollery, Esquire, has been summoned to the Senate.

NEW SENATOR INTRODUCED

The Hon. the Speaker having informed the Senate that there was a senator without, waiting to be introduced:

The following honourable senator was introduced; presented Her Majesty's writ of summons, which was read by the Clerk Assistant; took the legally prescribed oath, which was administered by the Clerk, and was seated:

Hon. Peter Alan Stollery, of Toronto, Ontario, introduced between Hon. Raymond J. Perrault, P.C. and Hon. Keith Davey.

The Hon. the Speaker informed the Senate that the honourable senator named above had made and subscribed the declaration of qualification required by the British North America Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

● (2005)

THE HONOURABLE NORMAN McLEOD PATERSON

TRIBUTES ON RESIGNATION FROM SENATE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, this evening I should like to pay tribute to a distinguished former colleague of ours, the Honourable Norman McLeod Paterson, who has resigned from the Senate.

Senator Paterson has always given his utmost to the Canadian people. As honourable senators may perhaps know, Senator Paterson, prior to coming to office, was a grain merchant and shipowner. He also held various offices, such as Chancellor of Lakehead University, and at one time he was President of the Victorian Order of Nurses and President of the Canadian Club. He served, of course, all of Ontario, but Senator Paterson's chosen Senate designation was Thunder Bay, an area that he served with great enthusiasm and integrity. Conscientiously, he made himself available to the citizens of his province and all other areas in this country, and was always certain to voice ably and effectively those needs brought to his attention.

On February 9, 1940, Senator Paterson was appointed to the Senate. His attendance set an excellent example for all of us. He was always available to vote on the issues that came before the chamber; he offered his expertise in grain sales and the shipping of grain, and those of us who enjoyed the privilege of working with him agree with the assessment of him in an article written about him—"fabulous in every respect."

Now well over ninety years of age, Senator Paterson knows the benefits of physical fitness. He was an active proponent of, and participant in, physical fitness long before it achieved its present wide popularity.

Although the duties of a senator are numerous, Senator Paterson found the time to participate in various other endeavours. His philanthropies were numerous and varied. He was generous in his efforts on behalf of sick children and assisted financially the Eastern Ontario Children's Hospital and other hospitals in Canada. He did a great deal to assist several universities, including Carleton University, and was active in improving relations among the ethnic and religious communities of Canada. He was very generous to the churches, both his own and those representing differing beliefs.

In 1975, the members of the Jewish community gathered to honour Senator Paterson, and high tribute was paid to him by the Chief Justice of Canada, the Right Honourable Bora Laskin.

Together with other honourable senators, it is a great pleasure and privilege for me to pay tribute to Senator Paterson for giving Canada more than four decades of great service in Parliament. We wish him the very best in his future years.

Hon. Senators: Hear, hear.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, Senator Paterson's contributions to the welfare of our country have been many, varied and significant. Certainly his entrepreneurial achievements have earned him a place among the great builders of this nation. The grain and shipping industries, in particular, have long benefited from his insight, vision and spirit of adventure.

His business acumen permitted him to amass an outstanding fortune, but his concern for the well-being of his fellow man moved him to distribute a significant part of that wealth in support of worthy humanitarian causes.

The Senate loses to retirement, after 41 years of great service, a noble human being, a man of wise counsel, a truly remarkable Canadian who did honour to our institution.

Hon. Senators: Hear, hear.

Hon. John J. Connolly: Honourable senators, as one of the more senior members of the Senate, in age and perhaps in years of service, it would be appropriate if I said something about Senator Paterson, who is certainly rich in years. He is about to mark his ninety-eighth birthday. That is indeed a venerable age.

Senator Paterson spent 41 years in this house. In the early days, when I first came here, he was an active member of what is now the Standing Senate Committee on Banking, Trade and Commerce, which at that time was, and happily still is, under the chairmanship of Senator Paterson's almost lifelong roommate, Senator Hayden.

● (2010)

Senator Paterson's philanthropy has already been referred to. Certainly, the city of Ottawa is tremendously indebted to him for the help he has given Carleton University on numerous occasions. Indeed, a building at the university has been named in his honour. He has been most charitable also in many other eleemosynary areas—for example, in connection with hospitals and, as has been said, the handicapped.

I remember very well, when I first came here, his friendship with Senator Lambert. Senator Lambert used to talk about the tremendous work this man did in the field of inland shipping on the Great Lakes; and he has, of course, been active in that field, in the grain trade, and in many of the other trades plied on the Great Lakes.

In his earlier days, too, Senator Paterson made interesting speeches in the Senate on the wildlife of Canada. Perhaps some of the older senators—well, let me put that another way. Perhaps some of the more senior senators, such as Senator Hayden and Senator Flynn—

Senator Flynn: Me?

Senator Connolly: Oh, yes, you are. Such more senior senators will remember the speeches he used to make about the Canada geese, the efforts that were being made to preserve them and his participation in that movement.

Honourable senators will also recall that when Senator Paterson spoke about the lamprey problem in the Great Lakes he was most informative. There was another colleague in the Senate at that time—and Senator Paterson will remember him very well—Senator Tom Reid from British Columbia, who took a great interest in wildlife, his specialty being the salmon in the Fraser River. Those were days we do not see repeated here very often. These men took a great interest in some of the natural resources of this country, and all too seldom do we have occasion to consider them.

Senator Paterson, personally, was a most delightful companion. I remember, not too many years ago, when Lakehead University decided to confer upon him an honorary degree. The convocation was held, at about this time of year, on the lawn of Senator Paterson's home. It was one of the most delightfully informal functions I had ever attended, particularly because of the very homey speech Senator Paterson made about his early days at the Lakehead—Port Arthur and Fort William.

He was a great friend of C. D. Howe's and of another generation of senators, another generation of men and women in public life in the federal Parliament, of whom there are very few left. Senator Paterson occupies a particular niche in the esteem and affection of the members of this chamber.

Hon. Henry D. Hicks: Honourable senators, it may seem peculiar for such a newcomer to this chamber as myself to join in this commendation of Senator Paterson, but for many years I was a fishing companion of his son-in-law, Paul McFarlane. We used to go trout fishing in northern Quebec, and McFarlane used to tell me how keen his father-in-law was to get him out fishing, and how he always felt that he had a great responsibility towards this much older man. Paul McFarlane was my age, or two or three years younger—that is to say, he would be in his sixties now—and it was becoming more and more of a chore for him to supervise Senator Paterson's fishing interests.

● (2015)

Eight or ten years ago, Paul McFarlane died of a heart attack and his father-in-law continued fishing for several years after that. It was because of the interest I had in his son-in-law that I especially wished to meet and talk with him in this chamber.

I am sorry that I did not know him when he was in his seventies or even his early eighties—he was in his eighties when I first came to this chamber—but I am sure that everything Senator Connolly has so elegantly stated is correct. He is a man who has given the quality of leadership to the affairs of his country in business, politics and public life. He is a man whom we, as members of this chamber, ought to be proud to count among our associates.

I regret that he was not able to stay until he reached the age of 100 years. He might have had a portrait, as some other hundred-year-old senators have, in the corridors adjacent to this chamber. He is a great Canadian.

ANIMAL DISEASE AND PROTECTION ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-70, to amend the Animal Disease and Protection Act.

Bill read first time.

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

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 44(1)(f), that this bill be read the second time later this day.

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

Hon. Senators: Agreed.

Motion agreed to.

INTERNATIONAL DEVELOPMENT ASSOCIATION ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-71, to amend the International Development Association Act.

Bill read first time.

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

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 44(1)(f), that this bill be read the second time later this day.

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

Hon. Senators: Agreed.

Motion agreed to.

INTERNATIONAL DEVELOPMENT (FINANCIAL INSTITUTIONS) ASSISTANCE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-74, to authorize financial assistance to be provided to certain international financial institutions.

Bill read first time.

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

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 44(1)(f), that this bill be read the second time later this day.

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

Hon. Hartland de M. Molson: Honourable senators, I do not desire in the least to delay anything in this chamber, but I think it would be helpful if we could see these bills before we are asked to consider them. I know that time is running short. We are up against the same problem we have had here historically at the end of a session of putting legislation through in a rush. I am wondering how many of these bills we are going to be asked to consider before we even have a chance of seeing them.

● (2020)

Hon. Martial Asselin: We will be rubber-stamping as usual.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I understand the point raised by Senator Molson. I ought to have explained that the bills you are being asked to consider this evening are five in number, and they comprise the remainder of the eight bills that came about as a result of the ruling of the Speaker of the House of Commons.

Honourable senators will recall that Mr. Andre, a member of the opposition in the other place, objected to eight particular features in the estimates which he suggested ought to have been the subject of legislation rather than appearing in the estimates. He said that having them in the estimates was an attempt to have done by way of the estimates something that requires legislative action. The Speaker ruled that he was correct.

Last Tuesday we passed three of the eight bills. The bills you are being asked to consider tonight are the remaining five. In that sense they are all of the same character, being legislation suggested as necessary by the opposition, and that suggestion being accepted by the government. That is why they have come to us in this series.

Senator Molson: I can only say that while I am now satisfied with that explanation, I did feel we should have been given it.

Senator Frith: I agree.

Hon. Jacques Flynn (Leader of the Opposition): I think the deputy leader might have added that the government is not pressing to have second reading of those bills tonight. The idea is simply to give the sponsors of the bills the opportunity of explaining them tonight. The debates can be adjourned until tomorrow.

Senator Frith: I agree with that as well. The intention is simply to have them launched on second reading tonight so that the sponsors can speak on them tonight. The debates can then be adjourned and the bills dealt with tomorrow and later in the week as necessary.

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

Hon. Senators: Agreed.

Motion agreed to.

ATLANTIC REGION FREIGHT ASSISTANCE ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-73, to amend the Atlantic Region Freight Assistance Act.

Bill read first time.

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

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 44(1)(f), that this bill be read the second time later this day.

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

Hon. Senators: Agreed.

Motion agreed to.

NATIONAL HOUSING ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-72, to amend the National Housing Act.

Bill read first time.

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

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 44(1)(f), that this bill be read the second time later this day.

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

Hon. Senators: Agreed.

Motion agreed to.

● (2025)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the number and amount of Loans to Immigrants made under section 121(1) of the *Immigration Act, 1976*, for the fiscal year ended March 31, 1981, pursuant to section 121(4) of the said Act, Chapter 52, Statutes of Canada, 1976-77.

Report of Atomic Energy of Canada Limited, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1981, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Report of the President of the Federal Business Development Bank, including accounts and financial statements and the auditor's report thereon, for the fiscal year ended March 31, 1981, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Report of the Farm Credit Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1981, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Report respecting operations of the *Medical Care Act* for the fiscal year ended March 31, 1979, pursuant to section 9 of the said Act, Chapter M-8, R.S.C., 1970.

Report of the Standards Council of Canada for the fiscal year ended March 31, 1981, including its financial statements certified by the Auditor General, pursuant to section 20 of the *Standards Council of Canada Act*, Chapter 41 (1st Supplement), R.S.C., 1970.

Report of operations under the *Farm Improvement Loans Act* for the year ended December 31, 1980, pursuant to section 13 of the said Act, Chapter F-3, R.S.C., 1970.

JULES AND PAUL-ÉMILE LÉGER FOUNDATION

BILL TO INCORPORATE—FIRST READING

Hon. Raymond J. Perrault (Leader of the Government) moved the first reading of Bill S-23, to incorporate the Jules and Paul-Émile Léger Foundation.

Bill read first time.

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

Senator Perrault: Honourable senators, I move, with leave of the Senate and notwithstanding rule 44(1)(f), that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

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

Hon. Senators: Agreed.

Motion agreed to.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORT OF COMMITTEE BUDGET TABLED

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled a report approving the budget of the Standing Senate Committee on National Finance.

(For text of report, see today's *Minutes of the Proceedings of the Senate.*)

QUESTION PERIOD

[*Translation*]

POST OFFICE

DISRUPTION OF SERVICE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in connection with the strike of postal workers which, if I am not mistaken, is in its seventh day. I should like the Leader of the Government to tell us more particularly whether negotiations have resumed, whether there has been some progress and, if not, whether it is still the government's intention not to introduce back to work legislation.

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, with respect to the postal dispute, I have nothing new to report. However, I shall endeavour to bring an updated report to the Senate tomorrow afternoon.

● (2030)

Senator Flynn: I think it is most important that the Canadian public know the government's definite stand on this problem which is becoming more serious every day. I think the Leader of the Government will admit that many people are losing a lot of money and are suffering many problems as a result of this situation.

Senator Perrault: Honourable senators, the government's position has been stated. As I say, there has been no change in that situation during recent days. In my absence, Senator Frith made a statement to the Senate on the subject.

However, I agree with the Leader of the Opposition that this is a very important matter, and for that reason a statement will be presented to the Senate tomorrow.

Senator Flynn: It is almost a week since Senator Frith made that statement; that was on Tuesday last, the day the strike started.

Hon. Lowell Murray: By way of a supplementary question, when the Leader of the Government in the Senate speaks of the government's position, is he referring to the statements made by the Prime Minister to the effect that there will not be legislation on this matter? Will the minister say that the government has excluded the possibility of legislation on this matter?

Senator Perrault: Honourable senators, the most recent statements regarding this important matter, indeed, this vexatious matter for many Canadians, were those made by the Right Honourable the Prime Minister and the President of the Treasury Board, Mr. Johnston. That is the most recent information which is available.

Hon. Duff Roblin (Deputy Leader of the Opposition): Does that mean that the government has made up its mind that it will not intervene in any way in this dispute at the present time?

Senator Perrault: Honourable senators, at the present time that is the position of the government.

Senator Roblin: Has no consideration been given to appointing an arbitrator who will deal with this matter expeditiously?

Senator Perrault: Honourable senators, a number of options are under consideration, but no announcement can be made at this time. Of course, the government cannot remain complacent in the face of the facts and is not remaining complacent.

An orderly postal service is of importance to all Canadians, those in business and those in private life, and the government is taking its responsibility very seriously.

Senator Roblin: The minister was good enough to say that he would mention this matter to the house tomorrow. Does that mean he will give us a statement as to what the government's position is, or does it simply mean that he will say he is unable to report further?

Senator Perrault: I can only hope to present to the Senate tomorrow the most recent body of information available at that time.

If there are developments in the next few hours—and we would all hope for constructive developments, of course—appropriate information will be brought to the Senate. The postal dispute is an important matter, one deserving a further statement with respect to the government's position, and that will be presented tomorrow.

Hon. Richard A. Donahoe: As a supplementary question, is the adjective "vexatious" the best one the Leader of the Government can find to describe the situation?

Senator Perrault: I know the honourable senator is a master "wordsmith," and he may think of other words to describe the present postal situation. In my view, the word "vexatious" is only one of the adjectives which could be applied to the present situation. Certainly, as well, it represents an inconvenience. I will rush to my thesaurus this evening to see whether I can find words which more adequately describe the situation. I know the honourable senator will do the same.

Senator Donahoe: Does the adjective "vexatious" not impute triviality?

Hon. H. A. Olson (Minister of State for Economic Development): Not at all.

Senator Perrault: I would suggest that the honourable senator look into the meaning of the word "vexatious." I am sure it has a far wider-reaching application than that.

[*Translation*]

Hon. Martial Asselin: Honourable senators, concerning the postal labour dispute does the government intend to take the same stand as it did with the CBC journalists and for many months let the situation deteriorate without any attempt at a settlement?

[*English*]

Senator Perrault: Honourable senators, in any labour dispute there are the rights and responsibilities of the workers and there are the rights and responsibilities of management, and in a matter such as the postal dispute in the public sector there is a clear and important responsibility to the people of Canada who are, after all, the ultimate employers—they pay the bills. The government must be responsible to them, as well, for any action it takes.

Hon. G. I. Smith: What action?

Senator Asselin: You just said you would take no action.

Senator Perrault: That was not said at all.

Senator Asselin: You just said that you would not intervene.

Senator Perrault: I did not state that the government would take no action. In recent months, few matters have occupied so much energy, attention and study as has the postal situation. I

must suggest that, when the Conservatives formed the government in 1979—

Senator Murray: They got an agreement.

Some Hon. Senators: Oh, oh.

Senator Perrault: They don't want to talk about that. It was rather evident that they had many difficulties in resolving all of the conflicts, the disagreements and the differences of opinion involved in the operations of the Post Office. The official opposition has agreed that moving towards crown corporation status for the Post Office is a constructive move. But answers have not been found easily, either by this government or the preceding government.

Honourable senators, the postal dispute is not regarded as a trivial one by this government. It is hoped that a good, fair and just settlement can be achieved as quickly as possible—

Senator Smith: Good for whom?

Senator Perrault: —bearing in mind that the federal government has a clear responsibility, as I said earlier, to ensure that settlements are reasonable and fair, both to the taxpayer and to the worker.

[*Translation*]

Senator Asselin: Once again, when he feels cornered or when he is caught unprepared, Senator Perrault blames the Official Opposition. It will be the fault of the Official Opposition if there is no settlement. When we ask whether the government plans to accept its responsibilities and he replies that the government does not intend to introduce legislation, does he mean that the government does not plan on introducing back to work legislation this week? If such is the case, can Parliament adjourn without introducing legislation to settle the postal dispute?

[*English*]

Senator Perrault: Of course, the honourable senator is aware, because of his experience in cabinet, that we are not going to anticipate this evening decisions which may or may not be taken in cabinet over the next few days. The results of confidential cabinet proceedings are not shared on an *ad hoc* basis with the members of the Senate or of the House of Commons. Announcements and decisions, if any, will be made in due time.

The dispute is a difficult one. Perhaps the honourable senator is suggesting that the demands of the postal workers be met in their entirety and that the government concede on every point.

Senator Smith: Nobody said that.

Senator Perrault: If that is the approach suggested by the Conservatives, of course, it will also be studied.

All across the country today many wage settlements are taking place at twice the level of two years ago. That is also of concern to those involved in the fight against inflation and rising costs in our society. It is also of concern to those involved in maintaining the competitive position of this country.

Is the honourable senator suggesting that the report of the arbitrator be accepted in its entirety and in some unquestioning fashion by the government? It would be interesting to have the honourable senator's ideas.

[*Translation*]

Senator Asselin: Is it not true that the minister spoke too soon? Is it not true that the government can pass legislation to bring the postal workers back to work in case of an emergency? Is it not true that the minister went too far in saying that there would be no legislation? The minister should have replied that if the dispute cannot be settled except by legislation, the government will take its responsibilities and introduce such legislation. Is that not a decision that the government could make?

[*English*]

Senator Perrault: Honourable senators, down through the years the process of free collective bargaining has helped to achieve a remarkable standard of living for Canadians. I remind honourable senators that Parliament gave the postal workers the right to strike some time ago—as I recall, with the support of the members of the Conservative Party and those of the New Democratic Party. Should Parliament, then, intervene as soon as a labour dispute ensues, to, in effect, remove that right?

Senator Murray: You did it after two days the last time.

Senator Perrault: The honourable senator may wish to make a speech, and that, of course, is his right, but I am on my feet at the present time.

Senator Smith: Oh, so you are.

Senator Perrault: Unless extraordinary circumstances exist, is the best solution to be found by using the power of Parliament to order workers back to their jobs? This government would far rather achieve a negotiated settlement with the workers than use the power of Parliament to legislate those workers back to work. It is hoped that justice, reason and common sense will prevail.

Senator Smith: I don't know what you know about that.

● (2040)

Senator Perrault: I ask honourable senators how a unilateral declaration by the government today that we intend to legislate the workers back would prompt them to come to the bargaining table and sit down in a reasonable fashion to negotiate a settlement? Would they come if they were threatened with what they would regard as punitive action by Parliament?

Senator Roblin: Honourable senators, may I ask a supplementary question of my honourable friend? Would he inquire whether negotiations are now actively proceeding between the government and the Post Office? Are they meeting at the present time? Have they met today?

Senator Perrault: Honourable senators, that information will be provided tomorrow in the Senate—

Senator Asselin: You don't know.

Senator Perrault: —and will be shared with honourable senators.

Senator Asselin: You don't know.

Senator Roblin: I have the impression that the government has been rather dilatory in approaching the bargaining table.

Senator Donahoe: It has been a hot day!

Senator Roblin: I find it hard to reconcile the minister's concern about this collective bargaining process if he is not actively working at it.

Senator Donahoe: He doesn't know.

Senator Olson: That is a wrong assessment.

Senator Perrault: I had hoped that the national interest would encourage the official opposition in Parliament to be more constructive in their attitude toward a dispute which affects the entire country.

Some Hon. Senators: Oh, oh.

Senator Donahoe: We are for the people.

Senator Perrault: Honourable senators with experience in government know the onerous responsibilities that rest upon governments in a situation of this kind.

Senator Smith: We wish they would take them.

Senator Perrault: Honourable senators are aware of the fact that restraint is necessary at this time, but the government accepts its responsibilities to assure that the postal services are not permanently disrupted.

Senator Roblin: Why are you not meeting with them now in that case?

Hon. Royce Frith (Deputy Leader of the Government): Because they won't meet.

Senator Roblin: They won't dance?

Senator Frith: They won't meet. It takes two to tango. They are invited.

Hon. Charles McElman: Honourable senators, is it not a fact that the government has repeatedly, through the President of the Treasury Board, requested Mr. Parrot and his associates to sit down with them over the past few days, and that they have refused, repeatedly, to sit down with them?

Senator Perrault: Honourable senators, there have been no negotiations for approximately 10 days now.

An Hon. Senator: Terrible!

Senator Perrault: That is the situation which presently exists.

Senator Flynn: Why didn't you say so?

Senator Perrault: There is no back-to-work legislation currently under consideration.

Senator Asselin: You mean for this week?

Senator Perrault: The Treasury Board and the government are concerned about the situation, as are the members of the official opposition and other political parties in this country. The Prime Minister said in the House of Commons this afternoon that he wants both groups to sit down at the bargaining table. In the view of the government, the biblical admonition to sit down and reason together has great merit. The government is proposing that.

Some Hon. Senators: Oh, oh.

Senator Perrault: I say to the Honourable Senator Flynn and his deputy that we would like those meetings to resume but no overtures have been received from—

Senator Smith: Nor have any been made by the government.

Senator Donahoe: Do we have to wait for that?

Senator Perrault: —the workers' side and there has been no positive response as yet to the statement of the Prime Minister this afternoon. That is the situation as of this moment.

Senator Flynn: Honourable senators, perhaps I may change the perspective for a moment. In view of the fact that the government is not planning legislation to force the postal employees back to work, what are the plans for adjournment.

Senator Perrault: Honourable senators, that is a matter very much in the hands of the official opposition.

Senator Flynn: Wait a minute.

Senator Asselin: Not again. Not again.

Senator Perrault: This has always been the case because of our reverence for democracy. As far as the postal situation is concerned, I hope to provide honourable senators tomorrow afternoon with updated information.

Senator Flynn: What bills does the government require passage of before adjournment?

Senator Perrault: Honourable senators, a number of bills have been introduced this evening.

Senator Flynn: All of them? Do you want them all passed?

Senator Perrault: Honourable senators, we are confident of the co-operation of the Leader of the Opposition and his followers in this chamber, and—

Senator Asselin: Rubber-stamp again.

Senator Perrault: —we would be pleased to confer with the Leader of the Opposition tomorrow to discuss the details of his inquiry.

Senator Smith: Why not tonight?

Hon. Daniel Riley: Honourable senators, I have listened with great interest to what has been said this evening, particularly the questions of the opposition, and I agree wholeheartedly with them. I was in town on Friday and I received a hand-delivered letter from the President of the Treasury Board—I do not think it was marked "Personal and Confidential"—outlining exactly what is happening between the CUPW and the Treasury Board with respect to their negotiations, and the fact that there were no negotiations going on now. What I cannot understand is why these letters were

delivered by hand to us in the Liberal Party and not delivered to members of the opposition so that they could be kept up-to-date.

Senator Flynn: Shame!

Senator Asselin: Shame!

Senator Riley: I do not think I am being—

Senator Murray: Vexatious?

Senator Riley: —anti-government or anything like that, but every day the President of the Treasury Board or his negotiators should make it known to all honourable senators, and even to Senator Molson who sits in—

Hon. Henry D. Hicks: Especially Senator Molson!

Hon. Hartland de M. Molson: Don't go too far!

Senator Riley: —desolate isolation down there—we should be kept advised of everything that is going on day-by-day. I do not wish to be critical of the Leader of the Government in the Senate, but I wonder why he says that he will provide a report tomorrow. All honourable senators should know what is going on from day-to-day in respect to the postal strike because it is a very critical matter.

Senator Perrault: Honourable senators, I provided a report about the situation as it stands today. I made it very clear that there have been no negotiations for 10 days. I said the Prime Minister expressed the view this afternoon that both groups should sit down at the bargaining table, but there have been no overtures from the side of the workers. I do not know what else honourable senators expect me to report to the chamber other than the facts, and those are the facts.

Senator Roblin: How about that letter?

Senator Perrault: Perhaps, in fact, information was sent to certain members of the opposition parties. I have no knowledge of the extent of the mailing by the President of the Treasury Board.

Senator Asselin: No, no.

Senator Roblin: No.

Senator Perrault: These are the facts as they exist this evening. Hopefully, there will be further developments tomorrow and that information will be brought to the Senate.

Senator Roblin: Those are the facts you haven't got this evening.

Senator Perrault: Quite frankly, I do not know what other information can be provided in the circumstances. Of course, I would like to report a dramatic breakthrough and settlement, and a record number of letters churning through the Post Office, but that is not the situation.

Senator Asselin: There would be no legislation.

Senator Riley: Honourable senators, I have not received my old age pension cheque this month. I say that with my tongue in my cheek.

Senator Flynn: You haven't?

Senator Riley: I am sure the same is true of other senators.

In a critical situation like this, all honourable senators should be made aware of negotiations on an hourly basis, if those negotiations can be divulged. There are certain times when negotiations cannot be divulged, but the letter I received on Friday outlined everything that had gone on. It said there was a deadlock and the government negotiators could not persuade the CUPW to meet with them and outline certain items. That letter that was written by the President of the Treasury Board should be made available to every member of this Senate.

Senator Dohahoe: Right.

Senator Roblin: Don't try and brush it off.

TRANSPORT

NEWFOUNDLAND—LOSS OF *ARCTIC EXPLORER*—NEED FOR INCREASED SEARCH AND RESCUE CAPABILITY

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government concerning the unfortunate sinking of *Arctic Explorer*. In view of the fact that this is one of a number of incidents that have happened over the past few years, and in view of the fact that it is very obvious that most of the incidents take place off the coast of Newfoundland, when is the government going to realize the need for the deployment of more capable aircraft in the Newfoundland area so that reaction to these incidents can be much quicker with the resultant saving of more lives than were saved in this recent incident?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, may I provide for the Senate at this time a report respecting *Arctic Explorer* that has been made available to me.

• (2050)

With regard to the loss of the 165-foot vessel off the north coast of Newfoundland, which departed St. Anthony July 3 at 0530 hours Newfoundland daylight saving time, *Arctic Explorer* was reported overdue by the owner, Carino Shipping of Halifax, after the vessel missed three communications schedules. The overdue report was received by Search and Rescue Emergency Centre, St. John's, and passed to Rescue Coordination Centre on July 4 at 1016 hours Newfoundland daylight saving time, 28 hours and 46 minutes after the vessel sailed from St. Anthony.

The estimated time of sinking was July 3 at 0815 hours Newfoundland time. The first tasking for the search on July 4 occurred at 1030 hours and an all-ships broadcast was issued by St. Anthony, Comfort Cove and Cartwright Coast Guard radio stations at 1031 hours on July 4.

At 1125 hours *Gadus Atlantic* was tasked. At 1300 hours two DND rescue helicopters were tasked.

Senator Marshall: How long did it take the helicopters?

Senator Perrault: At 1313 hours—that is, at 1.13 p.m.—*CCG Grenfell* was tasked. Other search units involved includ-

ed two DND Buffalo aircraft, one DND Aurora aircraft, *CCG Bartlett* and *CCG Skidegate*. The initial search area was from St. Anthony north up the Labrador coast. *M/V Arctic Explorer* apparently assumed a list and sank within 15 minutes. At this time the reason for the list is not known.

Honourable senators, may I observe, as someone who is familiar with ocean conditions off the west coast, that there are very few emergency rescue units of any kind which can move to save vessels that go down very quickly. I am sure that Senator Marshall is aware of the extremely difficult problems involved in covering substantial areas of ocean in time to effect rescues; and ocean survival times are so short that the task involved in saving human life is extremely difficult.

The vessel was Canadian registered, owned by Carino Shipping, and was on charter to Geophysical Services Inc., which is not a federal government department or agency, for seismic survey work. The vessel was 165 feet long, was built in 1974, and at the time of the disaster it had 32 persons on board. Scientific survey equipment was carried and most of the persons on board were scientific personnel.

DND fixed-wing aircraft sighted two life-rafts south and east of St. Anthony at 0925 hours on July 5. A DND Labrador helicopter investigated the life-rafts and at 1011 hours—11 minutes after 10 in the morning—located 19 survivors in the second raft. Twelve survivors were airlifted to hospital in St. Anthony, and the remaining seven were taken aboard *CCG Grenfell*.

The weather in the area at the time was: visibility, 15 miles; temperature, 11°C; wind, 040 degrees at 14 knots.

Eight bodies have been located and recovered to this time. On July 6, in the morning, a ninth body was recovered approximately 35 miles east-south-east of St. Anthony.

A preliminary inquiry is underway. Two casualty investigators will interview the survivors on their return to St. John's. Upon receipt of the results of that inquiry it will be decided whether a formal investigation is in order.

Honourable senators, that is all the information I have with respect to the disaster.

Senator Marshall: In the inquiry mentioned by the Leader of the Government, could special note be taken of the fact, regarding the three communications reports received, that there was no communication from the vessel itself? There must be a good reason for that. That is probably one reason why Search and Rescue could not react in the proper time. Will that aspect be included in the inquiry?

Senator Perrault: Honourable senators, it is a reasonable proposal, that the matter of communications be studied by any commission of inquiry.

Hon. C. William Doody: Honourable senators, I have a supplementary. Would the Leader of the Government also undertake, when making his inquiries, to find out how long it took for the fixed-wing aircraft to get from Greenwood to the area of the search, and how long it would have taken fixed-wing aircraft to fly from Gander?

[Senator Perrault.]

I realize, as the Leader of the Government has said, that it is impossible for any sort of rescue operation to arrive in time to take people off a sinking ship. One's life span in cold water, such as in that area, is very limited; so the amount of time taken by a search and rescue plane to arrive is very important for the people involved. It has been suggested many times—not only by politicians but also by people active in that line of work—that fixed-wing aircraft stationed in Gander could very well save a number of lives. I would like to have that information.

Senator Perrault: The honourable senator's comments will most certainly be drawn to the attention of the Minister of Transport and other officials associated with this inquiry. The questions asked by the honourable senator, as well as those posed by Senator Marshall, will be communicated to the appropriate sources and, if possible, preliminary information will be provided.

THE SENATE

APPOINTMENT OF NEW MEMBERS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government which stems from the summoning to the Senate of our new colleague, Senator Stollery, who was so overwhelmed that he could not stand it for more than five minutes.

May I remind the Leader of the Government that on June 10, in reply to a question by Senator Murray, he said:

> —the appointment of outstanding Canadians to this chamber is a priority item, but there are a number of other priority items before Parliament at this time which should be given immediate attention.

Has there been a change in priorities and is the appointment of Senator Stollery in line with the statement made by the Leader of the Government on June 10?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Stollery will at some point make his maiden speech in this chamber, and at that time honourable senators in the opposition will be able to judge whether or not the senator will make a constructive contribution to this place. I am certain that he will; but if honourable senators in the opposition profess to be cynical this evening, I assure them that their concerns will be dispelled very soon. Senator Stollery was an able, effective member in the other place.

Senator Flynn: No, no. I am asking if there has been a change in the priorities of the Prime Minister, because only three weeks ago you said there were priorities other than the appointment of distinguished Canadians to the Senate.

Senator Perrault: The Honourable Senator Flynn may well wish to write a letter to the Right Honourable the Prime Minister and put that question to him personally.

Hon. G. I. Smith: He is asking you.

Hon. Richard A. Donahoe: You're the one who said it.

Senator Perrault: The government has demonstrated in the past a remarkable ability to manage a number of priorities simultaneously.

Senator Flynn: May I ask the Leader of the Government if the next list of appointments, when we return in the fall, will include Senator Jim Coutts?

FISHERIES

SQUID—ISSUANCE OF LICENCES TO JAPANESE

Hon. Jack Marshall: Honourable senators, I have a question dealing with the granting of licences by the Canadian government to Japan to harvest 17,000 metric tonnes of squid at the expense of Newfoundland fishermen.

We fought for 10 years to have a 200-mile limit to keep foreigners out of our waters. What is the purpose of, and justification for, allowing foreign countries to fish the very stocks that we are trying to preserve for our own fishermen, which will cause so many man-hours of unemployment for Newfoundland fishermen?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that question will be taken as notice.

SHIPPING

CANADIAN MERCHANT MARINE SERVICE

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised by Senator Donahoe concerning expansion of the Canadian Merchant Marine.

The Minister of Transport and his officials have initiated a round of consultations with industry, including shipping companies, shippers and other interested groups. Those consultations have shown that industry has not, as yet, been able to reach agreement within itself on this issue. Nevertheless, officials are evaluating the various measures that have been suggested to promote the development of a deep-sea fleet.

It is difficult to say at this time when this effort will be completed, but the government is watching international developments closely to ensure that Canada's interests are safeguarded, and that Canada is able to capitalize on any significant opportunities that may arise.

● (2100)

TRANSPORT

AVIATION SAFETY—COMMISSION OF INQUIRY—REFERENCE OF REPORT TO DEPARTMENTAL COMMITTEE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the Honourable Senator Roblin asked a question on June 17 concerning the terms of reference for the Advisory Committee on the Dubin report. The senator requested a copy of the Dubin report.

With respect to the committee membership, the minister wished to have a committee which could advise him on the practicalities of implementing Mr. Dubin's recommendations and to avoid a small scale repeat of the commission of inquiry. Therefore, he sought as members people with practical knowledge of various aspects of civil aviation who were not actively involved in the hearings. Mr. McLeish was included as one of the several members of this committee because he is the minister's principal adviser on civil aeronautics matters and will have to take responsibility for implementing the Dubin recommendations affecting the air administration, in accordance with the minister's direction.

The minister has met with the group representing the aviation community and undertook to meet with them again if his proposed action differs substantially from the Dubin recommendations.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I ask a supplementary question with respect to Mr. Justice Dubin's report and the advisory committee? Does the minister not realize that there is a widespread feeling that some of these appointees are people who have a conflict of interest as between the Dubin report and themselves? Does he not also feel that it would be the better part of discretion to make sure that no such impression remained in the public mind, and that a better choice should be made of people who were not perceived to have a conflict of interest?

Senator Perrault: Honourable senators, those recommendations will certainly be taken into consideration.

I have other material with respect to the terms of reference for the advisory committee, including some information about the role of the committee, the proposed committee membership, the timing of the committee and the functioning of the committee. If honourable senators would like to have this placed on the record of today's proceedings, I would be very pleased to propose that. Is that agreeable to honourable senators?

Hon. G. I. Smith: I would like to know what excuse there is for this cover-up.

Hon. Royce Frith (Deputy Leader of the Government): There is no cover-up.

Senator Perrault: I can certainly read this.

1. Role of the committee: To advise the Minister of Transport regarding action to be taken on the implementation of recommendations of the Commission of Inquiry on Aviation Safety.

The committee will consider departmental and other comments and proposed action on the several phase reports of the Commission of Inquiry, and provide its advice on these matters directly to the minister.

2. Committee membership: The committee will normally consist of two senior officials of Transport Canada augmented by four specialists from outside the federal government as invited by the minister.

Additional members from inside or outside the federal government may be appointed from time to time if required by the specialized nature of the Commission of Inquiry's recommendations.

The committee will be chaired by Mr. T. J. Wilkins, Senior Assistant Deputy Minister, Transport Canada. Other committee members will be:

Mr. W. M. McLeish, Administrator, Canadian Air Transport Administration.

Mr. John R. Baldwin, retired President of Air Canada and Deputy Minister of Transport Canada.

Mr. Bernard M. Deschênes, Q.C., Legal Member, Aircraft Accident Review Board.

Mr. Almer L. Michaud, retired President of West Coast Air Services and Air B.C.

Mr. W. Reid, retired Chief Pilot, Air Canada.

3. Timing of the committee: The committee will be convened as soon as possible after each phase report is made public.

The committee will meet as required thereafter.

4. Functioning: Meetings of the committee will be held in Ottawa, or elsewhere at the discretion of the Chairman. Secretariat and support services will be provided by Policy Advice Coordination, Transport Canada.

That is all the information available at the present time.

Senator Roblin: Does my honourable friend not recognize that it is because of the dissatisfaction of the general public and others with respect to the performance of the officials of the Department of Transport that the Dubin Commission was set up in the first place? That is a fact. Now we are asked to accept the proposition that having appointed Mr. Justice Dubin to look into something because of dissatisfaction with departmental officials, we must refer Mr. Justice Dubin's findings back to the officials of the same department which caused the problem in the first place. That seems to me to be a position that ought to be re-examined as not being in the public interest.

Senator Perrault: Honourable senators, I suppose it is a judgmental matter, but I cannot agree with the views expressed by Senator Roblin. These people, in their own right, are honourable people—

Senator Roblin: Of course they are.

Senator Perrault: —and very able people, who do not have a conflict of interest. Take Mr. Reid, for example, the retired chief pilot of Air Canada. Is Mr. Reid supposed to be in a conflict of interest situation, or Mr. Michaud, the retired president of West Coast Air Services and Air B.C.? Is he in a conflict of interest situation? Of course not.

Senator Roblin: He is not a departmental official.

Senator Perrault: Well, take the administrator of the Canadian Air Transport Administration. These people are not in a conflict of interest position. In any case, the honourable senator's recommendations will be brought to the attention of the appropriate sources.

[Senator Perrault.]

ENERGY

NATIONAL ENERGY BOARD—DECISION RE APPLICATION OF TRANS MOUNTAIN PIPE LINE CO. LTD.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on June 9 Senator Donahoe asked me if I had appealed to the Prime Minister to override the National Energy Board decision authorizing construction by the Trans Mountain Pipe Line Co. Ltd. of a proposed line that would be part of the system transmitting Alaskan crude oil to refineries in northern U.S. states. This was asked in the context of remarks made by myself in 1979 to the effect that the Trans Mountain proposal would be ecologically and environmentally dangerous to western Canada.

I indicated at that time that I had not had an opportunity to study the supporting documentation and took the question as notice. The following information may be found useful in this connection.

Trans Mountain is proposing to build a 718 mile pipeline from a new oil port at Low Point on the Strait of Juan de Fuca along its current right-of-way in British Columbia to Edmonton where it would connect with the Interprovincial Pipeline system. This line would be used to carry up to 500 MB/D of primarily Alaskan crude to U.S. Northern Tier refiners.

The NEB hearings on this application were held in two parts with its initial report being issued in January, 1980. In this report the board concluded that the pipeline was financially and technically feasible and that the overall socio-economic benefits would be favourable.

As a result of the first round of hearings, the board indicated that it would have been prepared to recommend approval of construction of the line had it not been for the lack of evidence concerning the environmental impact on Canada of the proposed new oil port at Low Point.

The board's second report issued June 3, 1981 deals with this aspect of the proposal. It concluded that the port would not expose the Canadian environment to an unacceptable increase in the risk of oil spill damage. Furthermore, it indicated that with the hook-up of the north Puget Sound refineries the risk of spill damage in the inner waters of the sound would decrease.

The NEB indicated that it would be prepared to issue a certificate of public convenience and necessity to Trans Mountain, thereby allowing construction of the pipeline to proceed upon successful completion of U.S. regulatory processes. It also required Trans Mountain to meet a number of conditions before it commences construction of the line, including the filing of evidence demonstrating that the port and pipeline facilities will "... be used to supply in whole or in part the crude oil requirements of the refineries at Ferndale, Anacortes and Cherry Point in the State of Washington".

As in all such cases, this NEB recommendation must be approved by the Governor-in-Council. As well, in light of the considerable interest of other departments in this subject, their views on the NEB decision are being canvassed and will be included in the submission to cabinet.

NEGOTIATIONS BETWEEN FEDERAL GOVERNMENT AND GOVERNMENT OF ALBERTA

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have one final fairly short reply.

On June 11 the Honourable Senator Roblin asked if the Imperial Oil Co. Ltd. had asked the federal government for funds—and he used the words "an additional gift"—over and above the $40 million it was—again to quote his word—"given" last year. The senator also asked if there was any possibility of recouping that $40 million should the project proceed at the end of June.

In November of 1980, the federal government offered Esso Resources a loan, not a gift—and I am surprised that Senator Roblin would use that word "gift"—of $40 million to keep its Cold Lake project in a state of readiness while awaiting final approval by the province of Alberta.

This was done as the project sponsor had spent in excess of $120 million to advance this heavy oil project and the federal government did not wish to risk losing the skilled team of over 500 professional managers and engineers who had been assembled.

I am pleased to note that a spokesperson for Jack Armstrong, President of Imperial Oil, has announced that its subsidiary, Esso Resources, has dropped threats to immediately abandon its Cold Lake project as the company has been encouraged by the significant progress being made in the pricing negotiations between Ottawa and Alberta.

• (2110)

Hon. Duff Roblin (Deputy Leader of the Opposition): I certainly hope their optimism is well placed. However, I rise to ask my honourable friend whether he would be kind enough to provide me with the terms and conditions of the loan to which he refers.

Senator Perrault: The question will be taken as notice.

[*Translation*]

FOREIGN AFFAIRS

CANADA-FRANCE RELATIONS—ALLEGED STATEMENT BY MINISTER OF JUSTICE

Hon. Martial Asselin: Honourable senators, last May, on the 26th, to be exact, I directed a question to the Leader of the Government concerning the statement made by the Minister of Justice with respect to the relations between Canada and France.

The Minister of Justice had said in Montreal prior to that date that he hoped the French government would mind its own business and refrain from putting its nose in Canadian affairs. The Leader of the Government replied that he would inquire, that he would give me an answer later, and that he would tell me whether this was a ministerial statement made by the Minister of Justice. I have not had a reply yet. Could he make an effort and try to give me that reply?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, an inquiry has gone forward. I can report that there appears to be no tape recording or transcript of the remarks alleged to have been made by the minister. I understand that it was a personal statement, and there is no transcript. A transcript was sought, but there is none.

EXCISE TAX ACT
EXCISE ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Tuesday, June 30, 1981, the debate on the motion of Senator Barrow for the second reading of Bill C-57, to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas.

Hon. Lowell Murray: Honourable senators, I wish to begin by asking the indulgence of the Senate in allowing me to extend a word of personal welcome to our new colleague, Senator Stollery, although, as the Leader of the Opposition pointed out earlier, our new colleague found it necessary to flee the chamber rather early in our proceedings this evening.

I have had the pleasure of serving with him on the Special Joint Committee on Offical Languages. I am happy that his parliamentary experience and his interest in national unity will be of service to this chamber and will continue to be of service to the country. I wish him an experience that is happy and satisfying in every way.

Hon. Senators: Hear, hear.

Hon. Joseph-Philippe Guay: If I may, I would like to remind honourable senators that many of us, on the day we were sworn in, had friends in the gallery waiting for us to return outside so that they could shake our hands.

Hon. Jacques Flynn (Leader of the Opposition): Oh, certainly, we all know that.

Senator Guay: I should like to say to the honourable senator who mentioned that Senator Stollery was here for only a few moments that he was here for quite a while, and he subsequently went out to meet his friends, which I would have done—and have done—in my time.

Hon. G. I. Smith: The honourable senator can make his own excuses when he comes back.

Senator Flynn: Mind your own business.

Senator Murray: I accept la mise au point de la part de notre collègue, le sénateur Guay.

Senator Guay: You probably did the same thing when you were sworn in.

Senator Murray: I rather think not, but I do not wish to detract at all from the moment. My comments were not intended in any way to lessen the congratulations and good wishes that I wanted to offer to our new colleague.

In any case, I cannot resist observing that there remain 11 vacancies in this chamber, and that if the Right Honourable the Prime Minister wants to fill those vacancies in the way he filled this one—by going to the other place for nominees—that will create 11 by-elections, which will be quite an interesting event at this particular time in our history.

To come to the bill that is before us, I wish that it were not necessary to make the speech that I have to make, which is by way of a protest of the fact that Bill C-57 is going through—as will Bill C-48, no doubt, with the support of the government majority, and as will the draft Energy Security Bill of Mr. Lalonde, each of these measures dealing with various pieces of the National Energy Program—without the Senate's having had the opportunity to study the National Energy Program as a whole. It would not be necessary for me to make this protest if the government would submit the National Energy Program to the kind of scrutiny that I believe it can be given by a Senate committee.

Bill C-57 proposes two new energy-related taxes that are contained in the Lalonde-MacEachen budget. Bill C-48, the so-called Canada Oil and Gas Act which will come to us eventually, deals with what are called the Canada Lands. I expect that it will appear before us substantially unchanged, notwithstanding the protests of the aborginal peoples, the protests of the Catholic hierarchy, and the protests of the opposition parties.

This is a government which, on the admission of the Minister of State for Economic Development himself, is not really prepared to listen to recommendations for any serious changes in that bill. The draft Energy Security Act which Mr. Lalonde brought in the other day provides for the Petroleum Incentives Program, which the government would argue is the balance or the counterweight to the tax measures that are contained in the other bills.

The Standing Senate Committee on Banking, Trade and Commerce can, and I am sure will, deal with each bill on its merits. However, dealing with each of those bills separately does not add up to a coherent, rational study of the National Energy Program as a whole, and it is nonsense to suggest that it does.

There has been and still is a great deal of controversy with regard to the effect of the National Energy Program upon exploration and development. There has been considerable controversy about Mr. Lalonde's supply and demand projections, which are really at the core of the National Energy Program. The government's calculations are disputed by the industry, by the producing provinces, by many experts, and most recently by the C. D. Howe Institute in a study entitled, "Canada's Energy Policy Debate." I quote a short paragraph from page 40 of that study:

> On balance, the NEP appears to increase the vulnerability of Canadians to supply disruptions, particularly in the mid-1980s, when vulnerability will increase anyway. But the question of whether Canadians face greater risks of shortages and gasoline rationing by then as a direct result of the NEP must be raised. This possibility, which is clearly seen by Canadians in the oil and gas industry and elsewhere, is a source of major frustration because energy policy is viewed as an instrument that, if it had not made choices that endanger supply, could have fueled a boom that would make Canada a net oil exporter. While this point, expressed by western Canadians and the oil industry, may be self-serving, it is not necessarily incorrect. A major factor in this dispute is the way the NEP uses oil prices to achieve its goals.

Where are those issues to be addressed? Quite frankly and with great respect, I do not believe that the Standing Senate Committee on Banking, Trade and Commerce, in the course of its study of Bill C-57, has had or will have an opportunity to address those issues in the context of the overall National Energy Program.

● (2120)

The bill that is before us is complicated enough, as are the bills that are to come. The time that the committee has is already too short. The government wants Bill C-57 passed before we rise for the summer. I suggest that the committee will not have a chance to address those larger issues.

There is a great deal of controversy about the effect of the National Energy Program on our economy and on confidence in our economy. We have had it recently, on the word of the Minister of Energy, Mines and Resources, that one of his advisers told him before the policy was introduced that the National Energy Program would strengthen the Canadian dollar. Well, some of us would like to meet that adviser. In any case, if the Minister of Energy, Mines and and Resources believed the advice, he is a great deal more gullible than we would have thought.

Energy, which is one of Canada's greatest assets, is weakening the Canadian dollar instead of strengthening it. The reason is that energy policy has been mismanaged by this government to the dismay and astonishment of the international community. Due to an energy policy that is weakening the Canadian dollar instead of strengthening it, we have to prop up the Canadian dollar with higher interest rates than are otherwise warranted. Just last week there was an announcement that the government had arranged an additional $1 billion U.S. as some kind of stand-by credit to add to its reserves to fight any run on the Canadian dollar. To me, it seems rather humiliating for a country with our potential, particularly an energy-rich country, to be fearing a run on the Canadian dollar. Yet that is the situation to which the government's policies have led us.

Not too long ago there was a headline in the *Financial Post* entitled "OECD puts Canada in the dock." The article, which

was from Paris, pointed out that not only the United States but the European countries as well are protesting in the Organization for Economic Cooperation and Development, the OECD, energy policies on the part of the Government of Canada which they regard as breaching agreements and commitments that Canada has made to the international community, policies which they regard as being illiberal, discriminatory and narrowly nationalistic.

In April some of us who are members of the Standing Senate Committee on Foreign Affairs went to Washington to continue our consideration of trade relations with the United States. It is well known that in the earlier reports of that committee members of the committee were well disposed to a free-trade arrangement with the United States.

Hon. Peter Bosa: If I may say so, I think the honourable senator is jumping to conclusions. The honourable members of that committee were only studying the issue. It would be jumping to conclusions to say that they were disposed to going into free trade.

Senator Murray: I was speaking of the earlier reports of that committee put out several years ago. I think it would be hard to draw any other conclusion or inference from the earlier reports of that committee than that a majority of that committee is well disposed, or was well disposed, to some kind of free-trade arrangement with the United States. But I will let Senator Bosa draw his own conclusions from those reports, just as I have done.

The meetings we held in Washington were private. I am not at liberty to quote what anybody in particular said. However, we did meet with businessmen, officials of the present United States administration and of the previous administration, with academics, congressmen, senators and their staffs. Everywhere we turned it is a fact that we had flung at us a Canadian national energy policy that those people regard as illiberal, discriminatory, confiscatory and the product of a narrow, inward-looking nationalism.

Well, I do not expect that our standing committee, studying pieces of this policy—whether it is Bill C-57, Bill C-48 or, eventually, the draft bill Mr. Lalonde brought in a few days ago—will be able to address the larger issues. I do not expect that any of our committees—given the terms of reference, given the complicated nature of those bills and given the time constraints our committees have been operating under—will be able to address those larger issues.

We are told that the national energy policy will provide the inspiration for the government's long-awaited industrial strategy. Some time ago there was an article in *Executive* magazine entitled, "Time to cut and run?" The following statement appeared:

> Following the NEP, Industry Minister Herb Gray is presenting a blueprint of how industry should be structured in the next decade: which firms will be given the government's blessing, and the loans and special concessions that go with it, and which will be left to the tender mercies of what remains of a free market.

It is prefectly all right for the Minister of State for Economic Development and his publicists and apologists to be out filling the media with stories of how "Olson is fighting a lonely battle in cabinet against the forces of inward-looking, discriminatory, narrow nationalism". That may be fine for the minister's political epitaph, but it is not much help to the Canadian economy.

There has been a good deal of controversy about what the policy objectives of the National Energy Program are. Ostensibly, they are to achieve security of supply, to increase the extent of Canadian ownership and to bring in a new pricing and revenue regime. But what is the order of priority of these objectives? Can these objectives be reconciled one with the other? There is authoritative suggestion on the basis of the policy that they cannot really be reconciled in the way that the government pretends.

Again I quote from the final paragraph of the C. D. Howe Institute study *Canada's Energy Policy Debate*. I think our colleague Senator Balfour put part of this on the record the other night, but it is brief and worth repeating:

> Another longer-range aspect of the NEP must also be addressed. The NEP implicitly takes the view that Canada can afford to trade self-sufficiency for restructured distribution.

If I could dictate italics to *Hansard*, which I cannot, I would put that sentence in italics: "The NEP implicitly takes the view that Canada can afford to trade self-sufficiency for restructured distribution." It goes on:

> This policy represents a timely departure from the past in its emphasis on reducing oil demand. It is unlikely that there will be any going back on these fundamentals. But the policy takes risks. If the attractiveness of competing activity in the United States has been underestimated,—

If I may interject here, I would say that all of the evidence we have had since the national energy policy was introduced indicates that it has indeed been underestimated, and dangerously so, judging by the extent of the movement of exploration and drilling from Canada to the United States. But to return to the quotation:

> If the attractiveness of competing activity in the United States has been underestimated, if reduction in oil demand has been overestimated,—

And let me interject here to say that the only thing that will save the government's projections on oil demand is that those projections were based on an average annual rate of economic growth of somewhere in the order of 3 per cent, 3.2 per cent, and the only thing that will save the government's oil demand projections is if our rate of economic growth turns out to be considerably less than 3.2 per cent, as, of course, is quite apt to be the case under the present government, which chalked up zero rate of economic growth last year. But let me once again return to the quotation:

> —if reduction in oil demand has been overestimated, if the oil sands projects are delayed much longer, and if the response to frontier options is weak, Canadians may pay

lower prices and own more of their industry by mid-decade, but they should also be aware that part of the price may be lineups at the gas pumps.

● (2130)

That quotation comes from a publication of the C. D. Howe Institute called *Canada's Energy Policy Debate*, and it can be found at page 50.

Honourable senators, I continue to hope that a committee of the Senate will be permitted to address these larger issues, and others presented by the national energy policy, in an organized and coherent way. The Senate will be aware that I moved a motion on December 11 to have the national energy policy referred to a committee of the Senate for that purpose, and that the Deputy Leader of the Government at that time gave a very positive reply, indicating that the government favours such a study.

Since then the government has been backing away from the position enunciated by the deputy leader, and now we are faced with a position recently articulated by the deputy leader to the effect that somehow, if we take the various pieces of the energy policy found in Bill C-57 and Bill C-48, the draft bill introduced by Mr. Lalonde a few days ago and so on, it will lead to a study of the national energy policy as a whole.

The Deputy Leader of the Government has been around here too long not to realize that such a proposition is nonsense. He knows the time constraints of the Senate committees and how complicated these bills are. The honourable senator knows perfectly well that attacking the national energy policy by dealing with it piecemeal is totally inadequate and that we will not have an opportunity to call witnesses from the industry, the producing provinces and the federal government to perform the kind of study and make the kind of recommendations which should be made on this policy.

I cannot understand why the government is so reluctant to refer its entire energy policy to a committee of the Senate. It is obvious to me that the government is committed to the policy. Unfortunately, it will brook no change.

Hon. Royce Frith (Deputy Leader of the Government): That is not true, there have been many changes.

Senator Murray: The government does not lack resources. The Department of Energy, Mines and Resources is an empire which is growing faster than any other department or agency of the federal government.

Senator Frith: How can you say it will brook no change when there have been many changes?

Senator Smith: Baloney.

Senator Murray: The government does not even lack defenders in the Senate and never will, so long as Senator Frith is with us.

Senator Frith: True.

Senator Murray: I believe that the government's energy policy is an ideal area of study for a Senate committee and that such a study would take only a couple of months of hard work. Such a committee could call witnesses from the federal government, the producing provinces, the industry and other interested experts, after which it would arrive at its findings and make recommendations. Incidentally, it would also be useful in terms of the relevance of this chamber to vital, current issues. I am concerned—as, I am sure, are many other senators and many other Canadians—about the impact of the National Energy Program on the government's stated goal of energy self-sufficiency and the impact of the program on our international standing and federal-provincial relations in terms of national unity.

I continue to insist that the formulation of such a committee would provide an opportunity to clear the air on some of the related matters to the National Energy Program by allowing it to spend a couple of months next fall performing a balanced and thorough study on energy policy. I would like to voice my protest that this bill is being sent to committee and that it is being suggested by the government that the committee study will somehow serve as a substitute for a rational and coherent examination of the national energy policy.

This bill, in its entirety—and I refer here to the energy-related taxes and the other provisions—gives effect, in part, to the MacEachen budget presented last October which has already proven to be outrageously wrong in its forecasts, ineffective and, in fact, counter-productive in attacking the serious economic problems of the country. That budget is a failure. Canada had zero economic growth last year, one of the worst growth rates in the western world. Inflation is running at approximately 12.3 per cent. In economic growth performance standings among the 24 OECD countries for last year, Canada ranked twentieth. Our standard of living, which was the third highest in the world just 10 or 11 years ago, has fallen to twelfth place. Productivity in the past two years has declined, and our unemployment rate for last year was equalled only by that of Britain among the seven leading OECD nations.

The budget is a failure and the economic policies of the Minister of Finance have proven to be a failure. Therefore, the Senate will not be surprised if I indicate that I intend to vote against this bill.

Hon. Ann Elizabeth Bell: Honourable senators, in taking part in the debate on second reading of Bill C-57, I would like to congratulate Senator Barrow for the succinct way in which he initiated the debate last week. Many of the amendments in the bill before us are of a technical nature and I believe they are in context with the two acts which they seek to amend. However, in two major and important respects the bill extends far beyond the previous scope of the Excise Tax Act and the Excise Act. In these respects, the bill incorporates two completely new provisions for taxation of natural resources and the revenues derived from them.

Quite apart from the issue of constitutional legality, which arises under jurisdiction and resource ownership provisions of the British North America Act—sections 109 and 125—the bill and the administrative directives flowing from it indicate clearly that it is intended that these measures commence and take effect before they have received approval by Parliament.

It is unconstitutional to levy taxes without Parliament's approval. This concept has been the cornerstone of our parliamentary system going back more than 300 years. However, executive practice has led to a convention whereby an existing tax may be varied and adjusted by the executive and subsequently sanctioned by Parliament on a retroactive basis. Such practice is appropriate where the measures are amendments consistent with the existing legislation. They must be non-discriminatory on a broad basis. In such circumstances the method is appropriate in an administrative sense, and I have no quarrel with it.

However, it is important to distinguish between an administrative practice in implementing changes of degree and a completely new form of taxation directed towards a particular industry and, in this instance, a particular region of Canada. What I object to in all this is that too easily the practice can override the principles on which it is based. The executive has no authority whatsoever to levy a new, different, never-before imposed tax.

Bill C-57 includes two completely new taxes which can be found in Part II and Part IV of the bill. Part II deals with the excise tax on natural gas and gas liquids and is comprised of clauses 43 to 47. Part IV, which is comprised of clauses 78 to 117, impose a petroleum and gas revenue tax. In fact, the title on the first page of the bill makes it clear. It reads:

> An Act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas.

Such a thing has never been done before in connection with these two acts. The convention of executive authority has been carried beyond the extremes of propriety here and, perhaps, beyond the limits of legality.

● (2140)

The second point of principle which must be examined relates to jurisdiction and ownership of the resources being taxed. Section 109 of the British North America Act states that all lands, mines, minerals and royalties belonging to the named provinces shall belong to the provinces. Section 125 of the B.N.A. Act states:

> No Lands or Property belonging to Canada or any Province shall be liable to Taxation.

Since clauses 78 to 117 dealing with the petroleum and gas revenue tax, which impose a levy of eight per cent on net operating revenue related to the production of oil and gas, and have the attributes of a royalty, whether so-called or not, are in contravention of section 109 of the B.N.A. Act, they should not be included in Bill C-57.

Clauses 43 to 47 dealing with the natural gas and gas liquids tax, seek to levy a 30-cents-per-1,000-cubic-feet tax on provincially-owned property and resources. They are in contravention of sections 125 and 109 of the B.N.A. Act, and should not be included in Bill C-57. The 30-cents-per-1,000-cubic-feet tax has been levied for domestic purposes. For instance, sales in British Columbia have been levied since November 1, 1980 and, although the tax has been collected, the payments are being held in trust. Although Bill C-57 was properly introduced in Parliament, as provided for in sections 53 and 54 of the B.N.A. Act, on January 26, 1981, the natural gas and gas liquids tax of 30 cents per 1,000 cubic feet had already been levied. The eight-per-cent petroleum and gas revenue tax came into effect on January 1, 1981.

Where was the authority of the federal government to levy this tax, or for the provincial governments to collect it?

Surely, the introduction of a bill is only a recommendation to Parliament. If you, honourable senators, recommend to your cousin, George, that he invest in gold bricks, he does not have to accept your advice; it is his money. If the government recommends a tax to Parliament, Parliament does not have to accept the advice; it is the taxpayers' money.

The purpose of the proposed natural gas and gas liquids tax set out in clause 25.11 states:

> The purpose of this Part is to provide legislative authority for the imposition of a natural gas and gas liquids tax as an essential and integral element of the national oil and gas policy as expounded in the National Energy Program.

I am unable to find a stated purpose for the petroleum gas revenue tax but, presumably, that has a similar purpose. A policy such as the National Energy Program, cannot be a proper basis on which a new tax is imposed by the convention of levying by executive authority.

However it may be defended, the government cannot claim that the National Energy Program has broad and general support, particularly with respect to the attainment of its purported and very worthwhile objectives of self-sufficiency, conservation and so on.

Responsible members of this chamber have stated, in no uncertain terms, the serious consequences of the National Energy Program. I place my reliance on the views of Senator Manning, for one, who has had long and highly respected experience in the development of the petroleum industry, and on the Standing Senate Committee on Banking, Trade and Commerce. In its preliminary report to the Senate, tabled on May 19 and developed by the deputy chairman, Senator Barrow, on May 26, the committee felt that a full review of the effect of the National Energy Program tax was of paramount importance. The committee concluded that, since the petroleum gas revenue tax and the natural gas and gas liquids tax are only part of the National Energy Program, all such matters as Bill C-48, income tax amendments, and federal-provincial negotiations must be taken into account before recommendations can be made. Surely this is what some honourable senators have been advocating for months. Senator Murray has very clearly explained why it is important.

When Senator Murray introduced his motion to refer the National Energy Program to a Senate committee, on January 22, in this chamber, I stated:

> I feel we are allowing to slide past us an opportunity to provide an excellent service to our country. I feel strongly that it is the Senate, and only the Senate, that can put together a body of specialized knowledge, make a reason-

able assessment of it, and render an informed judgment . . . I feel rather strongly that we cannot do it on a piecemeal basis.

Here in this chamber, and probably only in this chamber, can we bring the policies and the needs and understanding of resource development of our regions together and give them an assessment that is free from partisan political distortions.

Apart from the National Energy Program aspects, the increase of taxes on an automatic basis without reference to Parliament, and the ability of the Governor in Council to adjust and alter formulae by regulation, caused the committee grave concern. The report stated that, without reference to Parliament, control of tax is lost.

If the bill is referred to committee, it is hoped that amendments will be proposed, and I would hope that the committee would look at clause 33(1) dealing with artificial limbs, which was mentioned in the report. I feel this must be inadvertent discrimination and the time to amend it is now and not wait until the bill comes back for further amendment at some later date. As it is now, it looks as though artificial limbs and specially constructed appliances made to order for a person having a crippled or deformed foot or ankle would be tax exempt. However, it does not appear to cover a made-to-order brace or device for spine, hip, et cetera.

I would further hope that the committee would recommend an amendment so that the sale of reproductions of works of art would be tax exempt. I think they should clearly be exempt from excise tax when they are signed, limited edition prints.

MOTION IN AMENDMENT

Hon. Ann Elizabeth Bell: Honourable senators, in view of the time constraint, since we are nearing the end of this session of Parliament, I move, in amendment:

That this bill be not read the second time but that it be amended as follows: That clauses 43 to 47 of Part II and clauses 78 to 117 of Part IV, and those clauses of Part V relating thereto, be deleted.

Hon. Senators: Hear, hear!

Hon. Jacques Flynn (Leader of the Opposition): It is my understanding that Senator Bell has moved an amendment, and I believe the Chair should put the motion.

Senator Bell: Mr. Speaker, will you ask for a seconder for my motion?

Hon. Duff Roblin (Deputy Leader of the Opposition): There are many seconders.

Hon. Royce Frith (Deputy Leader of the Government): On a point of order, I do not know whether an amendment is in order on second reading. At the present time, we are debating the principle of the bill.

This is something His Honour the Speaker may want to look into, but I do not remember an amendment being moved at second reading.

[Senator Bell.]

Senator Flynn: An amendment certainly can be moved.

● (2150)

Senator Frith: I am telling you I do not remember one. I do not think it is in order.

Hon. G. I. Smith: The next thing we will be hearing is that we must not make a speech.

Senator Frith: I am simply making a point of order with respect to an amendment on second reading. That is really not extraordinary.

Senator Bell: Honourable senators, the amendment I am moving is strictly on two points of principle. If we refer this bill to committee without removing those two parts, the committee, at a later stage, cannot remove something that is a matter of principle. Perhaps I am wrong, but that is my reason for moving the amendment now before the bill is referred to committee and while we are debating its principle.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like to support the right of the honourable senator to move this amendment. Perhaps the wording needs to be examined. It is quite clear that on second reading a number of amendments can be moved, and one is called a reasoned amendment, which I am sure is familiar to honourable senators. A description can be found at page 226 of the fifth edition of *Beauchesne's Parliamentary Rules and Forms*.

What Senator Bell has tried to do is to express her objection to certain principles of taxation, among other things, which were the substance of her speech, and, in endeavouring to give expression to this view on the question of principle, she has proposed that we delete certain clauses from the bill. It may be that that wording needs to be improved in order for the amendment to fall within the category of reasoned amendments, but perhaps it is satisfactory the way it is. It is obvious she has presented to us what is termed a reasoned amendment which is properly moved on second reading. In those circumstances, there is no reason why this house cannot consider it.

Senator Frith: Honourable senators, the authority quoted by the Deputy Leader of the Opposition starts at page 225 and is headed "Amendments At Second Reading". Paragraph 740 states:

There are three types of amendments that may be proposed at the second reading stage of a bill. These are:

1. the six months' hoist;—

Which this one is not.

2. the reasoned amendment;—

Which this may be.

3. the referral of the subject matter to a committee.

Therefore, in my respectful submission, the only category that it can fall into is the second type, the reasoned amendment.

Paragraph 744 states:

It is also competent for a Member, who desires to place on record any special reasons for not agreeing to the

> second reading of a bill, to move what is known as a "reasoned amendment". This amendment leaves out all the words in the main question after the word "That" to add other words. A reasoned amendment is in the form of a motion and may fall into one of several categories:—

Paragraph 744 goes on to list the various categories. I think the fault is more than can be remedied by some change in wording. In my respectful submission it is not a reasoned amendment, and it is in none of the three categories of motion that can be moved on second reading.

Hon. Hartland de M. Molson: Honourable senators, may I ask the deputy leader how rule 58 applies in this case?

Senator Smith: That is an unfair question. He can't answer it.

Senator Frith: I assume rule 58 would apply if any clause had been carried, but no clause has been carried. Rule 58 reads:

> At any time before a bill is passed a senator may move for the reconsideration of any clause thereof already carried.

No clause has been already carried.

Senator Flynn: We are dealing with a bill that proposes several changes in taxation laws, and, as has been pointed out by Senator Bell, it really enters a new field with the tax on oil resources and gas. If you do not object to some of these taxes but you do object to others, how would you deal with it? It is a question of principle because you are in favour of some and against others. It is obvious to me that an amendment would delete a number of clauses because they refer to certain taxes which we are opposed to. Therefore, that would call for a reasoned amendment. Whether you hide behind any decision that has been made in the past or not, you certainly would not want to frustrate the expression of the free will of the Senate once more.

Senator Frith: Honourable senators, I could take objection to a number of things said by Senator Flynn—the frustration, and so on—but we can have a ruling on it. It is a point of order. It is perfectly clear to the Leader of the Opposition that it is a reasoned amendment. It is perfectly clear to me that it is not because it does not fall within the description in the first part of paragraph 744 of *Beauchesne*. I will be content with His Honour's ruling.

Senator Flynn: Which rule are you relying upon in this point of order?

Senator Frith: Rule 1.

Senator Flynn: Rule 1!

The Hon. the Speaker: Would honourable senators agree, due to the late hour and because I have a decision by former Speaker Lamoureux to review, that I give my ruling tomorrow?

Hon. Senators: Agreed.

Senator Flynn: I would suggest, as a practical way of dealing with this matter, His Honour having taken under advisement the question as to the irregularity of the amendment, that if the sponsor of the bill wishes to close the debate we could have a deferred vote on both the amendment and the main motion tomorrow.

Senator Frith: I think that is a very good suggestion.

Senator Flynn: It is late for a vote.

Hon. A. Irvine Barrow: Honourable senators—

The Hon. the Speaker: I should like to draw the attention of honourable senators to the fact that if the Honourable Senator Barrow speaks now his speech will have the effect of closing the debate.

Senator Barrow: Honourable senators, first, I want to thank—

Senator Frith: I did not hear what the sponsor of the bill said. Did he say he had nothing to add at this stage?

Hon. Henry D. Hicks: If he wants to elaborate on the amendment or clarify some situation, fine, but if he makes a final speech, even though we have agreed on a deferred vote, I do not think this is the correct way to proceed. I think other senators should have an opportunity to speak between now and the termination of the debate.

The Hon. the Speaker: There can be a debate on the amendment proposed by Senator Bell, but on the remainder Senator Barrow's speech will close the debate. Otherwise, I do not understand the meaning of the rule.

Senator Flynn: I withdraw my suggestion.

Senator Frith: Honourable senators, notwithstanding the amendment, the intention was not at any time to cut off debate. The Leader of the Opposition and I thought that the debate on second reading would conclude this evening, and we would have a vote on second reading. As far as we knew, anyone who wanted to speak on second reading would be able to do so, and we would have a vote this evening. All that Senator Flynn is suggesting is that we defer the vote on both the amendment and the main motion until tomorrow evening. Let us debate everything. We are not closing any debate. If any honourable senator wishes to speak on the amendment or on the main motion, he or she may do so.

Senator Flynn: Tomorrow afternoon?

Senator Frith: Yes, and I do not mind if we wait until Friday to do it. I am simply saying we were not trying to cut off debate. If anybody wants to debate either on the amendment or the main motion, he or she may can do so. We were simply suggesting that we defer the vote on both of them until tomorrow. If you do not want to do that, we can keep going. We have all week; we have all month.

Hon. Arthur Tremblay: All year.

Senator Flynn: I am withdrawing my suggestion because perhaps honourable senators would like to speak on the amendment. Since His Honour has taken the validity or

irregularity of the amendment under advisement, I suppose it would be rather futile to continue the debate on the amendment. So we might as well adjourn the debate until tomorrow.

● (2200)

On motion of Senator Grosart, debate adjourned.

[*Translation*]

ANIMAL DISEASE AND PROTECTION ACT

BILL TO AMEND—SECOND READING

Hon. Joseph-Philippe Guay moved the second reading of Bill C-70, to amend the Animal Disease and Protection Act.

He said: Honourable senators, I am certainly pleased to move the adoption of Bill C-70, on second reading, and to tell you that I shall be very brief.

[*English*]

Canada has been well served by its livestock producers. They have developed an industry that is second to none in efficiency, productivity and high quality of animals. That is most evident from the availability of the tasty meats that we see each time we enter a supermarket, and it is also evident from the ready demand for our livestock for export to other countries. Whether it is an individual producer looking for a good breeding animal to upgrade his herd or a developing country looking for stock to develop a national industry, Canada is one of the first countries to which they look.

A major reason for that international reputation is the high health standards that are imposed in connection with Canadian livestock—health standards that are enforced willingly, I should add, with the full co-operation of farmers, breed associations and all provincial governments.

One of the best tools that we have for maintaining a high level of animal hygiene is the authority under the Animal Disease and Protection Act to test livestock for infectious or contagious disease and, if necessary, order the diseased animals destroyed.

When a government undertakes to exercise such authority, it is, of course, incumbent upon it to provide compensation, and those levels of compensation have been amended from time to time to relate to price changes in the marketplace.

There are, however, two situations which producers face from time to time that are not covered under the present act and which could deprive them of the compensation to which they are due. One is a situation where an animal is inspected by a veterinarian and found infected, but dies before it can be destroyed. The other is where an animal is injured while being tested and must be destroyed. In both cases the producer is clearly operating within the intent of the act. Generally, the act at present provides that the diseased animal must be slaughtered in an abattoir. This amendment would authorize payment to owners whose animals died, for example, en route to an abattoir or while under quarantine.

It is a short bill, and I am sure that honourable senators will see the justice of ensuring that producers benefit from the compensation they would have received had their animals completed the normal test and slaughter procedure.

[Senator Flynn.]

Hon. Cyril B. Sherwood: Honourable senators, I find myself in agreement with Senator Guay's remarks in connection with this amending bill, and I should like to add a few words to what he has said.

Certainly, we in Canada enjoy a high standard of animal health, which pays dividends for livestock producers and, indeed, all Canadians, in view of our strong export sales. With regard to the eradication of animal diseases, as Senator Guay has pointed out, it becomes necessary on occasion to destroy livestock.

This amendment will provide the authority to compensate livestock owners for stock that has to be destroyed in the interests of disease eradication. The amendment makes possible compensation which rightly should be paid and, therefore, I recommend favourable consideration of this bill.

Motion agreed to and bill read second time.

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

Senator Guay moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

[*Translation*]

INTERNATIONAL DEVELOPMENT ASSOCIATION ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Maurice Riel moved the second reading of Bill C-71, to amend the International Development Association Act.

He said: Honourable senators, I have the honour to introduce to the Senate a bill to amend the International Development Association Act, authorizing the issue of $164,600,000 to the International Development Association, more commonly known as IDA, as partial settlement of Canada's commitment in respect to the sixth replenishment of the resources of the Association.

As you are aware, support of IDA is one of the major ways in which Canada promotes development in the Third World. Being an agency of the World Bank responsible for granting preferential loans, the International Development Association has come to be known as one of the most effective multilateral instruments for international development. Indeed, since its inception in 1960, this agency has provided over $20 billion US for carrying out projects, technical studies and medical research. Before the success of IDA in gathering funds the world over and using them to help less developed countries, Canada had assigned to it an important place in its general assistance program, as had all other major donor countries. It is of the utmost importance for Canada and other countries to continue to support the efforts of IDA if the economic development of underprivileged countries is to be enhanced.

While there are 121 member countries in IDA, the major recipients of loans awarded by this organization are the neediest of the underdeveloped countries, that is those few whose per capita income is less than $625 US in 1978 dollars. IDA can contribute efficiently to the development of these countries

for two reasons: First, it can call on the enormous experience of the personnel of the World Bank, and, second, thanks to its substantial resources, it can develop and implement projets of a scope that no other preferential loan organization could match.

The resources of IDA come mostly from the OECD member countries which over the years have provided approximately 35 per cent of total donations. The loans granted by the World Bank from such funds for the implementation of projects are usually interest free; repayment is over a 50-year period and may become due only 10 years after the loan is granted. Since the bank depletes the resources of IDA by granting such loans, it must regularly replenish the funds of the association. The total amount needed to replenish these funds, as well as the proportional contributions of individual countries are determined by way of international negotiations; afterwards, the respective governments of the member countries are asked to approve the amounts negotiated.

This is the sixth replenishment of the resources of IDA since it was set up. In recent years, the IDA fund has been replenished every three years. The sixth replenishment was negotiated in 1979 and should be effected from mid-1980 to mid-1983, the overall amount being U.S. $12 billion. During these negotiations, Canada has decided to set the amount of its contribution at 4.3 per cent of the overall replenishment, or $Can601.8 million. In all previous replenishments, Canada's total contribution was slightly over U.S. $1 billion, or 5.3 per cent of IDA resources.

The current amendment to the International Development Association Act amendment now before us would authorize issuing the second instalment of Canada's commitment in respect of the sixth replenishment of the IDA resources. Last year, Canada made a first instalment of $177.1 million to IDA. These monies are issued as non-interest bearing demand notes that are cashed by IDA, usually over a ten-year period, as projects are brought on stream. IDA has no immediate need for Canada's contribution. However, we are required to unconditionally commit these funds by issuing non-interest bearing demand notes, in order for them to be in a position to sign loan agreements with recipient nations.

Normally, Canada's payment would be made on July 1st. However, the United States has been late in ratifying this sixth replenishment. In order to allow IDA to continue with its loan program, Canada and a number of other contributing nations have made their first instalment in respect of the sixth replenishment before releasing their second instalment. The American administration expects Congress to approve its contribution next fall, at which time the other contributing nations should be making their second instalments.

As long as the United States has not obtained legislative approval of its commitment to IDA, Canada will be under no obligation to make her second instalment, for which appropriation is hereby requested.

I urge the Senate to approve the amendment, in order to allow Canada to continue her support to that important multilateral aid agency.

Hon. Martial Asselin: Honourable senators, I think it is somewhat late this evening to consider this matter. In view of its great importance, dealing as it does with the whole question of international aid and international development, I feel we should perhaps take a little more than two minutes' time to examine the bill. With leave, I would adjourn the debate until tomorrow.

Some Hon. Senators: Agreed.

On motion by Senator Asselin, debate adjourned.

• (2210)

[*English*]

INTERNATIONAL DEVELOPMENT (FINANCIAL INSTITUTIONS) ASSISTANCE BILL

SECOND READING—DEBATE ADJOURNED

Hon. Stanley Haidasz moved the second reading of Bill C-74, to authorize financial assistance to be provided to certain international financial institutions.

He said: Honourable senators, I am pleased to introduce, on second reading, Bill C-74, an act entitled the International Development (Financial Institutions) Assistance Act, the purpose of which is to authorize various payments to international development institutions. These organizations are often referred to as international financial institutions or, in some cases, regional development banks.

As was earlier today clarified by the deputy leader, this legislation was occasioned by a ruling in the House of Commons on June 2, 1981, following a point of order concerning the procedural acceptability of certain items contained in the main estimates for 1981-82.

We all know the Canadian government's massive commitment to aid for needy people in developing countries. This help is ably carried out by CIDA, the Canadian International Development Agency, of the Department of External Affairs. CIDA's total aid for this fiscal year amounts to just over $1 billion.

Bill C-74 initially represents a contribution of $137 million in Canadian investments and advances to some financial institutions for international development. This amounts to 89 per cent of the CIDA budget for international institutions alone. This particular contribution is in the nature of advances, and thus is repayable after a specified period of time. Also, these items involve non-interest-bearing, non-negotiable demand notes to be encashed at a later date.

On reading Bill C-74, honourable senators will note that it consists of five clauses. Clause 2 of the bill provides authority to make two types of payments out of the consolidated revenue fund. These are, first, payments in cash of amounts not exceeding $4 million. In fact, the intention is to make only one such payment in the fiscal year 1981-82, to the United Nations Common Fund for Commodities. This tranche of $4 million would be the first of three equal payments for the

period 1981-82 to 1983-84. The purpose is to support the United Nations Common Fund so-called second window, which will finance measures other than stocking in the field of commodities. The vast majority of benefits from the operation of the fund's second window will flow to developing countries.

The second type of payment to be authorized under this act involves the issuance in accordance with terms and conditions approved by the Governor in Council of non-interest-bearing, non-negotiable demand notes to international financial institutions. The form of these demand notes would be determined by the Minister of Finance in line with the Financial Administration Act. It is a long-standing practice to make payments to the regional development banks by way of demand notes, since they do not require all of the cash at the time of payment. Rather, the cash is needed over a period of up to 10 years, as the banks make project commitments and actual expenditures are incurred in developing countries. It is with this in mind that encashment schedules for these notes are drawn up and agreed to between the international financial institutions and Canada.

● (2220)

As you will note, paragraph two of this legislation envisages, in fiscal year 1981-82, the issuance of non-negotiable demand notes not exceeding in the aggregate $121,200,000. This consists of the following components, which I will put into context by describing salient aspects of the operations of these institutions.

The first component consists of an amount of $3.5 million for the Caribbean Development Bank's Special Development Fund. This is the last of three tranches to fulfill a Canadian commitment of $10.5 million for the period 1979-80 to 1981-82.

The Caribbean Development Bank administers a number of concessional funds collectively known as special fund resources. During the period 1981-85, the least developed countries of the region are expected to receive 63 per cent of total special fund resources. Under the special fund resources umbrella Canada contributes to the single largest, most concessional fund—the Special Development Fund, 70 per cent of which is targetted for use in the least developed countries. In 1980-81 Canada will contribute $3.5 million to the Special Development Fund within the framework of the US $26 million special fund resources lending program. While it is difficult to accurately forecast sectoral shares for special fund resources lending, agriculture and social infrastructure are expected to continue as major areas of concentration.

The second component is a payment of $30 million to the African Development Fund. This is the third and last instalment totalling $85 million over the period 1979-80 to 1981-82.

The African Development Fund was established on November 29, 1972 by the African Development Bank and the non-African state participants. The fund is the concessional arm of the bank and assists it in making an increasingly effective contribution to the economic and social development of the African countries. It is the major regional concessional lending institution serving the African countries. Lending resources of the fund derive from direct contributions of 22 non-African states. The lending program of the fund is expected to be $US325 million in 1981, to reach a cumulative total of about $US1,374 million by December 31, 1981. Agriculture will account for the largest share of the 1981 fund lending, which is about 45 per cent, followed by transport, about 25 per cent.

The third component is a payment of $56.7 million to the Asian Development Fund. This is the third of four instalments which total $193.4 million for 1979-80 to 1982-83.

The Asian Development Fund was established in April, 1973 to serve as the concessional arm of the Asian Development Bank, and to foster economic growth and co-operation in the Asian region, both collectively and individually. The fund is now the major regional concessional lending institution serving the countries of Asia and the South Pacific, in particular the poorest countries of the region where a large part of the world's population lives. Lending resources of the fund derive from direct contributions of other countries. The lending program of the fund is expected to be $US570 million in 1981, to reach a cumulative total of $US3 billion by December 31, 1981.

The fourth component consists of a payment of $17 million to the fund for special operations of the Inter-American Development Bank. This is the third of four payments towards a commitment for $US58.1 million over the years 1979-80 to 1982-83.

The fifth component consists of an amount of $14 million for the International Fund for Agricultural Development, as the first of three instalments totalling $42 million.

Clause 3 of the bill deals with the matter of the previously issued non-interest-bearing, non-negotiable demand notes referred to earlier. The issuance of these notes in previous years would be ratified and confirmed by this act.

Clause 4 provides authority for Canada's initial subscription for shares in the African Development Bank. Our share in the African Development Bank will be 3.2 per cent of the expanded capital stock. This legislation provides for the purchase of 4,200 paid-in shares over five years, as well as 12,600 callable shares. These shares are valued in aggregate at 168 million Units of Account, or approximately $Can240 million. Of that amount, only 25 per cent will be paid in—that is, approximately $60 million over five years. We will be utilizing the usual method for payments to the African Development Bank.

Clause 5, the last clause, of this legislation conveys authority to issue to the bank this year non-negotiable demand notes, equivalent in aggregate to 8,400,000 Units of Account, which equals approximately $12 million in Canadian dollars.

For the information of honourable senators, I would like to add that in the fiscal year 1981-82, a sum of $31.3 million will be paid out of the Consolidated Revenue Fund for the encashment of notes previously issued. This will include the $19.3 million referred to earlier, as well as the encashment of notes issued to the African Development Bank. Authority for these

payments exists under section 45 of the Financial Administration Act.

On motion of Senator Macdonald, for Senator Macquarrie, debate adjourned.

● (2230)

ATLANTIC REGION FREIGHT ASSISTANCE ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Ernest G. Cottreau moved the second reading of Bill C-73, to amend the Atlantic Region Freight Assistance Act.

He said: Honourable senators, among the items which were ruled out of order by the Speaker of the House of Commons on June 12, 1981, was a portion of vote 110 of the Canadian Transportation Commission. The relevant part of the vote provides that section 6(2) of the Atlantic Region Freight Assistance Act, commonly referred to by the abbreviation ARFAA, shall not apply in the case of subsidies paid to truckers under that act.

The Atlantic Region Freight Assistance Act and another act, the Maritime Freight Rates Act, provide for a transportation subsidy program in the Atlantic provinces and in the Gaspé peninsula. The subsidies were paid originally only to railways and were extended in 1969 to truckers. When they were extended to truckers the objective was to treat the two competing modes equitably so that the same level of subsidy was extended to both. It was also thought that some savings could be made in the amount of railway subsidy.

In order to control the total level of expenditures, section 6(2) of the Atlantic Region Freight Assistance Act stipulated that the total trucking subsidy could not exceed the amount saved by reducing the railway subsidy. Section 6(2) is, accordingly, known as the "ceiling."

However, savings on the railway subsidy were not as great as expected and the trucking industry grew dramatically from 450 eligible carriers in 1969 to 3,800 carriers in 1980. To preserve the objective of equitable treatment, it became the practice, beginning in the year 1971-72, to remove the ceiling by means of an item in the estimates, as senators well know, thus permitting the trucking subsidy to be paid in full. The trucking subsidy is expected to be about $43 million in 1981-82. If the ceiling were in force, only $14 million could legally be paid.

The purpose of Bill C-73, therefore, is to remove the ceiling by proper statutory means rather than through the estimates.

It should be noted that the entire subsidy program is under review and that more substantive changes may be made in due course. But it would seem unfair to truckers, who had no doubt made investments in the expectation of a continued subsidy, to terminate that subsidy abruptly without any notice or consultation.

Honourable senators, I recommend the second reading of Bill C-73.

On motion of Senator Smith, debate adjourned.

NATIONAL HOUSING ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Paul Lucier moved the second reading of Bill C-72, to amend the National Housing Act.

He said: Honourable senators, there are two clauses in Bill C-72. Both of them have to do with the National Housing Act and the Canada Mortgage and Housing Corporation. I should like to explain them briefly.

Clause 1 repeals paragraph 34.14(2)(a) of the National Housing Act. That paragraph has to do with the Residential Rehabilitation Assistance Program, popularly known as RRAP. As the National Housing Act now stands, it places a limit of $100 million on funds which the corporation may borrow from the government for investment in the RRAP. The act has never been amended for the purposes of increasing that limit, even though rehabilitation costs have risen many times over the years and the amount of the permissible loan has been increased. The program has been very popular. The number of people participating in it has also increased. For all of those reasons, CMHC, in order to continue administering the program on the government's behalf, has been obliged to increase its borrowings.

As honourable senators are aware, this has been accomplished over the years by votes in the estimates. By means of that method the authorized limit of borrowing was increased from $100 million to $170 million. The vote in the 1981-82 estimates would have increased the limit by a further $59.8 million, making a total of $230.5 million. That method of authorizing high limits on Canada Mortgage and Housing Corporation's borrowings, however, was declared irregular, thus necessitating the bill we now have before us, which amends the National Housing Act in such a way as to authorize the CMHC to borrow up to $230.5 million, the amount it now requires to continue administering the Residential Rehabilitation Assistance Program.

Clause 2 of Bill C-72 repeals paragraph 40(5)(a) of the National Housing Act. In this case, the paragraph being repealed has to do with the production of low rental housing and the acquisition of development of land for housing purposes under federal-provincial agreements. This section has in the past been used principally to fund the federal share of the capital costs of public housing projects. In more recent years, however, it has also been used to support the rural and native programs which make housing available for rental or ownership to people in rural and remote areas. It is also used to service lands held by the federal-provincial partnership, in order to facilitate their sale.

For all of those purposes, CMHC over the years has obtained, through votes in the estimates, increases in the original $150 million in borrowing permitted under the act. Because this section is of a more long-standing nature than the one pertaining to the Residential Rehabilitation Assistance Program there has been a more sizeable increase. The limit has been raised from $150 million to almost $1.4 billion. A further increase of $112.5 million was sought in the 1981-82

estimates. That would have made a total of over $1.5 billion. Those seem like sizeable amounts to a guy with an overdraft of $62 in his own account.

In summary, honourable senators, so far as CMHC is concerned, this bill would allow the corporation, under proper and acceptable procedures, to have access to the funds it requires to deliver federal housing programs on a scale and at a cost which it had not envisaged when this legislation was enacted.

On motion of Senator Macdonald, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, July 7, 1981

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

Prayers.

DOCUMENT TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Working Group on the Solicitor General's Study of Conditional Release, dated March 1981.

QUESTION PERIOD

[*Translation*]

POST OFFICE

DISRUPTION OF SERVICE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I would like to know if the Leader of the Government is able to report on the postal strike situation, as he promised to do last night.

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some information concerning the postal strike. As promised yesterday, I will now make a brief report to the Senate. First of all, may I give the background of the dispute?

The Canadian Union of Postal Workers withdrew from negotiations last Friday and have refused to meet with government representatives or negotiate with the government since, in spite of numerous direct and indirect appeals, including one made at 10 o'clock on Monday evening last. At meetings held with the union following the conciliation board report, the union did not state its bargaining position. Although since negotiations have broken off, they have made it clear that the entire report of the chairman of the conciliation board must be accepted by the government in order for negotiations to commence on their other demands, as recommended by the union representative on the conciliation board. The total cost of those demands would exceed CUPW 1980 payroll costs by 28 per cent. It is presumed this is a negotiating position, but the union has neither publicly, nor in direct contact with our representatives, modified this stance.

While Treasury Board would prefer that the issue of paid maternity leave be settled in another forum, they agreed to negotiate on the basis of the chairman's recommendations on paid maternity benefits, although further details would be required before a viable scheme could be worked out. The union was made aware of this position.

● (1405)

Aside from maternity benefits, Treasury Board has made substantial concessions on rates of pay, health and safety, closed circuit TV, vacation leave, overtime provisions, including meal allowance, boot and glove allowance, conditions of employment for part-time employees, and other issues.

The government fully accepts Mr. Jasmin's recommendations on health and safety, but Treasury Board feels it is essential to add some words to the collective agreement to make it clear that employees cannot refuse to work under conditions which are ordinary circumstances of their work.

On the issue of closed circuit TV, Treasury Board has, with the approval of the Postmaster General, offered a moratorium on the installation of any new systems until the new Canada Post Corporation has been created, and has had an opportunity to study the matter. Treasury Board feels that Mr. Jasmin's recommendation, has been fully met, but the union has apparently rejected Treasury Board's position.

Substantive areas where Treasury Board does not accept Mr. Jasmin's report are those recommendations relating to improved designated paid holiday and vacation leave. These cannot be justified in the view of the Treasury Board. They have recently agreed to a paid lunch break for these workers and it is felt that giving them further time off cannot be justified. To accept the shift and weekend premium recommendations would be to improve a benefit which is already beyond the norm outside the Public Service.

Treasury Board has accepted much of the Jasmin report and believe that in the position adopted on maternity leave, health and safety and wage recommendations, they have dealt with the major issues of substance and principle.

The typical CUPW member already makes approximately $22,200 annually in salary, overtime and shift differential. Treasury Board's offer would raise this to approximately $25,000 a year. Treasury Board believes this to be extremely generous.

To give them all that Mr. Jasmin recommends, without considering the additional items drawn from the union representative's report, would represent a breakthrough settlement on numerous points and would be in conflict with the well-established policy of not leading the private sector.

● (1410)

At this time, when all governments and all employers are desperately concerned about breakthrough settlements, we feel that we have gone far enough with CUPW, one of the few

unions in Canada which has been more than compensated for inflation for many years and whose members are already paid substantially more than comparable workers in the public and private sectors.

May I say additionally that on Friday the Prime Minister stated:

> We have taken the clear position that there is no intention to settle this strike by legislation. It will, and should be, settled by the bargaining process.

Yesterday, in the other place, the Prime Minister said that the CUPW leaders have put themselves in a difficult position for the government to satisfy them. Mr. Parrot has made it clear that if legislated back to work he would disobey the order. Since it appears that Mr. Parrot does not want to return to the bargaining table, the government may, of course, have to develop new concepts on how the negotiations may be advanced. A number of approaches are being considered.

Certainly, unless exceptional circumstances prevail, no government wishes to legislate workers back to the job. Significantly, perhaps, the union leader, Mr. Parrot, has stated that he would rather go to jail than obey the law.

Attempts, both direct and indirect, to get union representatives to come to the bargaining table have been consistently met with refusals by CUPW's leadership. However, honourable senators, I am absolutely certain that once all parties are seated at the bargaining table, the President of the Treasury Board, through his officials and negotiators, will successfully conclude the bargaining process. At least, every effort will be made to bring the process to a successful conclusion.

Discussions have not yet been completed with the letter carriers respecting the delivery of pension cheques, family allowance cheques, old age security cheques, and Canada Pension Plan cheques. At this time it appears that the letter carriers will deliver the cheques, yet assurance of this must be received in writing. This has not yet happened. If for some reason the letter carriers decide not to participate, then the socio-economic cheques will be made available at distribution stations throughout Canada. These distribution centres will be readily accessible to the total population.

Problems respecting the non-receipt of June cheques, or any other problems that may arise, should immediately be brought to the attention of the Honourable Jean-Jacques Blais, the Minister of Supply and Services.

But back to the dispute itself, honourable senators, there is one additional important consideration. Mr. Parrot has stated repeatedly that the government must accept the Jasmin recommendations in total as a minimum basis for resuming negotiations. He has said that by not accepting the recommendations of the chairman of the conciliation board Treasury Board is departing from well-established past practice. This, of course, is not so.

Unlike the arbitration process, neither the employer nor the bargaining agent is under any obligation to accept or reject a conciliation board report. This right was exercised by the employer in 1980 when it refused the majority report in its dispute with the clerks on the issue of reducing the work week. In the same year, the employer refused the majority report in its dispute with its translators on the issue of rates of pay, maternity leave and vacation. On both occasions the settlements, which were negotiated following the strikes, did not include the majority of the conciliation board recommendations on these issues.

In 1978, the CUPW itself rejected the majority recommendations of the conciliation board. As a result, the CUPW began a strike which was terminated by the Postal Services Continuation Act, Bill C-8.

Mr. Parrot's statements on this matter are clearly attempts to force the government to accept elements of the Jasmin recommendations, when Treasury Board believes there are very good grounds for not accepting them. The level of benefits already obtaining for CUPW is in the forefront when compared to the level of benefits in the private sector. Even then, Mr. Parrot continues to emphasize that these are only the minimum conditions.

I want to emphasize again, honourable senators, that I regret to report that negotiations have not been resumed in the past 24 hours. However, I repeat, the government is prepared to resume negotiations at any time and will continue efforts to that end. The negotiating team is ready, waiting to meet with union representatives. It has the government's full mandate and confidence, and again we extend to Mr. Parrot and the CUPW an invitation to enter into negotiations immediately.

• (1415)

Senator Flynn: Honourable senators, in view of the fact that the Leader of the Government reiterates that it is not the intention of the government to legislate the postal employees back to work, despite the fact that negotiations have been interrupted, would he confirm that therefore it is not that situation that prevents Parliament adjourning for the summer?

Senator Perrault: Well, honourable senators, I can only say that the legislative schedule which has been established by the government for the remainder of the session does not include any compulsory back-to-work legislation.

Hon. Lowell Murray: May I ask a supplementary question of the Leader of the Government in the Senate relative to the statement he has made about the issues in the postal strike? He may have covered this in his statement, and I may have missed it.

Is it the position of the government that it rejects the conciliation board's recommendation with regard to maternity leave, but that it has an alternative offer on that subject that it will be prepared to place on the table if negotiations resume?

Senator Perrault: Honourable senators, there is a number of matters the government would like to discuss with CUPW when negotiations resume, and the government is flexible on a number of recommendations in the Jasmin report. It seeks, however, an opportunity to meet on a rational, constructive basis with CUPW representatives, and I say, as soon as possible. The government is not inflexible with respect to all of these recommendations.

Hon. G. I. Smith: Honourable senators, I wonder if I might be permitted to ask a supplementary question with reference to a particular portion of the leader's statement. As I followed him, fairly early in the statement he said something to the general effect that the total cost of the CUPW demands would be 28 per cent more than something, and I confess I did not catch what it was that was exceeded by 28 per cent. In any event, I wonder if the figure is available in dollars, to show the equivalent of the 28 per cent.

Senator Perrault: Well, honourable senators, I will go through these documents again in order to determine that. Here it is. This was a statement, in its original form, issued by the President of the Treasury Board, Mr. Johnston. I will quote those words again.

> The total cost of those demands would exceed the CUPW 1980 payroll costs by 28 per cent.

That is, if the requests of the union are met. Mr. Johnston then went on to say:

> We presume this is a negotiating position but the Union has neither publicly, nor in direct contact with our representatives, modified this stance.

Then, of course, there is again the response of the leader of the union, who states:

> —the Government must accept the Jasmin recommendations in total as a minimum basis for resuming negotiations.

He said that by not accepting the recommendations of the chairman of the conciliation board, we were departing from well-established past practices.

Union representatives, at least to this time, have adamantly refused to meet again unless a commitment is given that all of the Jasmin recommendations, at a minimum, are accepted by the government. This is a prior condition for getting together to meet.

● (1420)

I want to clarify a point where there might have been some misunderstanding when I was giving my statement. To give CUPW workers all that Mr. Jasmin recommends, without considering the additional items drawn from the union representative's report, would, in the view of the President of the Treasury Board, represent a break-through settlement on numerous points and would be in conflict with our well-established policy of not leading the private sector.

Senator Smith: I certainly thank the honourable gentleman for his explanation. May I just repeat the second part of my question, now that I understand what the 28 per cent refers to? What does that 28 per cent amount to in dollars?

Senator Perrault: The typical CUPW member already makes approximately $22,200 annually in salary, overtime and shift differential. That is the take-home pay. The offer would raise that to approximately $25,000.

Hon. Royce Frith (Deputy Leader of the Government): I think Senator Smith wants gross figures.

Senator Smith: What I am trying to find out, honourable senators, has to do with the total payroll. You see, the 1980 payroll of CUPW must have been so many millions of dollars. I presume that for one who knows what that payroll was it would be a simple mathematical calculation to see what 28 per cent of it is. Some of us—at least, speaking for myself—do not have that 1980 payroll figure and we would probably have some trouble in trying to find it.

Senator Perrault: Do you want the gross amount paid out? I do not have that figure available today. I shall bring that, and additional figures, to the Senate tomorrow.

POSSIBLE MEDIATION OF DISPUTE

Hon. Lowell Murray: Honourable senators, if, as I understand it, the two parties are not talking to each other, either directly or indirectly, is the government considering the use of the good offices of any kind of mediating presence to explore, on the one hand, how implacable the union position is that the Jasmin report would have to be a floor for any negotiations, and, on the other hand, whether some of the alternative proposals that the government has in mind might provide a basis for negotiation so far as the unions are concerned? It seems to me that this is the kind of inquiry that could be made by some mediator or go-between, without necessarily committing either party to the dispute.

Is it a fact that the parties are not talking to each other, either directly or indirectly, and is there a possibility of any go-between or any third party being brought into the process at this stage? I ask the question because I think we would want to feel in Parliament that, before we were called upon to take any action, all avenues had been explored and exhausted.

Hon. Raymond J. Perrault (Leader of the Government): I want to thank the honourable senator for his suggestion. In any labour dispute of this kind alternative ideas are considered, as they are in this particular case. Certainly, every effort is being made to encourage the union to sit down with Treasury Board representatives and resume negotiations.

Yes, alternatives are being considered, but no final decisions have been taken.

DELIVERY OF INCOME TAX REFUNDS

Hon. Jack Marshall: Honourable senators, I should like to direct to the Leader of the Government a supplementary question on this subject. The Leader of the Government mentioned that various departments responsible for such payments as Old Age Security, Family Allowance and Unemployment Insurance were arranging to get out their cheques, but one department he did not mention is the Department of National Revenue, and, as honourable senators know, at this time of the year many people are expecting refunds from that department.

Can the Leader of the Government advise us as to what that department is doing to assure those who are entitled to refunds that their cheques will be put in their hands so that they will

not have to resort to loan sharks, who charge up to 60 per cent interest?

Hon. Raymond J. Perrault (Leader of the Government): That question will be taken as notice.

REQUESTS FOR ANSWERS

Hon. Heath Macquarrie: Honourable senators, I wonder if, before too many more months pass, someone on the government side could arrange to answer questions of mine which go back to some days before Hallowe'en. On these hot days, I feel that we should catch up on what we have neglected since the fall.

● (1425)

Hon. Raymond J. Perrault (Leader of the Government): Perhaps the honourable senator would state the specific questions.

Hon. Royce Frith (Deputy Leader of the Government): May I assume that the honourable senator is referring to the list that we received last week, or the week before, while the Leader of the Government was away?

Senator Macquarrie: Yes. And out of the generosity of my heart I ask the honourable senator not to bother finding out about the Irish moss, because I am finding out about that elsewhere.

Hon. Jacques Flynn (Leader of the Opposition): He has a better source.

Hon. Peter Bosa: I would also ask the Leader of the Government in the Senate to inquire on my behalf about Question No. 36, which has been on the Order Paper since October 16.

ANIMAL DISEASE AND PROTECTION ACT

BILL TO AMEND—THIRD READING

Hon. Joseph-Philippe Guay moved the third reading of Bill C-70, to amend the Animal Disease and Protection Act.

Motion agreed to and bill read third time and passed.

EXCISE TAX ACT
EXCISE ACT

BILL TO AMEND—MOTION FOR SECOND READING—MOTION IN AMENDMENT—SPEAKER'S RULING

The Senate resumed from yesterday the debate on the motion of Senator Barrow for second reading of Bill C-57, to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas.

The Hon. the Speaker: Honourable senators, yesterday, as reported at page 2700 of *Debates of the Senate,* Senator Bell proposed the following motion in amendment during the debate on the second reading of Bill C-57:

[Senator Marshall.]

> That this bill be not read the second time but that it be amended as follows: That clauses 43 to 47 of Part II and clauses 78 to 117 of Part IV, and those clauses of Part V relating thereto, be deleted.

A discussion arose as to the procedural acceptability of the motion in amendment and the Chair was subsequently asked to rule on the question. I suggested that it would be more prudent if I could check the authorities and reserve my ruling until today. I am now ready to give my decision.

The fifth edition of *Beauchesne*, citation 740, states:

> There are three types of amendments that may be proposed at the second reading stage of a bill. These are:
>
> 1. the six months' hoist;
> 2. the reasoned amendment;
> 3. the referral of the subject matter to a committee.

Clearly, Senator Bell's motion in amendment is neither a six months' hoist nor is it an amendment which seeks to refer the subject matter to a committee. What it may resemble, as suggested by Senator Roblin, is a reasoned amendment.

On the subject of "Reasoned Amendment," the nineteenth edition of *Erskine May* states, at page 499:

> It is also competent for a Member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move what is known as a "reasoned amendment." This amendment is to leave out all the words in the main question after the word "that" and to add other words; . . . A reasoned amendment is placed on the paper in the form of a motion and may fall into one of several categories.
>
> (1) It may be declaratory of some principle adverse to, or differing from, the principles, policy or provisions of the bill.
>
> (2) It may express opinions as to any circumstances connected with the introduction or prosecution of the bill, or otherwise opposed to its progress.
>
> (3) It may seek further information in relation to the bill by committees, commissioners, the production of papers or other evidence.

● (1430)

May also lists certain rules governing the content of reasoned amendments. One such rule is:

> The amendment must not be concerned in detail with the provisions of the bill upon which it is moved, nor anticipate amendments thereto which may be moved in committee;

In the opinion of the Chair, the motion in amendment does not fall within the category of "Reasoned Amendment". It does not place on record any special reasons for not agreeing to the second reading of Bill C-57. It is not declaratory of a principle adverse to, or differing from the principles of the bill. By seeking to delete certain clauses, it concerns itself with the provisions of the bill and is clearly anticipating amendments which may be moved in committee or on third reading.

Finally, I should like to refer to the ruling of May 8, 1946, by Speaker King, as found at pages 188-89 of the *Debates of the Senate* of that date. A motion in amendment was proposed to the second reading of a bill which sought to delete words of certain sections of the bill and add another subsection. The Speaker ruled the amendment out of order and cited as his authority the same paragraphs of *May* as I quoted earlier.

For these reasons, I declare the motion in amendment irreceivable.

Hon. Jacques Flynn (Leader of the Opposition): Your Honour, we will not appeal this ruling, but I may say I find it strange that there is no way to deal with the problem raised by Senator Bell, which is that when a bill contains at least two principles we cannot decide on one in a way different from what we would have decided on the other.

With respect, Your Honour, I think the reference to the authority is not reasoned. In my opinion, *Beauchesne* is entirely out of date, and it does not follow that we should be bound by an unreasoned decision. There must be reasons given for the decision. Your Honour has quoted authorities, but there is no reason behind the decisions that Your Honour has spoken of. It seems to me that we should be able to find a way to deal with that situation.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, speaking to the intervention of Senator Flynn on the point as to whether there is a way, I believe there is a way. I believe there could be a properly worded reasoned amendment which would raise the principles Senator Bell wants raised.

The reason for the decision in *Beauchesne* as I understand it, is because, on second reading, the question before the house is not the bill, but whether the bill should be read a second time, and, therefore, it is quite clear that a reasoned amendment can be made by simply saying, "This bill shall not be read a second time, for the following reasons . . ." That is the only difference.

Senator Flynn: In any event, we shall see. I do not want to defeat the bill.

Hon. Allister Grosart: Honourable senators, the adjournment is in my name. There has been considerable confusion—at least, in my mind, and, as I think *Hansard* will indicate, in the Senate—as to whether the adjournment was of the debate on the amendment or on the main motion. At that particular time, an amendment had been proposed but had been objected to on a point of order. As I say, I am not sure whether I adjourned the debate on the main motion or on the motion in amendment.

I therefore wish at this time, with the consent of the Senate, to defer to the mover of the amendment, Senator Bell.

Hon. Ann Elizabeth Bell: I should like to thank Senator Grosart for his courtesy. I should also like to thank His Honour the Speaker for his ruling and his helpful guidance, and my colleagues for their helpful guidance.

I feel very strongly that Part I and Part III of this bill are quite in order. However, in my opinion, the principles contained in Part II and Part IV create a dangerous precedent. In light of my views, perhaps I could offer a more acceptably worded amendment along the lines suggested by Senator Frith.

Senator Frith: Honourable senators, just to keep the record perfectly straight, technically, Senator Bell is not entitled to speak again on this matter. However, I believe that she has a proper, reasoned amendment, and that we should give her leave to speak on the matter again. The debate was not adjourned in her name and, therefore, under rule 28, she is not to speak more than once. However, I think we should give leave since, technically, she has to have leave to speak again. It is out of order for her to speak again on the same question.

Senator Grosart: On the point of order, as far as I understood it, leave was given immediately because I hesitated and no voice was raised, and Senator Bell began to speak.

I would also point out that she is not speaking a second time; she is still speaking for the first time on the motion.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

FURTHER MOTION IN AMENDMENT NEGATIVED

Hon. Ann Elizabeth Bell: Thank you for your courtesy, honourable senators. I do not particularly want to proceed in this way, but I must follow the rules.

Since I have no quarrel with Parts I and III of the bill, perhaps I may move a more acceptably worded amendment.

I move:

> That Bill C-57, an Act to Amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be not read a second time as this House is opposed to the principle of a bill that includes
>
> (1) new tax provisions that are beyond the scope of the Excise Tax Act and the Excise Act;
>
> (2) provisions that state that such taxes will commence and take effect on specified dates without the consent of Parliament having first been obtained;
>
> (3) new tax provisions relating to substances (petroleum, natural gas and related hydrocarbons) that are held to be the exclusive property of the provinces and to revenues that are subject to the exclusive jurisdiction of the provinces; and
>
> (4) the question of provincial ownership and jurisdiction that is at present before the Supreme Court of Canada.

Hon. Jacques Flynn (Leader of the Opposition): Does Your Honour rule that the amendment is in order?

The Hon. the Speaker: Is there any comment on the part of other senators?

Hon. Royce Frith (Deputy Leader of the Government): My only comment, for what it is worth, is that I think it is in order.

Senator Flynn: May I say a few words on the amendment?

The Hon. the Speaker: You asked me if I would declare the amendment in order?

Senator Flynn: Yes.

The Hon. the Speaker: I do.

Senator Flynn: It seems to me that, if this amendment is in order, we will be in the position, as I mentioned yesterday when we discussed the previous amendment, of being asked to deal with an amendment which may have the effect of defeating the bill. We will not only defeat the taxes which Senator Bell has asked the Senate to oppose, but also the other provisions of the bill that do not meet any opposition. This is absolutely silly. I suggest that the only way we can deal properly with the problem raised by Senator Bell is to deal with the amendment she moved in the first place. If the government's position is that we will have to vote against the whole bill to defeat the provisions which we oppose, we will do it.

● (1440)

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt Senator Bell's motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

● (1450)

Motion in amendment of Senator Bell negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Asselin	Macdonald
Balfour	Macquarrie
Beaubien	Marshall
Bélisle	Muir
Bell	Murray
Bielish	Phillips
Charbonneau	Roblin
Donahoe	Sherwood
Doody	Smith
Flynn	Tremblay
Grosart	Yuzyk—22.

[The Hon. the Speaker.]

NAYS

THE HONOURABLE SENATORS

Adams	Laird
Anderson	Lamontagne
Argue	Lapointe
Barrow	Lucier
Bird	McElman
Bonnell	McGrand
Bosa	McIlraith
Cameron	Molgat
Connolly	Molson
Cook	Neiman
Cottreau	Olson
Croll	Perrault
Davey	Petten
Frith	Riel
Giguère	Riley
Goldenberg	Rizzuto
Graham	Robichaud
Guay	Rousseau
Hastings	Thériault
Hayden	van Roggen
Hicks	Williams
Inman	Wood—45.
Lafond	

The Hon. the Speaker: I declare the motion in amendment lost.

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

Hon. A. Irvine Barrow: Honourable senators—

The Hon. the Speaker: If Senator Barrow speaks now, his speech will have the effect of closing the debate on second reading of this bill.

Senator Barrow: Honourable senators, it has been an interesting afternoon.

● (1500)

First, I want to thank Senators Balfour, Manning, Charbonneau, Smith, Doody, and Bell for their participation in the debate, and particularly Senator Murray for his rather wide-ranging comments on the National Energy Program.

As has been pointed out by all those who have spoken, this is an important tax bill and one which has raised many questions. The parts of the bill which seemed to gather most of the comments refer to the change in the method of taxation on alcoholic beverages and the sharing of tax revenues on oil and gas. If I may be permitted to do so, I would like to refer to some of the items which were mentioned by my colleagues in this house.

Both Senator Balfour and Senator Doody gave some statistics relating to drilling activity in the western provinces and the effect of the National Energy Program on such activity.

There is no question but that a number of rigs have left or will leave when their contracts expire, but many of these undoubtedly will return to Canada when the rate of exploration resumes, and that depends not just on the federal government but on the reconciliation of the federal government's position with that of the provinces—not an easy thing to do, as has been evidenced by the many meetings between officials, at which, according to the press last Tuesday, the sharing of billions of dollars in tax revenue is at stake for the good of all Canadians.

Senator Manning asked why only one category of natural resource was singled out for, as he put it, discrimination by the tax proposed under this legislation. May I point out that there are no other natural resources that have experienced such an unprecedented increase in economic rents over such a short period of time. The price of oil has increased from less than $2 a barrel in the early seventies to approximately $70 per barrel now. The price of gas has also moved up in proportion to that of oil. The economic impact of these increases is being felt all over the world. All countries in the world have had to take special emergency measures to cope with this situation, and Canada is no exception. As the National Energy Program outlines in detail, absence of any governmental intervention in this industry could endanger the survival of the nation itself. Huge windfall gains occurring to the industry from these increases have not been shared equitably by all Canadians. The taxes proposed in this bill were designed to serve that goal.

The economic rents being earned by other resources are not excessive. As a result the government did not deem it necessary to impose any special taxes on them.

The taxes imposed in this bill are designed to deal with a sector that is experiencing abnormal economic gains. The other resources are subject to the normal federal taxes applicable to industries in general.

Senator Charbonneau referred to the sales tax on newspapers and advertising supplements and to a brief presented by some weekly newspapers, and suggested that this sales tax now looms as a threat against the editors of weeklies. As a matter of fact, what they did request was that the percentage of advertising content described in the original bill as 75 per cent be increased to 80 per cent, and the bill now gives effect to that amendment.

Senator Smith referred to the fact that Bill C-57 came to us at the last moment. However, may I remind honourable senators that on February 18 the Standing Senate Committee on Banking, Trade and Commerce was authorized to undertake a pre-study of the bill. The rather lengthy preliminary report of the committee was made to the Senate on May 19. Senator Smith referred also to the indexing of tax on alcoholic beverages.

I know it is not necessary, but I should point out that *ad valorem* levies are proportional to sale prices: as the price increases, so also does the tax, as it is a percentage of the price. Specific levies, on the other hand, are expressed as so much per unit of quantity. To illustrate, the excise duty on beer is 54 cents per gallon.

These duties are imposed in specific form so that the amount of the tax is the same per quantity of product consumed. In the case of alcohol, the tax is the same per gallon of wines. It does not vary by the value/price of wine. Cheap wines attract the same tax as expensive wines. The basic rationale for this system is that the tax is on consumption of alcohol. All that should matter is the quantity of alcohol consumed and not its value of the price paid by the consumer.

The tax will continue to be specific even after the indexing adjustment. The indexing adjustment does not alter the basic character of these levies. It does not make them *ad valorem* levies, which are higher for more expensive drinks even if they contain the same amount of alcohol. The purpose of indexing adjustment is simply to ensure that the real value of these levies does not get eroded over time by inflation. When Parliament sets these rates, there is a presumption that the real impact of these levies will not be altered in a haphazard manner by inflation. Indexing does not take power away from Parliament; it simply ensures that parliamentary decisions remain fully in force until further amended.

Lack of indexing adjustment has also had the effect of eroding the federal share in total revenue. Provincial revenues, through liquor mark-ups, have been rising automatically as prices of the products have risen. Federal levies, on the other hand, have remained constant. For example, the federal share in total tobacco and alcohol taxation has fallen from 53 per cent in 1967-68 to 40 per cent in 1978-79. Provincial revenues increased from $509 million to $2,071 million over this period, an increase of $1,562 million, while the federal revenues increased from $814 million to $1,402 million, an increase of $588 million, or approximately one-third.

Honourable senators, I move second reading of Bill C-57 and recommend that it be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Hon. Jacques Flynn (Leader of the Opposition): In due course!

The Hon. the Speaker: It is moved by the Honourable Senator Barrow, seconded by the Honourable Senator Graham, that this bill be read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Senator Flynn: No.

Honourable senators, I rise on a point of order.

Since we have voted on the previous amendment moved by Senator Bell, which was in fact a negativing of the whole bill, unless some members of the Senate would like to record a different vote, I suggest that the recorded vote on the amendment be deemed to be the same as on second reading of this bill, but in the reverse order, of course.

Hon. Senators: Agreed.

The Hon. the Speaker: So the motion is carried and the vote is in the reverse order of the vote on the motion in amendment.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

The Hon. the Speaker: When shall this bill be read the third time?

Hon. A. Irvine Barrow moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

● (1510)

[*Translation*]

INTERNATIONAL DEVELOPMENT ASSOCIATION ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Monday, July 6, 1981, the debate on the motion of Senator Riel for the second reading of Bill C-71, to amend the International Development Association Act.

Hon. Martial Asselin: Honourable senators, I would like first of all to thank the mover of this bill, Senator Riel, who explained the bill so clearly and concisely.

As I said last night, this bill could provide us with an opportunity to discuss our overall foreign policy with regard specifically to our aid to Third World countries, but since there will be an economic summit in July during which the industrialized countries will decide on a greater involvement in helping developing nations, I will not spend time discussing this aspect of our foreign policy. However I am hopeful that when we reconvene after the summer recess we will be able to debate the results of the economic summit. It might be easier then to consider the position of the Canadian government with regard to this very important issue of foreign aid.

The bill now before us asks us to increase substantially the amount of financial assistance given by Canada to the international agency called the International Development Association. Originally, we provided about $US37,830,000 under the original act, chapter I-21 of the Revised Statutes. Today, we are asked to increase this amount to $164,600,000.

By doing that, the government obviously wants to demonstrate its special interest in the agency called the World Bank. As mentioned by the sponsor of this bill, the World Bank deals mostly with multilateral assistance, and over 100 countries, I believe, contribute to it.

When I was responsible for the Canadian International Development Agency, naturally on many occasions I had very important discussions with those responsible for the World Bank and the International Development Association. When I met these people, I wanted to know how Canada could benefit indirectly from its investment in the World Bank. I am not suggesting that it should be Canada's policy, when providing assistance to Third World countries, that indirectly we must derive a benefit on the short or the long term, but I thought that, when Canada invested in the World Bank and its agency, the International Development Association, it should draw indirectly a certain dividend from this investment. I had asked my officials to try and find out how we could obtain a return on our investments in this international bank. I found out that Canada recovered only one fifth of the amount it invested in the World Bank, while Japan obtained 20 times its investment by getting contracts with Japanese firms or engineering consultant offices. I then decided to get Canadians more involved in the programs launched by the World Bank and the International Development Association. I asked a group of public servants to travel throughout Canada and to meet either with companies which would be interested in investing in Third World countries or with engineering consultant firms and offices dealing with international development. We had developed a program which allowed any Canadian company interested in international development projects through the World Bank, to go on location to study the projects and make tenders. If the company did not succeed in obtaining the contract, the Canadian government reimbursed in full the administrative, research and travel expenses incurred for bidding on these projects. I was extremely surprised to learn that this program helped several Canadian companies to be more agressive in bidding for programs and plans developed by the World Bank. Even now, I wish that Canadians would be less timid when bidding on the multilateral programs of the international agency which we are now discussing, namely the International Development Association.

Clearly, in the area of Third World international development, Canada has not reached the goals set by the United Nations, which requested from every industrialized nation investments in Third World countries equal at least to one per cent of its gross national product. But as was mentioned last night, we now invest .430 per cent of our GNP, after reaching, when I was responsible for the Canadian Development Agency, a high of .5 per cent of the GNP, which was roughly the equivalent of about $1.2 billion in Canadian currency invested in the Third World.

Of course I am not opposing the legislation. I simply wanted to point out the difficulties we sometimes face in obtaining from the World Bank certain major contracts that could be of interest to Canadians in the area of international development. As I said at the outset, when we come back here in September or October, after the economic summit conference, I hope we will have an opportunity here in this house, as they will in the other place, to have a debate on Canada's external policy. The matter should not necessarily be left to the Commons alone, where there was already a two-day debate on this. You would be amazed how Canadians now are interested in this area of Canadian policy.

Formerly, the saying was that external affairs were for the higher up, the more educated, who had a better grasp of problems. But now, because the Third World has been publicized, because not only the Canadian government but also non-government organizations are interested in getting

involved in Third World countries, the people do understand better our policy in that area. When, as a Minister of State, I was responsible for the Canadian International Development Agency, I made it my duty to help non-government organizations because I had an opportunity, when visiting developing countries, to see with my own eyes the work and the assistance extended by non-government organizations to these peoples in need.

It is my hope that my successors at the Canadian International Development Agency are still well inclined towards the NGO's; those non-government organizations became involved not in huge or outstanding projects but, because of their devotion and compassion, they did help small communities overcome their hardships.

Therefore, I want to tell the government leader and the deputy leader that I hope when we come back following the summer recess and the economic summit conference, that we will have an opportunity to hold a major debate on Canada's external policy, right here in the Senate.

This being said, I agree with the sponsor of the bill. I support this legislation, and see no point or purpose in referring it to a committee.

● (1520)

[*English*]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I wonder if I might be permitted a short intervention on what we shall do with the rest of these bills, in the spirit of Senator Molson's remarks yesterday. The sponsors of any of this group of bills may move third reading now, if they are not opposed. However, there is no urgency with respect to third reading, which can be given just as easily tomorrow. However, if everyone has had his or her say, we might as well give them third reading today.

Hon. Jacques Flynn (Leader of the Opposition): Perhaps the third reading should be postponed in light of the fact that we shall have royal assent tomorrow. Perhaps those who do not wish to speak now will have an inspiration overnight.

Senator Frith: It is exactly against that eventuality that I want to make it clear that if any honourable senator has a premonition of inspiration, I am quite happy to have third reading at the next sitting.

Motion agreed to and bill read second time.

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

Hon. Maurice Riel moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

INTERNATIONAL DEVELOPMENT (FINANCIAL INSTITUTIONS) ASSISTANCE BILL

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Haidasz for second reading of Bill C-74, to authorize financial assistance to be provided to certain international financial institutions.

Hon. Heath Macquarrie: Honourable senators, I am proud to be following, in the Speaker's roster, my long-time friend, Senator Asselin, a distinguished and universally respected internationalist whom I have known since 1958 and admired for many years. I am impressed with the importance of this bill which was introduced by Senator Haidasz last night. I am grateful to him for his remarks and his explanation.

I am grateful also to my whip, Senator Macdonald, for moving the adjournment of the debate on my behalf. I was momentarily absent from the chamber late last night, but Senator Macdonald with his fidelity, vigour and virility was here, and I appreciate his moving the adjournment for me.

Senator Macdonald: Any time.

Senator Macquarrie: Thank you. I know that I can count on Senator Macdonald.

Hon. Royce Frith (Deputy Leader of the Government): Especially if thanks like that follow.

Senator Macquarrie: I have never pretended that I would be here 100 per cent of the time every sitting, but I do the best I can. I have been moved from my office, I am moving from my apartment and I am trying my best to relocate back in my home province so, feeling a bit disoriented, I took 10 minutes off last night to find myself, which was when this bill found its way through the legislative mill.

I was impressed by Senator Haidasz's presentation and somewhat overwhelmed, being a poor boy from Prince Edward Island, after hearing some of the expressions. What does an impecunious philosopher like myself know about "tranche" or "second window." I do not even know what came through the first window, but I take it that these are phrases with which big businessmen are familiar. I would be about as much at home in the board room of big business in this country as I would be at the devotional sessions of the Dalai Lama of Tibet. Of course, I would never be asked to either, nor would I be very productive in such situations.

However, even with my lack of acumen and perception in that field, I am impressed by the significance of what was done last night and what will be furthered today. The fact that we have these eight bills is very significant. Anyone who has studied parliamentary process knows that the fundamental sovereignty, if I may use that word, and it is a bit tricky in a monarchy, of the people's representatives is in the area of voting funds and generally in taxation. Indeed, many years ago, about the only jurisdiction the ancestors of our parliamentary system had was over the raising of funds.

That is why it is significant that in the other place there was a very important issue raised—albeit rather belatedly—about

the propriety of certain measures and that is why we have these eight bills in particular sequence. I think it is important that someone, through the Speaker of the other place, finally reasserted control, thereby underlining the fundamental role of the parliamentary group, especially, but not exclusively, the elected parliamentary group. The control of the public purse is the first and, surely, the abiding value of this whole system which we cherish.

There are other things in connection with the nature of these bills which are of significance. The former Secretary of State for External Affairs was a very strong and competent minister and, in her short tenure, made a tremendous impression on the international stage. I know that she had some anxieties about something which is reflected here today.

● (1530)

Senator Asselin, in his most excellent speech, spoke to a bill introduced in the other place, not by the Secretary of State for External Affairs but by the Minister of State (Finance). In other words, it was a Finance bill. Bill C-74 is an External Affairs bill. The Honourable Flora MacDonald endeavoured, in her short tenure, to get some of the economic agencies under the aegis of the Department of External Affairs which, in fact, is where they belong.

This is an important Canadian outreach as a "developed country," if I may use that expression. We are one of the prosperous; one of the seven. Therefore, all of these measures, through these important institutions we are talking about today, are a significant outreach of our performance in the foreign field; our contribution to a better world. It should be the Secretary of State for External Affairs who has not only the ultimate but the ongoing responsibility.

I am sorry that nothing was said about that last night, although I have reason to believe that the present Secretary of State for External Affairs shares the views of Miss MacDonald on the advisability of co-ordinating and regulating that process; to use the jargon, "to get it coming through the second window at the same time." We must take note of that.

Like my colleague, Senator Asselin, I do not propose to engage in a substantial discussion of external aid or foreign policy. Such little popularity as I have among my colleagues would be badly shattered if, on such a warm day, I were to attempt such a thing.

I must admit that I am always a little embarrassed when replying to the sponsor of a bill because that infers that I am the anti-sponsor for the Conservative Party. All my life I have tried not to add to the troubles of my party by being their spokesman. They have troubles enough of their own. While, by assignment—being a willing soldier, I do what I am told—I speak for the party from time to time, I may enfold the odd comment on my own for which the party, God help it, should not be responsible at any time.

I was impressed by the magnitude of this measure which, in terms of its space in *Hansard* in either house, occupies a miniscule space. Last night, when Senator Haidasz mentioned that this amounts to 89 per cent of the CIDA budget for international institutions alone, that means that this little bill, this small measure, is a very important one.

All of us know that, while Canada has problems, enormous difficulties, which are not being resolved or ameliorated, even a benevolent person like myself can wax reasonably despondent, if not eloquent, about our problems. More than that, we know there is no possibility that we could nurture and nourish a prosperity of our own, independent of the world about us, where the complexity of human problems and the enormity of economic deprivation increases alarmingly day after day.

Lincoln said that no nation can live half slave and half free. We cannot deny the Barbara Wards and the Willy Brandts of this world who say that this globe of ours cannot go on indefinitely with masses and masses of people living on the rugged and ragged threshold of poverty and want; and a few countries—the few that are going to be in this city this month—living in affluence. We are so affluent that one of the "smart" things we do is pollute our environment because we manufacture so much, we develop so many things we do not need.

I walked down Elgin Street past a drycleaning establishment. As a special bargain it offers to narrow your necktie for $7.50. My God! If the size of our ties is so important to us, I wonder if we can possibly save the Third World. That, honourable senators, is affluence. We have it; we might throw it away and suffer ourselves. Unless we diminish at least a bit of it, we will find a world that cannot, will not and should not tolerate such gnawing and awful inequalities.

In 1959, when my party was in power—we so seldom are, so much the worse for the country, but we cannot quarrel with democracy—I attended the United Nations to hear the President of the General Assembly closing the session by saying that every General Assembly has a name, and he named some of them. He said that that one was the "African Assembly" because, in that year, so many countries of Africa became independent. When I was a boy—and there are a few here who are older than I am, but not many look much older—I remember looking at a map of Africa. The great areas coloured red were British; the areas coloured green were French; and some other areas were Spanish, but there were no areas, except for two little exceptions, that were African. Those areas were known as Liberia and Abyssinia. The rest of the continent belonged to some other nation.

In our lifetimes, that has changed. It is good to see profound social advancement in one's own lifetime. For this reason, I was delighted that our government and our country are making some special arrangements and are taking a special interest in the great human problems of the tremendous, massive, challenging, dynamic and, to us, different continent of Africa.

I notice the items which Senator Haidasz mentioned last night and which appear in this bill.

Of course, I was heartened by the reference to the Caribbean Development Bank's Special Development Fund. I have always thought that the Caribbean is an area of special

challenge to us and of special opportunity. I have discussed in this chamber the reasons why I think we should be able to do more for those people and why we must do more. I should like to think that, in this area, the interest of Canadians might be the difference between a successful economy and a prosperous equality for many of these people and something far less desirable.

I used to be very proud that CIDA did not go around with a litmus paper to test the ideology of countries. I, as a scholar, admired Woodrow Wilson. What disturbed me about him was that he was constantly talking about the countries that were good and the countries that were bad. "We must get the Latin Americans to choose good governments, and we must have nothing to do with those who are not good." But Canada used to be devoid of that self-righteousness. That is why I was not overly enthusiastic about the move by the present minister, Mr. MacGuigan, in cutting Cuba out. I ask: Where do we go next? We do not totally approve of Cuba. Do we totally approve of Chile? Do we turn our backs on South Africa? Are there any countries in Europe—perhaps in the east—that do things that we do not think are totally commendable? Are there other regimes in Latin America which, while they may not be left wing, might be somewhat flippant about human rights? Then you start bringing out the litmus paper and test this one and that one. You may end up with very, very few friends. I used to think it was a wholesome Canadian attitude that we are interested in trying to help the lot of people and not in going around putting the imprimatur of approval on ideologies. We will see how helpful we will be in all of this.

• (1540)

There are many aspects of such measures, honourable senators, which one could question and about which one could be uncertain. I have always believed in a strong international relations program. As I get older I get more realistic and I see more of the flaws. I hope I am not so far gone that I have such a mote that I cannot see anything beyond that. Far from it, I hope.

There are problems. Some of our programs are not as successful as we would like; some of our programs are not as successful as we would hope. But that would be a very poor excuse for cutting them off. Perhaps in the long run it is not just a matter of big business expertise and technology, although we are told it is in our best interests to help these countries because some day we will get trade and it is a bit sissy and mundane to talk about international charity. I am not sure that we are smart in moving away from that earlier view.

I was at a breakfast meeting the other day with the President of CIDA and the Parliamentarians for World Order, of which I am now a member since they no longer devote themselves to that nonsense of world federalism. I was impressed by that man. I think he has tremendous insight, immense efficiency and great capacity. He told a very interesting story. I hope I am not transgressing by relating this, but it happened to be about a very dear friend of mine, King Gordon, whom I heard in Charlottetown almost 45 years ago when he spoke at a church. At that time he was considered a communist. Perhaps he was—I do not know. He had a reaction against the heavy religion of his father who was a prominent clergyman.

King Gordon was talking to the President of CIDA not long ago, and he said he had rejected the Christian concepts as a young person. He said he rationalized his whole international activity in other ways, in more sophisticated and perhaps quasi-technical ways. He was a very distinguished international civil servant. He said, "Now at my age"—and he is an old man although he does not look or act it—"I still believe in all of these things. I now base them on the very simple concepts of faith, hope and charity which was what I rejected years ago."

Although they sound very impressive, and they are in bankers' terms of millions of dollars, I think that in the long run we are for these measures because we believe in a better world, and because we believe that our country with all its faults is, among the members of the international community, a great country.

While we must avoid self-righteousness—and we are accused of that in our speeches but I do not think in our actions—Canadian participation in the world since 1945—it was lousy before that under Mackenzie King—and in later days led us to believe in things, and we have put our actions where our beliefs led us. I am sure I speak for my party when I say we are in support of this bill. We hope that someone has learned the salutary lesson of not having these things done in defiance of parliamentary supremacy. We wish rapid progress for this bill and, like Senator Asselin, we will find opportunities, whether we are going to be here all summer or not—and I hope those were joking words by Senator Frith—to discuss foreign affairs and external aid in a broader capacity.

Motion agreed to and bill read second time.

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

Hon. Stanley Haidasz moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

EXCISE TAX ACT
EXCISE ACT

DIVISION ON MOTION FOR SECOND READING

The Hon. the Speaker: Honourable senators, before we move to the next item on the Order Paper, I would like to make a brief statement respecting the vote on the motion for the second reading of Bill C-57, to reconcile it with Rule 49.

I am recommending that the *Minutes* read as follows:

> The Senate resumed the debate on the motion of the Honourable Senator Barrow, seconded by the Honourable Senator Graham, for the second reading of the Bill C-57, intituled: "An Act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas".

After debate,

It was—

Ordered, That the question be deemed to have been resolved in the affirmative by a division of yeas 45 and nays 22.

Honourable senators, is that agreed?

Hon. Senators: Agreed.

ATLANTIC REGION FREIGHT ASSISTANCE ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of the Honourable Senator Cottreau, for the second reading of Bill C-73, to amend the Atlantic Region Freight Assistance Act.

Hon. G. I. Smith: Honourable senators, I rise with some trepidation to deal with this bill after having listened to the eloquence of my two colleagues, Senator Macquarrie and Senator Asselin. I fear that I cannot equal the philosophical and eloquent content or standard which they set.

Senator Frith: Or even the impecuniosity.

Senator Smith: You may well be right. In fact, you might be hard put to find anything of praise that I might equal. However, I would venture that perhaps there may be some areas in which I might not fall too far behind them. In any event, I wish to express to both of them my very warm congratulations for not only the eloquent but also the useful thoughts which they placed before us in such an interesting way.

Turning to this bill, I suppose one of them might very well make the same kind of philosophical concept out of it but, essentially, it deals very much with a bread and butter issue, namely, the payment of subsidies for the transportation of goods in the Atlantic region.

Last evening we heard Senator Cottreau explain very clearly and thoroughly the reason for this bill. Of course, it falls into the same class as those mentioned by others, and, particularly, by Senator Macquarrie, which are before us in order to remedy a trespass upon the rights of Parliament and the traditions of parliamentary procedure, and, indeed, the rights of people, which has been perpetrated by this government in recent years and which was caught by the Speaker of the House of Commons upon the objection there raised by a member of the party to which I have the honour to belong.

● (1550)

Senator Cottreau mentioned two pieces of legislation—the Atlantic Region Freight Assistance Act and the Maritime Freight Rates Act. That legislation, particularly the Maritime Freight Rates Act, came only after many years of struggle in the maritime provinces, as they then were, to claim the right which was promised as an inducement to enter Confederation, namely, appropriate assistance in moving goods manufactured in that part of the country into the central part of Canada.

As time went on, after the Maritime Freight Rates Act in 1927, modes of transportation changed and it became apparent that it was not appropriate to supply this kind of transportation assistance only to rail transportation, but that it should be widened to include road transportation—transportation by truck.

Senator Cottreau mentioned last night the principle which led to the trespass upon the rules of procedure in the other place, and that one of the provisions of these pieces of legislation was that if one were going to give assistance to truckers, then one could go only so far in providing that assistance, as there could be a saving in assistance given to railway transport.

It soon became apparent that this was a principle that could not equitably or reasonably be enforced, and the government of the day—this was some years ago—decided to overcome the difficulty simply by using a device in the estimates to revive. That device came a cropper just a few days ago in the other house, hence we are faced with this piece of legislation.

I recommend the bill most warmly to the house. I hope that the bill will be passed. I say that, not with any passing interest but in the realization that this is part of the life blood of that part of the country from which I come.

One statement in Senator Cottreau's speech last night made me shudder, namely, his closing comment, which appears at page 2705 of *Hansard* for July 6. He said:

> It should be noted that the entire subsidy program is under review and that more substantive changes may be made in due course.

That comment makes me shudder, because every time I have heard of a financial assistance program being under review, such a review has not resulted in doing any good to anyone who had previously benefited from the program. Therefore, I hope—and I know that Senator Cottreau will be of the same mind—that if such a review is ever undertaken, it will not be carried out with the object of seeing how much of the program can be discontinued to the disadvantage of the residents of the Atlantic provinces.

Motion agreed to and bill read second time.

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

Hon. Ernest G. Cottreau moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

NATIONAL HOUSING ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Lucier for the second reading of Bill C-72, to amend the National Housing Act.

Hon. John M. Macdonald: Honourable senators, I believe this is the last of the eight bills we had to deal with in view of the ruling of Her Honour the Speaker in the other place. Like the others, this bill was discussed when the estimates were being considered and when it was before the other place. As was mentioned by the sponsor, the bill contains two clauses.

The first deals with what is called the residential rehabilitation program. I should mention at this time that when I speak of the effect of that program, I am speaking only of what I have known and heard in one part of the country. My remarks might not apply to the larger centres. The bill increases the appropriation for this purpose from $100 million to $230.5 million.

It should be stressed that this is not all new money. The original act authorized $100 million. That figure was raised to $170 million by various votes contained in earlier estimates; and the vote for the 1981-82 estimates would have increased the limit by $59.8 million. That, in effect, is the new money which is authorized under this bill.

The program is a good one. It enables people to repair or renovate their homes when necessary. The program has been particularly advantageous to those who own their own homes but who have a fairly low income and find it almost impossible to undertake any necessary repairs, renovations or maintenance without assistance. That has been particularly true, not only of people on low incomes but also of those who receive the Old Age Pension and the supplement. Such people are able to pay for the necessities of life, but there is little left to enable them to repair their property, particularly these days when the cost of such repairs is extremely high.

I am concerned, however, as to whether the $59.8 million increase provided under this bill is sufficient to carry out the program at the present time. Personally, I do not think it is, but since we cannot increase the figure, we shall have to accept it. However, I am of the opinion that more consideration should be given to raising the amount available for that program.

The second clause of the bill deals with what might be called low rental housing. That too is a good program and a necessary one. Rental is based on the income of those who occupy such houses. My only objection is that not nearly enough low income housing is being built. It might be said that the money is not available, but personally I consider this to be one of the better programs and I would like to see the low rental housing program developed.

It would be helpful in two ways. First, it would be helpful to those who occupy such homes and everyone in Canada should be able to have a decent home, one which he or she can afford. Secondly, such a program would be helpful to the economy. I believe it is generally understood that the construction industry provides an impetus to the economy, and such a program would provide great economic impetus at a time when it is needed. It would provide more employment. Therefore, I would like to see the government embark upon a major program in connection with low rental housing.

● (1600)

I notice that the minister in the other place mentioned the fact that nowadays the act does not apply to all of the provinces because this was a partnership agreement between the federal and provincial governments. I do not know just what provinces have opted out, or what the situation is at the present time; but this section of the act is applied to supporting rural and native housing programs and the servicing of land held by the federal and provincial partnership. This, too, is a very worthy objective.

It should be remembered that when the act speaks of $1,504,500,000, that is not new money. The original act mentioned $150 million. That was again increased over the years by these votes in the estimates to about $1.4 billion. The 1981-82 estimates provided for another $112.5 million. This is what would be the new money. This also, I think, is a very worthy program, and one which deserves support.

I suppose we should state that a great deal has been accomplished, but much, much more needs to be done. For some of these low rental places there are long waiting lists. I know of people who have had their names on the lists for over two years, and in each community they cannot build them all at once; they have to spread them out. The result is that there area a great many people looking for low income housing or senior citizen housing who cannot obtain it at the present time.

With these few remarks, I will say again that we, on this side, support the bill and, once more, see no need to send it to a committee for further study.

Hon. Jack Marshall: Honourable senators, I want to add a few comments on this bill.

In addition to supporting the words of my colleague, Senator Macdonald, I would like to say that I think the RRAP program is probably one of the best ever produced by the government. It started back in 1974 and has literally changed small communities which were very poor. One of its objectives was to give loans of up to $10,000 to people with an income of $6,000 or less, with a forgiveness factor of $3,750, depending on their actual income.

The reason I speak of this is that it surprises me that we are now introducing three other bills—Bills C-77, C-76 and C-75—which, in my view, are not needed. This is just another example of government bureaucracy building up pyramids of new staff and sending people across the country creating confusion in the minds of the people to whom the programs are directed.

In the other place I supported the RRAP program for many years. Just listen to what it does. It says, in this information sheet:

> Priority will be given to repair of the housing structure and upgrading the insulation to increase thermal efficiency and to improving the plumbing, electrical and heating systems. In addition, non-profit corporations may obtain funds under this program for conversion of existing properties. The nature and quality of repair work should ensure a further useful life of the property of about 15 years. To assist in improving the appearance of neighbourhoods, some work to enhance the external appearance of the dwelling unit and its immediate surroundings is eligible.

This covers everything, and it covers everything for people who cannot afford to repair their houses in order to provide

that extra 15 years' life. Now the government comes out with a home insulation program and says, "If you will spend $350 we will give it back to you." But where are these people going to get the $350? The bank manager is not going to give it to them, because they are on welfare.

Then the government comes along with the HIP program for two provinces, and yet another program, the CHIP program, and finally a third one, the CUSP program. All of these things, however, were already covered under the RRAP program. All the government had to do was enlarge and expand it and put all the money into the one place for the good of the people who cannot afford to conserve energy or change from one type of energy to another.

As I indicated before, a person with a $6,000 income or less, can borrow $10,000 and have $3,750 forgiven. For each additional $1,000 of income they lose $750; so that people with an income of up to $11,000 can take advantage of the program.

I read in the paper the other day that the government is going to discontinue 50 laws that are obsolete; but before they repeal them they will have another 150 programs in place. This is exemplified by this introducing of new programs at the whim of someone in the bureaucracy, with the object of wasting money and confusing the people when there is already in place the best program ever introduced in Canada. I refer, of course, to the RRAP program.

I may not have explained myself properly, but I say the government should review the intent of this, and the minister should look at it, rather than having deputy ministers, and so forth, saying, "Let's find something else to do to give somebody a better job and confuse people."

I get letters upon letters upon letters saying, "How can I get in on this program? Somebody came around and hired students, but they don't know what the program is all about."

These persons go and confuse the people, who do not know what they are getting. They turn them down. What happens is that one person gets into the program who is in the same financial position as his neighbour, but the person next door does not, because of inadequacy and inefficiency. Only confusion results from the web, the jungle, of bureaucracy that is inflicted on the people of Canada.

I agree wholeheartedly with the RRAP program, into which the government should put many more millions of dollars, and save more homes, because, for example, in Newfoundland there are people who own their own homes but cannot afford to repair them, and this is giving them the opportunity to do so. Let us therefore not overwhelm them with new programs which are no good to them. What is the good of insulating a home if it has a leaky roof? That is the thing you have to do before you institute such a program, or it is of no benefit.

I point these things out to support my suggestion that there should be a review, and I can say that many people in CMHC agree with the approach I am taking.

Motion agreed to and bill read second time.

[Senator Marshall.]

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

Hon. Paul Lucier moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

EL SALVADOR

POLITICAL, MILITARY AND SOCIAL SITUATION—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Macquarrie calling the attention of the Senate to

(1) the increasingly dangerous political, military and social situation in El Salvador;

(2) the compelling hazards of third party interventions and the possibility of the escalation of hostile actions within El Salvador;

(3) the further compelling importance of the resolution of the conflict by means of a political settlement rather than through recourse to sustained and bloody armed conflict; and

(4) the value of Canadian encouragement and support of the efforts of those individuals and groups seeking mediation of the conflict in El Salvador.—(*Honourable Senator Murray*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I ask Senator Murray to yield the floor to me temporarily so that I may furnish some material that is intended to be in answer to certain questions put by Senator Macquarrie at the end of my earlier intervention on this matter.

● (1610)

Hon. Lowell Murray: Honourable senators, the Deputy Leader of the Government indicated to me earlier that he would like my consent to do so, and I am happy to give it on the understanding that I will then move the adjournment of the debate again.

Senator Frith: Honourable senators, the first question was whether there would be value in further developing the Canadian presence in Central America. That question arose out of the emphasis that I had placed on the already important role that Canada plays in its sphere of influence, if it can be called that, in the Caribbean, and the suggestion that perhaps other countries with a stronger presence in Central America would be better advised to bring their influence to bear on the El Salvador question ahead of Canada.

The material I developed in answer to that question is really an amplification of what I said in my intervention. On that question I will ask if the question can be taken as read. Senator Macquarrie will then have a chance to look at that and perhaps say something further when he closes the debate on the inquiry. For that matter, some other senator may want to comment on it as well.

The Hon. the Speaker: Is it agreed, honourable senators, that the answer be taken as read?

Hon. Senators: Agreed.

(*The answer follows:*)

Canada's undertakings abroad are, of necessity, tempered by the resources available in terms of personnel and materiel. Those resources we do have are understandably concentrated in priority areas vital to our foreign policy interests. While Canada's concerns at developments in El Salvador, particularly in terms of the high level of violence and the continuing disregard for human life, were clearly stated by the Secretary of State for External Affairs on June 16, 1981 in his statement in the House of Commons, it remains true that our direct links with El Salvador have not historically been as great as those with other areas such as the Commonwealth Caribbean.

In my statement on June 18, I referred to Canada's commitment to bringing about an intensification of ties with the states of the Commonwealth Caribbean, an area in which we have been actively involved for generations. It is an area with which we have significant commercial ties dating back to the days when salt cod and pitch pine were exchanged for rum and molasses. People-to-people links are strong and large Caribbean communities exist in most major Canadian cities. Over 400,000 Canadians visit the Commonwealth Caribbean each year and we have a close development cooperation relationship with the states of the region. Since the inception of its program in the area in 1959, CIDA has disbursed some $300 million, and the area is the highest per capita recipient of Canadian assistance. Political links with the states of the region are good and we share such intangibles as common language, institutional structures, loyalty to the Commonwealth and similar traditions of democracy. Accordingly, in 1980 the national government confirmed, as official policy, that the Commonwealth Caribbean is and will continue to be a region of major interest to Canada.

However, despite these considerations the national government does share Senator MacQuarrie's concern for those unfortunate Salvadorans forced to flee their country on account of the violence, and Canadian officials remain active in working to alleviate their suffering. At present, resources committed to immigration matters at our embassy in Mexico are considered sufficient to deal with the problem of persons fleeing El Salvador. Immigration officials from the embassy in Mexico visit Honduras and other states of the area on a regular basis to interview candidates and report on conditions there. Canada is in close contact with the United Nations High Commission for Refugees (UNHCR) which is working with refugees in the area, and the national government is currently considering a special contribution to the UNHCR in response to an appeal for financial assistance for work with Salvadorans. At present, the UNHCR is of the view that a special refugee resettlement program is not needed for Salvadorans, believing that local resettlement with eventual repatriation when conditions permit is the most realistic approach to the problem.

Canada also continues to support the humanitarian efforts of the International Committee of the Red Cross in El Salvador and consideration is being given to a second special contribution to this organization. As I noted in my statement of June 18, Canada announced in February, 1981 a contribution of $250,000 to the ICRC in favour of El Salvador.

Senator Frith: Honourable senators, Senator Macquarrie's remaining questions had to do with the Organization of American States. On the occasion of my earlier intervention Senator Macquarrie and I both felt that we would like to see a larger participation of Canada in the OAS, and his second question then had to do with whether the monitoring of elections by the Organization of American States was a practical objective.

In answer to that I say that President Duarte is on record as favouring the monitoring of elections for a Constituent Assembly in 1982 by the OAS. The OAS has not, however, received an official request from El Salvador to undertake this role. Both the Secretary General and the majority of permanent representatives of the OAS appear to believe that the OAS is uniquely suited to carry out a role of this nature and would likely provide overwhelming support to carry out a monitoring role if requested by both the government of El Salvador and the opposition FDR. Were the FDR not to lend its support, however, it would not be possible to predict the result.

Senator Macquarrie's next question was whether it would be useful for Canada to become a full member of the OAS. Incidentally, the answers to all these questions consist of material I obtained from the department when I undertook to answer the questions. The answer is that Canada has maintained a Permanent Observer Mission to the Organization of American States since 1972 and has participated as a full and active member in a number of important inter-American organizations including the Inter-American Development Bank, the Pan-American Health Organization and the Inter-American Insitute for Cooperation on Agriculture. However, the national government is not actively pursuing, at the present time, any change in its current status as a permanent observer within the OAS itself, and believes that it would be more effective for Canada to concentrate its efforts and scarce resources on developing our relations with the individual countries of Latin America.

Senator Macquarrie's final question had to do with whether the countries of Latin America did not expect Canada to become a full member of the OAS, if Canada is genuinely interested in furthering its relations with the area.

The answer is that the subject is still occasionally raised by some of the smaller countries of Latin America, but not by the larger ones. The national government believes that the countries of Latin America attach similar value and importance to

improving relations on a bilateral basis—and that is "bilateral" as used in the answer to the previous question.

Senator Murray: Honourable senators, against the possibility that some honourable senator may wish to deal with this subject some time before this session is prorogued, I should like to move the adjournment of the debate.

On motion of Senator Murray, debate adjourned.

ENERGY

GOVERNMENT POLICY—MOTION TO REFER SUBJECT MATTER OF INQUIRY TO BANKING, TRADE AND COMMERCE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Murray, seconded by the Honourable Senator Flynn, P.C.:

That the subject-matter of the inquiry of the Honourable Senator Argue, P.C., which appeared on the Orders of the Day on November 20, 1980, be referred to the Standing Senate Committee on Banking, Trade and Commerce.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Stand.

Hon. Lowell Murray: Honourable senators, on a point of order, can the Deputy Leader of the Government tell us whether, if he does not intend to proceed with this matter, we can expect him to allow it to come to a vote at some early stage?

Senator Frith: At some stage, honourable senators, yes.

Senator Murray: At some early stage? Before the prorogation of this session?

Senator Frith: No, that is not my intention, honourable senators.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, July 8, 1981

The Senate met at 2 p.m., the Honourable Renaude Lapointe, P.C., Speaker *pro tem*, in the Chair.

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tem* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

July 8, 1981

Sir,

I have the honour to inform you that the Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 8th day of July, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Task Force on Labour Market Development entitled "Labour Market Development in the 1980's", dated July 1981, issued by the Department of Employment and Immigration.

Report of the Task Force on Unemployment Insurance entitled "Unemployment Insurance in the 1980's", dated July 1981, issued by the Department of Employment and Immigration.

Report of the Northern Canada Power Commission, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1981, pursuant to section 24 of the *Northern Canada Power Commission Act*, Chapter N-21 and section 75(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

DISTINGUISHED VISITORS IN GALLERY

SENATOR ANGELO PAVAN, MONSIGNOR GIOVANNI BROTTO AND HIS EXCELLENCY THE ITALIAN AMBASSADOR

Hon. Peter Bosa: Honourable senators, I have the honour to call your attention to the presence in the south gallery of Senator Angelo Pavan of Italy, Monsignor Giovanni Brotto, who is accompanying him, and Ambassador Paolo Fulci of Italy.

May I express to the gentlemen who are visiting Canada the best wishes of the Senate? We wish them a pleasant visit in this country.

Hon. Senators: Hear, hear.

● (1405)

CUSTOMS TARIFF
IRISH FREE STATE TRADE AGREEMENT ACT, 1932
UNION OF SOUTH AFRICA TRADE AGREEMENT ACT, 1932
UNITED KINGDOM TRADE AGREEMENT ACT, 1937

BILL TO AMEND AND TO REPEAL—REPORT OF COMMITTEE

Hon. A. Irvine Barrow, Deputy Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

The Standing Senate Committee on Banking, Trade and Commerce to which was referred the Bill C-50, intituled: "An Act to amend the Customs Tariff and to repeal the Irish Free State Trade Agreement Act, 1932, the Union of South Africa Trade Agreement Act, 1932 and the United Kingdom Trade Agreement Act, 1937", has, in obedience to the order of reference of Thursday, May 21, 1981, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

A. I. BARROW,
Deputy Chairman

He said: Honourable senators, with leave, I should like to make some comments in connection with the committee's examination of this bill.

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

Hon. Senators: Agreed.

Senator Barrow: Honourable senators, in its consideration of Bill C-50 the Standing Senate Committee on Banking, Trade and Commerce came to the conclusion that the bill in itself was deficient in three areas:

1. It proposed to amend tariff item No. 47810-1, to impose tariff duty on materials for use in dental reconstructive surgery;

2. Evacuated blood collection tubes used by public hospitals, the Canadian Red Cross and accredited private laboratories would become subject to a 15.7 per cent duty; and

3. It was proposed that public hospitals would no longer be able to import products free of duty unless they were able to find specific exemption in the customs tariff.

The committee objected to the foregoing because:

1. In the first case, the purpose of the bill was to protect the sole Canadian manufacturer of dental materials, Johnson & Johnson. Johnson & Johnson manufactures dispersalloy and amalgam used in filling teeth. Estimates as to the cost of reintroducing duties on materials for use in dental reconstruction surgery differ; however, the additional cost will have to be borne either by the dentists or their patients, and no matter which figures are more accurate the committee found the aggregate annual cost to dentists or their patients to be unacceptably high in relation to the small number of jobs intended to be protected by the proposed amendment;

2. With respect to evacuated blood collection tubes the committee has heard evidence to the effect that Becton Dickinson, the sole Canadian manufacturer, has obtained a substantially larger share of the Canadian market since the announcement of the proposed tariff protection, at the expense of Terumo Medical Corporation and another competitor who import their products. Terumo has indicated that it intended to establish manufacturing operations in Montreal, but is in danger of losing its distribution based in Canada, in which case it would not be able to proceed to establish such facilities. Faced with an anticipated monopoly situation, and the discouragement of the establishment of a second Canadian manufacturer in operation in Canada, the committee was of the view that tariff exemptions should continue to apply until such time as Terumo were able to commence its Canadian operations;

3. The public hospitals in Canada are under great pressure to reduce costs and improve efficiency. To be subject to increased customs duties would oblige them to reduce the level or quality of their services, or both.

[Senator Barrow.]

The conclusion of the Tariff Board report, which was cited in favour of the amendment, was to the effect that while the relative costs to public hospitals of the amendment might be insignificant, the total cost was not. The committee felt that this conclusion was sufficient to justify the maintenance of a tariff exemption for all items imported by public hospitals.

The foregoing conclusions were communicated to the minister, who then appeared before the committee. Subsequent to appearing before the committee the minister has given certain undertakings. These were addressed to the Honourable Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, in a letter, as follows:

Dental Materials

> Upon completion of the review of the dental supply industry, which is currently being conducted by officials of the Departments of Finance, and Industry, Trade and Commerce, I will introduce amendments to the Customs Tariff to provide duty-free entry for those dental supplies for which demand in Canada is judged to be too small to support production in this country. If the review should indicate that the tariffs currently applicable to dental amalgam and other dental materials of a kind manufactured in Canada are higher than would be absolutely necessary to maintain production in Canada, the legislative amendments referred to above will provide, as well, for lower rates of duty on these products.
>
> I expect to be in a position to propose such amendments at the time of the next Budget. Your Committee would, of course, have an opportunity to review them when the relevant Bill is before Parliament.

With regard to blood collection tubes, provided Terumo were to give the minister an undertaking to proceed as quickly as possible with a processing of its FIRA application, and subject to FIRA approval to the construction of manufacturing facilities in Canada, the minister undertakes to seek the authority to pass an order in council immediately after passage of Bill C-50, providing remission relief to Terumo with respect to the specified quantity of tubes based on Terumo's market share as at October 28, 1980, for a one-year period.

● (1410)

Remission of duty would cease immediately if FIRA were to refuse Terumo's application.

The minister also undertakes to seek the authority to renew the remission order for a further period of one year if Terumo has by then complied with the FIRA requirements and has otherwise proceeded on schedule to implement its plans to establish a manufacturing base in Canada, and provided that Terumo supply financial information to justify the need for a continued remission.

I refer again to the letter. It reads:

Goods Used by Hospitals

> I remain of the view that it is unnecessary to add public hospitals to the list of institutions eligible for the benefits of tariff item 69605-1 because there are a large number of other tariff items which accord duty-free entry to goods of

a kind used by hospitals. It is my belief that these other items, taken together, provide hospitals with duty-free entry privileges at least equivalent to those that will be accorded to universities and other organizations named in item 69605-1, and without the administrative problems that would be associated with adding hospitals to the list of beneficiaries of item 69605-1.

Nevertheless, if it should develop that the amendments contained in Bill C-50 result in the collection of significant amounts of customs duty on hospital equipment and supplies which are not available and are not likely to become available from Canadian production, I will take measures to provide for the duty-free entry of such goods on a case-by-case basis, either by means of remission orders under the Financial Administration Act or amendments to the Customs Tariff . . .

Yours sincerely,

Pierre Bussières

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

Senator Barrow, with leave of the Senate and notwithstanding rule 45(1)(*b*), moved that the bill be placed on the Orders of the Day for third reading later this day.

Motion agreed to.

EXCISE TAX ACT
EXCISE ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. A. Irvine Barrow, Deputy Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Wednesday, July 8, 1981

The Standing Senate Committee on Banking, Trade and Commerce to which was referred the Bill C-57, intituled: "An Act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas," has, in obedience to the order of reference of Tuesday, July 7, 1981, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

A. I. BARROW

Deputy Chairman

He said: Honourable senators, I should like to make some comments in connection with this bill, and I would ask leave of the Senate to do so.

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

Hon. Senators: Agreed.

Senator Barrow: Honourable senators, on January 26, 1981, Bill C-57, intituled: "An Act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas," was introduced in the House of Commons.

On May 19, 1981, the Standing Senate Committee on Banking, Trade and Commerce tabled a preliminary report on the subject matter of the bill.

On June 22, 1981, the bill was passed by the House of Commons. On June 23, 1981, the bill was referred to the Standing Senate Committee on Banking, Trade and Commerce.

Subsequent to the tabling of the preliminary report on the subject matter of the bill and prior to the reference of the bill to the committee, the committee had heard representations from Dome Petroleum Limited and Canadiana Garden Products Inc.

Canadiana Garden Products is a Canadian-owned manufacturer of garden equipment. One of its series of products, Rototillers, also known as cultivators, has heretofore been exempt from federal sales tax.

Subclause 30(3) of the bill proposes to amend Part IV of Schedule III to the Excise Tax Act by adding the following:

• (1415)

30. Agricultural machinery and parts therefor.

31. . . . farm implements and farm equipment; spraying and dusting machines and attachments therefor; parts of all the foregoing; all the foregoing when for use on the farm for farm purposes only.

Items enumerated in Part IV of Schedule III are exempt from federal sales tax.

The issue is whether Rototillers should be considered to fall under paragraph 30 as agricultural machinery and therefore be unconditionally exempt from sales tax or whether they should be considered to fall under paragraph 31, which would exempt them from federal sales tax only if they are for use on the farm for farm purposes only.

Canadiana Garden Products indicated that they had received conflicting verbal opinions from the officials of the Department of National Revenue as to whether Rototillers are exempt from federal sales tax or not. Several other Canadian manufacturers had been advised that Rototillers were exempt.

The department has finally concluded that Rototillers are farm implements or equipment. Therefore, they maintain that they are subject to sales tax if sold for other than commercial agricultural purposes. This is open to challenge, and the taxpayer may be able to have the Tariff Board declare otherwise.

In the meantime, there remains the problem that Canadian manufacturers who were misinformed have not collected tax which they should have since January 1, 1981.

The committee took up this question with the officials of the Department of Finance. As a result, the following letter, signed by the Honourable Pierre Bussières on behalf of the

Honourable Allan MacEachen, was received. This letter was addressed to the Honourable Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce. The letter is dated July 7, 1981.

Dear Senator Hayden:

I refer to discussions between my officials and your Committee with respect to the potential impact of the Bill C-57 proposals affecting roto-tillers. As I understand the issue, roto-tillers manufactured in Canada for sale to householders, and to other persons who are not commercial producers of farm products, became subject to federal sales tax on January 1, 1981. However, a few domestic manufacturers of these goods were subsequently advised by Revenue Canada officials, in error, that exemption continued to be available for their products. Consequently, those firms did not make a provision for the tax in the price charged to their customers until that erroneous information was corrected.

Your committee's concern is that the persons who were misinformed not be assessed retroactively for the tax that should have been included in the sale price of their goods.

I am sympathetic to your members' views that taxpayers who were misinformed should not be penalized. In that regard, I understand that the Honourable William Rompkey, Minister of Revenue, has decided to propose a remission of the tax otherwise payable on sales made by those taxpayers until the erroneous advice was corrected. The purpose of this letter is to advise you that I will support such a remission when Mr. Rompkey makes it.

Yours sincerely,

Pierre Bussières

for: Allan J. MacEachen

● (1420)

With respect to the National Energy Program, I would like to make the following remarks on behalf of the committee. First, I shall deal with marginal wells. The Canadian Petroleum Association recommended that marginal or stripper wells be exempted from the petroleum and gas revenue tax as any level of tax can only result in abandonment of such wells. I would like to read a part from our report made on May 19 in which we gave this conclusion:

> In the view of the Committee, these wells should continue in production as their contribution on a collective basis is significant to Canada. Our tax and royalty systems should not be so onerous as to force the abandonment of marginal wells. If such proves to be the case, relief should be afforded these wells.

The committee is still of this view.

I would also like to refer to the Report of the Special Committee of the Senate on the Northern Pipeline, dated March 1981, which report is entitled *Enhanced Oil Recovery in Canada*. On page 2 of that report it is stated:

> Enhanced oil recovery is a high-risk venture which requires a favourable business climate and adequate producer revenues to realize its potential. The present federal-provincial deadlock over resources creates uncertainty and impedes EOR development.

Evidence placed before the Committee has led members to conclude that the risks associated with enhanced recovery are comparable with those in oil sands development, particularly in the early years when costs are high and the success of recovery schemes is in question.

The weight of evidence strongly suggests that further action is warranted at this time to encourage EOR development. The Committee believes that a re-examination of the costs and economic factors will support this view. Your Committee therefore recommends:

—*The reference price for incremental oil produced from approved EOR projects be the same as the oil sands reference price having regard to quality differential.*

or

—*Incremental oil produced from approved EOR projects be exempt from the proposed Petroleum and Gas Revenue Tax until capital costs are recovered.*

—*The tertiary supplement, used to achieve the EOR reference price, be paid through a method which allows producers an earlier return on investment. This presumably would be the fixed proportion method.*

Injection materials represent a substantial portion of operating cost in enhanced oil recovery. Your Committee endorses the removal of the excise tax on natural gas and natural gas liquids injected into reservoirs in pressure maintenance and miscible flood schemes, and further recommends:

That natural gas and natural gas liquids used in approved enhanced recovery projects be exempt from the proposed Petroleum and Gas Revenue Tax.

With respect to very heavy oil below 15° to 16° API where primary and secondary production is low:

Consideration should be given to applying the EOR reference price to the entire production.

● (1425)

It is recommended that serious consideration be given to the foregoing conclusions of this report.

The following was the general conclusion of the committee in its preliminary report on the National Energy Program:

> The PGRT and the Excise tax on natural gas and natural gas liquids implement only part of the National Energy Program. Other aspects of the NEP are reflected in Bill C-48, in amendments to the *Income Tax Act* introduced by Bill C-54 and will be reflected in other legislation yet to be introduced.
>
> Furthermore, other factors such as negotiations between the federal government and the energy producing provinces will have an important impact on the matters raised before the Committee. The Committee concludes that until all such matters are taken into account, it is not able to make any recommendation or comment, other

than indicated above, with respect to the submissions made by the Canadian Petroleum Association, Mobil Oil Canada, Ltd., Gulf Canada Resources Inc. and the Independent Petroleum Association of Canada.

It is recommended that, once all such matters have come before the Senate, the National Energy Program be referred to a committee.

In view of the undertaking from the minister that I referred to earlier, the committee has referred the bill without amendment.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, we are following a somewhat irregular procedure this afternoon because, as a rule, when we have a report from a committee respecting a bill to which no amendment is proposed, customarily the matter is not debated, but proceeds to third reading with no intermediate stage.

However, in connection with this particular report, I am grateful that the deputy chairman of the committee has seen fit to make an oral statement with respect to the proceedings of the committee on Bill C-57. The reason such an oral statement is necessary, I believe, is because, while it is our usual custom to submit a written report that all may read, on this occasion it has not proved practical to do so, for the simple reason that we hope we are approaching an adjournment of the Senate and the time span which would be required to secure translation in both official languages of the country would make it impractical to submit a report in written form. Therefore, today, we do not have the advantage of a written commentary, but we do have the advantage of the very constructive statement that has been made by the deputy chairman of the committee.

However, I should like to say something in connection with this matter because I hope that some of the points I make may find their way into the written report and reflect, to some degree, for the information of the chamber, the discussion that went on in committee this morning. It is true that we have had a pretty extensive pre-study of this bill, and for that I am grateful. Even so, in my opinion, we really had to compress our business unduly this morning to try to review this bill in the some three or four hours that were available to us when it was finally committed to us.

As a result of the pressure of time, some points I had in mind I was unable to develop in the committee, although I had the opportunity to mention that I intended to speak on them this afternoon. While they are not matters of first-class importance, they are worthy of consideration.

The first point has to do with clause 43 of the bill which prescribes the time period allotted for the tax collector to collect the 8 per cent PGRT and turn the money over to the crown. The time allotted is 30 days. Anyone who has been in business, particularly in western Canada, will realize that 30 days is a pretty short period, and a 90-day period might be better; otherwise, a good number of tax collectors will be financing the government for a period of time because they may not have collected the money within the 30 days. With interest at 22 per cent, that represents an exaction on the part of the public from these people who probably do not think much about collecting the tax in any case. I think that clause could have been looked at.

The next point I was concerned about was the provisions in the bill for the taxing of natural gas liquids. It seemed to me that, if we wanted to maximize the impact of the off-oil policy, which I am sure we all want to do, the possibility of using natural gas liquids for fuel in motor vehicles, trucks, tractors and whatnot is rather attractive. It might have been well to exempt that particular source of energy from the 8 per cent PGRT if it were used for that purpose. It seems to me that that would help the off-oil program along its way.

• (1430)

Another aspect of the off-oil program, which I found disappointing in the bill, was its provision for the manufacture of alcohol. If you examine clause 76 of the bill you will see that the restriction on the manufacture of alcohol for transportation fuel purposes is very much hedged in. In fact, it says that you can only be allowed to do this if it is solely for experimental and developmental purposes. I suggest that is far too narrow a restriction. In my own province of Manitoba, at Minnedosa, there is a plant now making alcohol out of cereal products of one kind or another for use in gasohol—a mixture of alcohol and gasoline. They are in business. I suggest we should encourage this off-oil activity.

In the United States, everybody knows that hundreds of thousands of gallons of alcohol are being manufactured and used as a substitute for gasoline, particularly in the agricultural sector of that great country. Surely that is what we want to do here. It seems to me it would have been helpful to have asked the minister to change his rules on the manufacture of alcohol so that, instead of limiting it to experimental and development purposes in small amounts, we should have made some provision for substantial manufacture because gasohol can be used at the present time without any change in the motors of the vehicles concerned if you do not use too rich a mixture. Obviously, it is a big factor in the off-oil program. I regret that the bill does not make provision for that particular point.

What I particularly want to draw attention to is the PGRT of 8 per cent that is being imposed in the nature of a royalty on the whole of the oil-producing industry of this country. I am not going to discuss the advisability of the particular tax in general, and I do not intend to mention the fact that its constitutionality is in some doubt, but I particularly want to zero in on the effect of this tax on the self-sufficiency program that the government is promoting. I am sure we all agree with the general thrust of the policy towards self-sufficiency, and I think we all want to see that succeed.

I took advantage of the pre-study sessions of the committee in respect of Bill C-57 to bring to their attention the fact that in southern Saskatchewan hundreds of oil wells have closed down. The reason for this is the imposition of the 8 per cent PGRT and that is the straw that breaks the camel's back. Due to that 8 per cent on these marginal wells—stripper wells,

small wells—which were mentioned by the deputy chairman of the committee in his report, oil is being left in the ground. I am sure no sensible person thinks that is a good idea at the present time, when we are trying to maximize our domestic oil production and the possibilities for self-sufficiency. I hasten to say that this matter was raised in the pre-study of the bill by the committee, and that the committee made, I think, a very fair comment on that point. I would like to repeat it, because I think it reinforces the need to have it included in our present committee report.

The following statement is found at page 2404 of *Hansard:*

> In the view of the Committee, these wells should continue in production as their contribution on a collective basis is significant to Canada. Our tax and royalty systems should not be so onerous as to force the abandonment of marginal wells. If such proves to be the case, relief should be afforded these wells.

It is my belief that the committee, in its full study of the bill, has accepted that conclusion and re-endorses that finding. It seems to me significant that this particular fact should be placed on public record. Not only is this situation backstopped by information from oil companies themselves—Pan-Canadian Petroleum, alone, has closed down 4 million barrels worth of oil production on an annual basis in their part of Saskatchewan, and Husky Oil has done similarly, although I do not know the number of wells—but also the Premier of Saskatchewan has stated that, in his opinion, over a three-year period some 40 billion barrels of oil will be lost to that province in which the incidence—

Some Hon. Senators: Millions.

Senator Roblin: Thank you very much; I appreciate that correction. At times one gets so lost in these figures. I thank my honourable friends opposite, and I am flattered to know that they are listening that closely. Hopefuly, they will continue to do so, in the event I make some other factual errors, and I would like to be corrected as soon as possible.

A large amount of oil—let us put it that way—will be left in the ground partly because of the incidence of this 8 per cent tax. It seems to me that we ought to take care to see that this situation is corrected.

There is another even more important aspect of the incidence of the 8 per cent tax on Canadian self-sufficiency which has recently come to notice. I would like particulary to thank my colleague, Senator Balfour, for bringing this matter to my attention, because he was a member of the Special Committee of the Senate on the Northern Pipeline which made a very important third report in March. I have to confess that I did not appreciate the significance of some of the findings they made until it was brought to our attention by Senator Balfour. I had the opportunity of asking the committee to look at it this morning. As the deputy chairman has reported to the house, I think the committee has been seized of the essence of the matter, namely, that the incidence of the 8 per cent PGRT on what is called enhanced oil recovery may be very significant in connection with oil self-sufficiency.

[Senator Roblin.]

In connection with the enhanced oil recovery system, I think I can fairly describe it to honourable senators as not the primary production system—that is involved in the marginal wells; not the secondary production system—there you have water floods and things like that; but the tertiary or enhanced production system which gets oil out of the ground that is left behind by the primary and secondary extraction procedures.

How significant is that? It is rather significant because, according to the information contained in the report of the committee, we find that the potential for enhanced oil recovery is 4 billion barrels—I think I have the right letter, "b", this time—and when you consider that the Canadian established conventional reserves are 6 billion barrels, you have some idea of what enhanced recovery may mean to this question of self-sufficiency in Canada.

This is where the Northern Pipeline Committee, I think, made a very useful and important contribution, at least, to my understanding of the matter. They pointed out that one of the things that is worrying the people in this particular field of enhanced oil recovery is the impact of the 8 per cent PGRT. As the deputy chairman of the committee pointed out to this chamber, they recommend that it be lifted until such time as the capital costs are recovered on enhanced oil recovery investment. I think they have an excellent point. They also point out that the enhanced recovery system offers a 50 per cent increase, if it is completely successful, in respect of the oil reserves of the country. Quoting from the summary of the report, they say:

> Enhanced or tertiary recovery:
>
> *extends conventional production and the useful life of existing facilities*
>
> *reduces Canada's petroleum shortfall until new supplies from the frontier and oil sands become available*
>
> *contributes technology to Canada, with direct and spinoff benefits*

The report then goes on to offer some recommendations as to how to achieve these objectives, and one of them is that the 8 per cent PGRT should be remitted on enhanced oil recovery investments until such time as the capital sums involved are returned to the investor.

I believe that these considerations are of some importance to our discussion of this bill. It has to be admitted that, again, due to the pressure of time and events, it seemed to be impractical for the committee at this sitting to proceed further into this matter, but it certainly is part of the committee's function, I suggest, to warn the Senate of some of the possibilities they envisage. In fact, in the preliminary report on the pre-study part of this bill, as the deputy chairman of the committee read into the record, we did come to the conclusion that we did not know enough about this subject in order to come to reasonable decisions on some matters connected with it. While the reservation in the pre-study report dealt only with the submissions by a number of oil companies, whose names were read into the record, I suggest our area of concern goes

much further than what they had to say to us, because they were obviously speaking from a position of self-interest.

● (1440)

We have to look into the question of how pricing is affecting the production of conventional oil in this country. There was information tabled before the committee in its pre-study which indicated that in connection with conventional oil production in Saskatchewan, gross revenue in one field, the Lloydminster field—and others like it—clocks in at $16.72, and the producer netback is a loss of 42 cents. Now honourable senators will understand why the wells are being closed. That is 42 cents per barrel.

Senator Olson: Is the 8 per cent responsible for that?

Senator Roblin: It is certainly part of that. The 8 per cent tax is 76 cents; so if it did not bear the 76 cents tax that particular well would be making money.

Senator Olson: It is not as much as the 50 per cent which some other governments are taking.

Senator Roblin: I cannot get into that. That is something for your committee to look into. That is why I ask you to pay attention to that recommendation. I am the last one to pretend that this is anything but a very difficult matter. It would be false for me to suggest that I know the solutions to all these questions, but I do not think my honourable friend knows either. It would do both of us good to look into it a little further.

The same committee report indicates that in connection with exported oil from the south Saskatchewan fields, laid down at Chicago—Joliet, Illinois; that is close enough to Chicago to call it Chicago—the price to the customer was $43.60. When we go through everything that everyone takes off, by the time it gets back to the producer he has a loss of 84 cents on the production of that barrel of oil that he is sending to Chicago.

So honourable senators can see why there is a little trouble in the economics of the oil industry. If we go a little further and we take, for example, the relative profitability onshore, in North America, on per dollar invested in one million to five million barrel fields, the profit per dollar invested in 1981 in the United States is estimated to be $1.53, and the profit per dollar invested in Alberta is estimated to be 23 cents. I do not know whether or not these facts are correct. They are submitted by a party at interest, and I want to stress that; but it seems to me that that spread is remarkable. If one wonders why some elements of the Canadian oil industry are restless these days, with respect to whether they are going to drill in Canada or the United States, I think that gives us an idea of what is the basis of their concern.

I want to come back to my final point. I am not sure that I agree entirely with the wording expressed by the deputy chairman of the committee when he spoke about further study on this matter. I would like to have an opportunity to read what he said, or perhaps to read the final written report of the committee before I would agree with it entirely. But I think his heart is in the right place, because he is suggesting that what we need is a thorough study of the whole matter and that the piecemeal examination that we are now engaged in is not as productive as it might be.

When we consider the price impacts which I have just mentioned, surely somebody should be looking into that, if he is interested in Canadian self-sufficiency. If we are looking at the marginal wells situation, despite the fact that the minister and I might not agree with all the facts here, there is a nubbin of something there that we ought to look into. If we are thinking about enhanced recovery prospects, which have been reported by the pipeline committee, or of the off-oil situation and how to maximize it, or of the reservations that the committee itself mentioned in its pre-study report, everything indicates, to me, the desirability of having a study of this oil energy situation in all its aspects, not only on all the bills that are before us but on all the policies that are resulting therefrom, with a proper opportunity to validate, or not, the figures that have been given to the committee, and which I have given to you, and the concepts of self-sufficiency, marginal wells and enhanced recovery.

I believe that a prima facie case exists that these are problems, that energy has to be one of the biggest problems we have in this country; and we in the Senate might do the country a service if we were to take upon ourselves the responsibility of making a thorough examination of this whole matter.

I would hope—although I do not think the committee has set any time limit in its report to the house—that the leadership on the other side would decide that the first order of business when we return in the fall would be to take a look at this question to see what can be done to develop our thoughts and views on the facts. We need not listen to ministerial advisers alone; we certainly need not pay sole attention to those of the industry who have other axes to grind. We want to hear from consumers. There is a whole round of interests that should be considered, and a whole series of facts that should be established. If the committee's recommendation were to lead to that state of affairs, I, for one, would be very happy.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I certainly had not intended to make any remarks at this stage, but some comments have been made by Senator Roblin to which I should like to refer. If I might be so bold, I wish to say that the contribution of both honourable senators was most valuable and many questions have been raised that would warrant further study by an appropriate committee of the Senate; but, of course, the Senate will decide that.

Senator Roblin made the statement that the bill does not make provision—and I know he is right in that regard—for the possibility of commercial production of gasohol in any large measure, but provides for experimental development. I should like to point out—and I am sure the honourable senator knows this—that the whole question of gasohol being economic is a debatable one. I feel that the production of grain is designed basically for human consumption and, secondly, for livestock consumption, and to go out and produce grain as a substitute through this method—

Senator Roblin: Could it be wood—poplar trees?

Senator Argue: It could be wood, that is correct; but I was talking about grain gasohol. Grain is the material most often referred to when gasohol production is considered. I am making these remarks in relation to grain, and certainly pulp for gasohol, if feasible, would be quite acceptable. In my judgment, grain should first be produced for human consumption; secondly, for animal consumption; and, thirdly and as a last resort, as a substitute for petroleum.

With regard to the oil and service industries, the industry around Estevan and Weyburn, which, of course, is quite close to where I live—I am also acquainted, in a casual way, with the industry in the Lloydminster area—it is true that people who are associated with the service industry have experienced great difficulty and they have had to lay off workers. That has been brought about by the closing of what are sometimes called marginal wells. I believe that is another indication that the whole question needs to be solved. I believe the federal government is prepared and has been giving ground. An agreement can be made only if both parties are prepared to make the agreement. So I would express the hope that provinces will see the need for further progress. I am pleased that the Minister of Energy, Mines and Resources has taken the lead in getting an acceptable policy.

With regard to Saskatchewan, the figures I have been given—I quote them from memory—indicate that a well in Saskatchewan, that has a monthly production of 755 barrels, would carry the 8 per cent federal production tax; but in Saskatchewan the provincial royalty is just a fraction of one per cent under 50 per cent—in other words, it is approximately 50 per cent of the production. That is a very onerous royalty. If you take 50 per cent plus another 8 per cent, the two together may make it very difficult for those marginal wells.

● (1450)

Criticism of the 8 per cent is one thing, but one should bear in mind that as far as Saskatchewan is concerned, and as far as these marginal wells are concerned—and that is not a very big producer: 755 barrels a month—it is really the provincial tax of 50 per cent that is causing the major trouble, and it has been there, of course, for some time.

The next figure I give is very much from memory, but I know it to be approximately correct, and that is that a well that is producing some 250 barrels a month—in other words, a very tiny producer—still has to pay a royalty to the Saskatchewan government of 29 per cent. I think, as far as allowing those marginal producers to keep on producing and make some kind of a net return is concerned, the action that is required is mainly in the hands of the Government of Saskatchewan. When we talk about the 8 per cent, remember very high royalties of up to 50 per cent are making it most difficult, as they have for many years, for these very marginal producers.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I can give my friend the figure, if he wants it, in connection with this export to the United States of which I spoke. There is a breakdown here of the percentage which goes to the various governments. The summary is that the Canadian federal take is 41 per cent; the Canadian provincial take is 51 per cent; and the producers' netback is -2 per cent.

[Senator Argue.]

Senator Argue: I was quoting precise statistics on precise wells in a precise province, and not Canadian averages.

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

Senator Barrow, with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be placed on the Orders of the Day for third reading later this day.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

POST OFFICE

DISRUPTION OF SERVICE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government. Are there new developments in the postal strike? Is there any hope that negotiations will be resumed? In view of the statement of the Prime Minister the day before yesterday to the effect that he would not ask Parliament to pass back-to-work legislation because Mr. Parrot has said he would refuse to obey it, is the government position still the same, that is, does it still maintain that it will be not introduce such a bill until such time as Mr. Parrot has assured the government he will obey it?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, first of all, the expressed attitude of the national president of the Canadian Union of Postal Workers, that he would rather go to jail than return to the bargaining table—

Senator Flynn: And you do not want him to go?

Senator Perrault: —will not, in the ultimate, influence the government's attitude towards this dispute. As I stated yesterday, the government is most anxious to have both sides return to the bargaining table voluntarily, and in a good, constructive spirit.

There has been an exchange of correspondence, which has just been made available to me, between the Honourable Don Johnston and the National President of the Canadian Union of Postal Workers. If I read these two letters, which are not over-lengthy, it may serve to indicate that at least some progress appears to have beem made.

The first letter is from Mr. Jean-Claude Parrot, National President of the CUPW, dated July 7, 1981, to Mr. Donald Johnston, President, Treasury Board of Canada. The text of this letter, which has only now been released, is as follows:

Dear Mr. Johnston:

In an effort to break the current deadlock in the postal dispute, the Canadian Union of Postal Workers requests you to permit the involvement of Mr. Michael Warren, President Designate of the Canada Post Corporation, in direct negotiations.

It is obvious to the Union that Mr. Warren has a direct interest in the future of the Crown Corporation. The present contract that is being negotiated will extend several months after the establishment of a Crown Corporation on September 1st. In fact, as you are aware, the Union has even expressed interest in negotiating an 18-month contract which would expire as of June 30, 1982. As it is Mr. Warren, as President of the Crown Corporation, who will be responsible for administrating the contract that is being presently negotiated, it is only logical that he be involved directly in the negotiations process.

However, it should be understood that, without prejudice to the position of both parties, there are no conditions for a return to the bargaining table providing that Mr. Warren will be present.

Yours truly,

Jean-Claude Parrot,
National President

Senator Flynn: It is "Parrot", not "Perrault". Watch that accent!

Senator Perrault: A reply has been sent by Mr. Johnston to the National President of the Canadian Union of Postal Workers, the text of which is as follows:

July 8, 1981

Mr. Jean-Claude Parrot,

National President,

Canadian Union of Postal Workers,

280 Metcalfe Street,

Ottawa, Ontario.

Dear Mr. Parrot:

I wish to acknowledge your letter of July 7, 1981, which contained your proposal to return to the bargaining table "without prejudice to the position of both parties" and with "no conditions".

I welcome the indication that you are prepared to return to the bargaining table without the pre-conditions previously stated. However, the condition which you request in return for the dropping of pre-conditions has considerable implications which necessitate careful consideration.

My colleagues and I have serious reservations about requiring Mr. Warren to go to the bargaining table. He has been consulted from time to time and kept informed. However, at this very early stage in his association with the Post Office and at this initial phase in preparation for the proclamation of the legislation establishing the Canada Post Corporation, we believe it is preferable for him to devote his efforts to that end. To insert him into the middle of complex and difficult negotiations at this stage would be unfair to him, and could prejudice his future role in the Postal Corporation. It is our preference, as envisaged in the legislation, that all last collective agreements prior to the proclamation of the legislation be completed under the PSSRA, thus setting the stage cleanly for all first agreements to be negotiated by the Corporation under the Canada Labour Code. At that time Mr. Warren would be responsible and involved to the degree he determines.

However, I do welcome your initiative as a sign of a sincere desire to resume negotiations without pre-conditions. I believe that it and other possibilities which may exist should be explored further. To that end, I suggest that these possibilities be discussed through a designated representative for each side as soon as possible.

I trust that you will give favourable consideration to this proposal and look forward to your reply.

Yours sincerely,

Donald J. Johnston

Honourable senators, apparently communication links have been re-established between the Treasury Board and the Canadian Union of Postal Workers, and it is hoped bargaining will resume very shortly.

Senator Flynn: What are the dates of those letters?

Senator Perrault: The date of the letter from the National President of the Canadian Union of Postal Workers is July 7, and the reply of the President of the Treasury Board is dated July 8—that is, yesterday.

Senator Flynn: No, that is today.

Senator Perrault: Yes, that is today. It is today's reply to the letter from the President of the CUPW of yesterday. This is the latest information concerning the strike. I hope it is helpful to honourable senators.

• (1500)

Yesterday Senator Smith asked a question with regard to the Post Office payroll. The 1980 payroll for CUPW was approximately $372 million. The union's demands would have increased that payroll by 28 per cent.

Honourable senators, all further information will be brought to this chamber immediately.

LABOUR RELATIONS

BRITISH COLUMBIA—THREATENED STRIKE BY IWA—EFFECT ON NEWSPRINT SUPPLY

Hon. Jack Austin: Honourable senators, I have a question for the government leader. He may be aware of the threatened IWA strike in the province of British Columbia which would have a devastating effect upon the supply of newsprint in

Canada and abroad. The government leader may also be aware that the newsprint inventory of Canadian newspapers is very low. A supply of only several days of newsprint, at present levels of consumption, is now on hand.

I wonder if the government leader can advise us whether the federal government is contemplating any steps to ensure that such important organs of public interest as the Edmonton *Journal,* the Calgary *Herald,* and, of course, the Vancouver *Province* and the Vancouver *Sun* are supplied with enough newsprint to enable them to continue to express their voices fully in Canadian public affairs.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators are aware, of course, that the negotiations between the IWA and the employers are being undertaken in an area of provincial jurisdiction. However, the question will be taken as notice with respect to those aspects which relate to the national interest.

POST OFFICE

DELIVERY OF INCOME TAX REFUNDS AND PAYMENTS

Hon. Raymond J. Perrault (Leader of the Government): I have a delayed answer to a question asked yesterday by Senator Marshall concerning the disposition of tax refund cheques during the postal strike.

Tax refund cheques now in the postal system will not be delivered until the end of the strike. However, cheques already processed, but not yet mailed, will be made available to taxpayers at district taxation offices. The department will also be looking at other possibilities for distribution. Cheques are currently being sorted and will be transferred to district offices some time next week.

Taxpayers who are required to file an income tax return or other information during the postal strike will not be penalized for late filing provided the envelope is postmarked within five calendar days of the termination of the strike, or hand-delivered to a district office. No extension will be allowed for returns that were due to be filed before the start of the strike.

Taxpayers who owe tax are required to make their payments either directly to their district taxation office or through a bank. Similarly, employers who have deducted income tax, Canada Pension Plan contributions and Unemployment Insurance premiums from their employees' salaries are required to remit those deductions through a bank or make arrangements for a pick-up through their district taxation office. Chartered banks have agreed to accept tax payments even if departmental remittance vouchers are not available. Banks will require the name, the account or social insurance number and the year in respect of which the payment is made. Large corporations and employers will be contacted by the department to arrange for pick-up of current remittances and instalment payments.

No taxpayer's right of objection will be prejudiced by the disruption of postal service. The usual 90-day limit for filing a notice of objection will be considered to begin with either the resumption of mail service or the date of the notice of assessment, whichever is the later. Similarly, there will be an extension of appeal periods that expire during the strike.

As can be seen, the government is doing as much as possible to assist everyone who is affected by the postal strike.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a supplementary question. With regard to the payment of taxes, the Leader of the Government has said that payment should be made directly to district taxation offices. However, in the case of payments which were put in the mail before the strike and which are not yet delivered, is it the position of the government that the taxpayer will have to pay interest if they arrive late?

Senator Perrault: Honourable senators, I do not want to speculate on that point. However, I should think that if the letter is postmarked on a day before the commencement of the strike, interest will not be required. The question will be taken as notice.

Senator Flynn: The letter may not be postmarked.

Hon. G. I. Smith: Honourable senators, I have a supplementary question. It is quite possible, I should think, that letters mailed before the strike actually started would not have been postmarked, simply because the people who would have been doing the postmarking were not on the job.

Senator Perrault: Honourable senators, the point is a valid one and an inquiry will go forward. Certainly the government has ever in mind the welfare of the taxpayer of this country.

JUSTICE

ALLEGED URANIUM CARTEL—ACTION TAKEN BY ATTORNEY GENERAL OF CANADA

Hon. Lowell Murray: Honourable senators, may I ask the Leader of the Government to obtain some information for us concerning the charges that have been laid by the Crown in the case of the alleged uranium cartel? Will the minister ascertain whether the action taken by the Attorney General of Canada within the last day or so completes the matter as far as he is concerned, or whether the Attorney General still has the matter under advisement? Will he also ascertain whether the government is providing counsel for the government officials who were named although not charged?

Hon. Royce Frith (Deputy Leader of the Government): I think we should give a delayed answer to that delayed question.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, charges were indeed laid in Toronto yesterday at 2.45 p.m. by Orest R. Sametz, a combines investigation officer, on behalf of the Attorney General of Canada.

It is important to note, of course, that because the matter is *sub judice*, public comment in any detailed fashion is inappropriate. It is a well-established fact that we do not discuss criminal matters that are before the courts.

A brief statement can be made, however. The Attorney General of Canada has made the decision to lay charges. He found the evidence sufficient to justify the laying of charges. He acted on advice from expert counsel—John W. Brown of Blake, Cassells & Graydon. The same advisor had been retained by Mr. Bertrand, the then Director of Investigation and Research, and Mr. Brown had continued his investigation through the period of the previous Conservative government.

No additional charges are contemplated. The list of 18 companies and three individuals named as co-conspirators is inclusive. Again, the Attorney General acted on the advice of expert counsel. The suggestion which has been advanced in various quarters that other individuals should be named is felt to be an improper proposal.

The report of the evidence will not be made public as it forms the basis of the Crown's case. However the results of the formal inquiry under section 17 of the Combines Investigation Act will become public on prosecution.

Certain opposition spokesmen in the other place have been asking for the repeal of the Uranium Information Security Regulations. I have been advised by the Associate Deputy Minister (Litigation) that, in view of the 1980 decision of the Federal Court of Appeal in the *McManus* case, the regulations cannot interfere with the calling of evidence under prosecution. Mr. McManus, the Director of Planning and Administration at the Atomic Energy Control Board, was examined as a witness under section 17 of the Combines Investigation Act. The assistant deputy minister is of the view that the regulations do not operate as a bar. The minister has indicated privately that if there is any indication that the regulations do impede prosecution or defence, it might be appropriate to look into an amendment.

I have been advised by the office of the Minister of Justice that no counsel need be retained for the two public servants named as co-conspirators, as they will appear only as witnesses.

● (1510)

CONSUMER AND CORPORATE AFFAIRS

ATTEMPTED TAKEOVER OF CANADA PERMANENT MORTGAGE CORPORATION BY GENSTAR CORPORATION

Hon. Stanley Haidasz: Honourable senators, I should like to ask the Leader of the Government whether any federal government agency or ministry is investigating the attempted takeover of the Permanent, which is the third largest trust company in Canada, by Genstar, which is not a wholly Canadian-owned company.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice. I have no information on that point.

INTERNATIONAL DEVELOPMENT ASSOCIATION ACT

BILL TO AMEND—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-71, to amend the International Development Association Act.

Motion agreed to and bill read third time and passed.

INTERNATIONAL DEVELOPMENT (FINANCIAL INSTITUTIONS) ASSISTANCE BILL

THIRD READING

Hon. Stanley Haidasz moved the third reading of Bill C-74, to authorize financial assistance to be provided to certain international financial institutions.

Motion agreed to and bill read third time and passed.

ATLANTIC REGION FREIGHT ASSISTANCE ACT

BILL TO AMEND—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-73, to amend the Atlantic Region Freight Assistance Act.

Motion agreed to and bill read third time and passed.

NATIONAL HOUSING ACT

BILL TO AMEND—THIRD READING

Hon. Paul Lucier moved the third reading of Bill C-72, to amend the National Housing Act.

Motion agreed to and bill read third time and passed.

CUSTOMS TARIFF
IRISH FREE STATE TRADE AGREEMENT ACT, 1932
UNION OF SOUTH AFRICA TRADE AGREEMENT ACT, 1932
UNITED KINGDOM TRADE AGREEMENT ACT, 1937

BILL TO AMEND AND TO REPEAL—THIRD READING

Hon. A. I. Barrow moved the third reading of Bill C-50, to amend the Customs Tariff and to repeal the Irish Free State Trade Agreement Act, 1932, the Union of South Africa Trade Agreement Act, 1932, and the United Kingdom Trade Agreement Act, 1937.

Motion agreed to and bill read third time and passed.

EXCISE TAX ACT
EXCISE ACT

BILL TO AMEND—THIRD READING

Hon. A. I. Barrow moved the third reading of Bill C-57, to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas.

Hon. G. I. Smith: Honourable senators, I should like to say just a word or two about this bill. In ordinary circumstances I would consider it necessary and desirable to make some rather extended remarks on third reading about the things I think are wrong with this bill. However, I am deeply sensible of the fact that the debate on second reading was just recently concluded and the speeches of various honourable senators are fresh in the minds of those present in the house today. Consequently, I do not intend, and it does not seem to be necessary, to refresh those memories by going into matters in some detail.

I do, however, wish to make brief reference to some of the objectionable things, or things which I consider objectionable, not to argue about them but just to make it clear on the record that silence does not imply consent, and to make it clear also that the discussions which have taken place since the bill first came before us for second reading have not been sufficient to remove those objections from my mind, at least.

I will not enumerate all the things to which I object, but honourable senators will, I am sure, recall that I objected to the imposition of tax by relating the tax to a ratio or to indexing instead of to a specific sum. I objected to the Governor in Council having the right by regulation to adjust the ratio he might see fit, which words seem to me to give him pretty free rein. I questioned the constitutionality of certain provisions in the bill, one of them having to do with what is a natural reservoir of oil or gas in Canada, and who has the right to deal with it or obtain revenue from it. Another objection had to do with the provision that the Crown in right of the province is bound by certain aspects of the bill.

One other objection, which was not mentioned frequently on second reading, is that the purpose of Part IV of this bill, as set out in clause 25 on page 56, is that it is to implement part of the National Energy Program. It seemed to me, and it still seems to me, that this piece-by-piece implementation may well bring about a situation in which laws are imposed allegedly and purportedly in pursuit of implementation of the National Energy Program piece by piece, before either Parliament or the country is fully aware of what is being proposed in total by legislation.

● (1520)

There was some discussion earlier this day on the report presented by the deputy chairman of the committee and the very able remarks he made, and the able remarks of Senator Roblin thereafter about the desirability of fully investigating what is embraced by and involved in the National Energy Program. It seems to me that this should be a priority item when Parliament resumes this fall. Secure in the confidence that all honourable senators agree with the points I have made, I shall not detain you any longer.

Hon. Ann Elizabeth Bell: Honourable senators, since I had the temerity to move an unprovoked motion to amend this bill on second reading, I wonder if you would allow me to say that I thoroughly disapprove of having to allow this bill to go through our honourable chamber in this way. I still feel that there are illegalities in Part II and Part IV of the bill. Certainly, they overstep the bounds of propriety in that the taxes which are being levied, before they have been approved by Parliament, do not relate to any existing legislation. I feel that these taxes do not relate to the existing Excise Act or Excise Tax Act in a direct way. I feel this is a dangerous intrusion into the powers of Parliament. Having said that, I cannot support the passage of Bill C-57 on third reading.

Motion agreed to and bill read third time and passed, on division.

NORTHERN PIPELINE

FOURTH REPORT OF COMMITTEE ADOPTED

On the Order:

Resuming the debate on the motion of the Honourable Senator Hastings, seconded by the Honourable Senator Cottreau, for the adoption of the Fourth Report of the Special Committee of the Senate on the Northern Pipeline.—(*Honourable Senator Macdonald*).

Hon. John M. Macdonald: Honourable senators, I yield to Senator Balfour.

Hon. R. James Balfour: Honourable senators, there is really nothing that I can usefully add to the very detailed and comprehensive comments delivered in this chamber last week by my colleague, the chairman of the Northern Pipeline Committee, Senator Hastings, except that we on this side of the chamber completely endorse Senator Hastings' request that this committee be authorized to undertake a study and to report on the impact of various possible systems of transportation of hydrocarbons from that area of Canada lying north of the 60th parallel.

There can be no question, given the fragile ecology of the Arctic, that the choices available for this purpose—pipeline systems, tanker systems, undersea tankers, ice-breakers and others—will require exhaustive study and consideration, including the collection and review of much technical detail. The sooner this task is undertaken, I suggest, the better. Accordingly, I am pleased to support the recommendation of Senator Hastings.

Motion agreed to and report adopted.

ENERGY

GOVERNMENT POLICY—MOTION TO REFER SUBJECT MATTER OF INQUIRY TO BANKING, TRADE AND COMMERCE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Murray, seconded by the Honourable Senator Flynn, P.C.:

That the subject-matter of the inquiry of the Honourable Senator Argue, P.C., which appeared on the Orders of the Day on November 20, 1980, be referred to the Standing Senate Committee on Banking, Trade and Commerce.—(*Honourable Senator Frith*).

Hon. William J. Petten: Stand.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I believe that yesterday Senator Frith indicated that he was willing to yield if anybody wished to speak on this matter. It is not my intention to speak, but I am sorry that Senator Frith is not present. I had hoped that he would indicate at this point—now that we have received the report of the Standing Senate Committee on Banking, Trade and Commerce on Bill C-57—whether he is in agreement with the principle of Senator Murray's motion to refer the matter of energy policy to the Banking, Trade and Commerce Committee or any other committee so designated by the Senate. I put this on the record in the hope that the honourable senator will take the time to think about the matter overnight and give me his views tomorrow.

Senator Petten: I shall pass that suggestion on to the deputy leader, who has left the chamber to obtain information as to what our workload will be tomorrow.

Order stands.

The Senate adjourned during pleasure.

● (1530)

ROYAL ASSENT

The Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Customs Tariff and to repeal the Irish Free State Trade Agreement Act, 1932, the Union of South Africa Trade Agreement Act, 1932 and the United Kingdom Trade Agreement Act, 1937.

An Act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas.

An Act to amend the Animal Disease and Protection Act.

An Act to amend the International Development Association Act.

An Act to amend the National Housing Act.

An Act to amend the Atlantic Region Freight Assistance Act.

An Act to authorize financial assistance to be provided to certain international financial institutions.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

CORPORATIONS AND LABOUR UNIONS RETURNS ACT

BILL TO AMEND—COMMONS AMENDMENTS—CONSIDERATION NEXT SITTING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons returning Bill S-10, to amend the Corporations and Labour Unions Returns Act, and acquainting the Senate that they had passed the bill with the following amendments to which they desire the concurrence of the Senate:

Clause 2:

Strike out line 12, on page 3, and substitute the following therefor:

"exceeded fifteen million dollars or such"

Strike out line 18, on page 3, and substitute the following therefor:

"exceeded ten million dollars or such"

Strike out line 23, on page 3, and substitute the following therefor:

"in respect of which the"

Strike out line 31, on page 3, and substitute the following therefor:

"not resident in Canada, or"

Strike out line 36, on page 3, and substitute the following therefor:

"exceeds a book value of two hun-"

The Hon. the Speaker *pro tem:* Honourable senators, when shall these amendments be taken into consideration?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I understand that these amendments change the threshold of the companies and organizations that need to report; in other words, it lowers the number of companies required to report.

I move that these amendments be taken into consideration at the next sitting.

Motion agreed to.

● (1540)

VETERANS' LAND ACT VETERANS BENEFIT ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-79, to amend the Veterans' Land Act and to amend the Veterans Benefit Act in consequence thereof.

Bill read first time.

Hon. Royce Frith (Deputy Leader of the Government) moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

OFFICIAL RESIDENCES ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-81, to amend the Official Residences Act.

Bill read first time.

Hon. Royce Frith (Deputy Leader of the Government) moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

DIPLOMATIC AND CONSULAR PRIVILEGES AND IMMUNITIES ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-14, to amend the Diplomatic and Consular Privileges and Immunities Act.

Bill read first time.

Hon. Royce Frith (Deputy Leader of the Government) moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, July 9, 1981

The Senate met at 2 p.m., the Honourable Renaude Lapointe, P.C., Speaker *pro tem,* in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Roosevelt Campobello International Park Commission, for the fiscal year ended March 31, 1981, pursuant to section 7 of the *Roosevelt Campobello International Park Commission Act,* Chapter 19, Statutes of Canada, 1964-65.

Document entitled "Canadian Position with respect to Conventions and Recommendations adopted at the 65th Session of the International Labour Conference, Geneva, June 1979", issued by the Department of Labour.

Report of the President of the Medical Research Council of Canada, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1981, pursuant to section 17 of the *Medical Research Council Act,* Chapter M-9, R.S.C., 1970.

Report of the Canadian Broadcasting Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1981, pursuant to section 47 of the *Broadcasting Act,* Chapter B-11, and sections 75(3) and 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Report of Teleglobe Canada, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1981, pursuant to section 16 of the *Teleglobe Canada Act,* Chapter 77, Statutes of Canada, 1974-75-76, and sections 75(3) and 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Report of the National Librarian for the fiscal year ended March 31, 1981, pursuant to section 13 of the *National Library Act,* Chapter N-11, R.S.C., 1970.

Report of Canadian Patents and Development Limited for the fiscal year ended March 31, 1981, including its accounts and financial statements certified by the Auditor General, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Hon. H. A. Olson (Minister of State for Economic Development) tabled:

Report of the Ministry of State for Economic Development for the fiscal year ended March 31, 1980, pursuant to section 22 of the *Government Organization Act,* 1970, Chapter 14 (2nd Supplement), R.S.C., 1970.

BUSINESS OF THE SENATE

ADJOURNMENT MOTION

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until tomorrow, Friday, July 10, 1981, at 10 o'clock in the forenoon.

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

Hon. Senators: Agreed.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I think this is a good occasion for the deputy leader to give us the program for today and tell us why we are being invited to come back at 10 o'clock tomorrow morning.

Senator Frith: Honourable senators will remember that after Royal Assent was given last night we received messages with four bills from the other place, which were then given first reading. We shall give them second reading today and, if it is appropriate, possibly third reading. There is also a Senate bill relating to the Jules and Paul-Émile Léger Foundation which we hope to have dealt with expeditiously, if it is the wish of the Senate to do so. That is the legislation on our plate at this moment.

There will be legislative activity in the other place both this afternoon and this evening. We do not know what we might receive from them, though we are relatively certain that we will receive a bill concerning pensions for veterans' widows—a matter Senator Marshall has kept our consciences alive to for some time. It is not likely that we will receive that bill until late this afternoon or this evening. This is why I think we should hold ourselves ready to deal with any catch-up legislation from the other place. Therefore, with respect to that legislation, whatever it might be in addition to the pensions bill, we could agree that we will be ready to deal with it and, if it is passed, have Royal Assent, we could then, I hope, adjourn for the summer.

• (1405)

Senator Flynn: I can appreciate that the deputy leader is not in a position to confirm all of the rumours going round with respect to exactly what will take place in the House of Commons this afternoon. I suppose at three o'clock, or around

that time, we will know. I would invite the deputy leader to complete his answer at that time.

Senator Frith: Honourable senators, yes, Senator Flynn is right when he says that I will not confirm such rumours; and he is right when he says that we should know more at three o'clock this afternoon. For that reason, I think it more appropriate to treat this as a notice of motion and let it come up under Motions at the end of the sitting. We will have more information at that time.

Hon. Lowell Murray: On the point of order raised by the Leader of the Opposition, may I ask the Deputy Leader of the Government whether he has had an opportunity for further consideration or consultation about Item No. 16 on our Order Paper, that is to say my motion to refer the national energy policy to a committee of this house? I ask the question in view of the fact that I raised the possibility the other day of having a vote on this matter. Since that time we have had a further recommendation in this matter from the Standing Senate Committee on Banking, Trade and Commerce through its Deputy Chairman yesterday.

Does the Deputy Leader of the Government have any information to give us on this question?

Senator Frith: Honourable senators, I believe, as I have from the beginning, that there are a number of advantages to having the Senate study the principles and objectives of the whole National Energy Program, but I think there are also some problems that exist with regard to our doing so now or committing ourselves to doing so now. Therefore, on that order I should like to be assured that it will stand until we come back in the fall, when we can reconsider the matter in the light of the circumstances as they then exist. If it is not a necessary result that it so stand when we adjourn, we agree right now that we will have the motion put back on the Order Paper for consideration in the fall.

Senator Murray: That is perfectly satisfactory, honourable senators.

THE HONOURABLE JEAN MARCHAND, P.C.

MEDICAL REPORT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I should like to bring to the notice of the chamber a report with respect to His Honour the Speaker. Senator Marchand had a restful night last night, and spoke with his office by telephone on a number of occasions this morning. He said the discomfort experienced yesterday had all but disappeared. Doctors at the National Defence Medical Centre said they will be keeping His Honour at the hospital for rest and tests for a few more days. They are discouraging any visits until tomorrow at the earliest. Once again they confirmed their earlier statements that His Honour's condition and his weak spell yesterday were not related to any heart trouble. While tests will continue, all symptoms and reactions are consistent with extreme fatigue.

[Senator Flynn.]

Senator Marchand regrets that he cannot be with honourable senators, but he sends his best wishes and his sincere thanks for all of the expressions of concern received by his office.

Of course, all honourable senators wish him a very speedy recovery and return to his distinguished post in this chamber.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, first of all, I want to say that we, on this side of the chamber, are very happy to hear that our Speaker has been given a clean bill of health and we would ask Senator Lapointe to convey to him our best wishes for a speedy recovery and to advise him not to hasten his return to the Senate. In any case, we hope that it will not be necessary for him to do so as of tomorrow, so we would advise him to take it easy and have a good rest.

QUESTION PERIOD

[*English*]

POST OFFICE

DISRUPTION OF SERVICE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, from what I hear there has been no development in the postal strike situation, and I should like to ask the Leader of the Government if he can inform us if it is the firm view of the government that Parliament should adjourn without considering any legislation to force the Post Office employees to return to work? My understanding is that the session may be adjourned tomorrow for the remainder of the summer. Of course, if the government has not changed its views, that means that no legislation will be presented to Parliament and that the strike will be permitted to continue for perhaps several weeks.

● (1410)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, as far as the postal dispute is concerned, I understand that the adjournment motion, which is to be presented in the other place later today, does allow for the possibility of Parliament being recalled if any special action is required with respect to the Post Office or any other matter. I think the plan, unless there is an early recall of Parliament, is to have the House of Commons resume its deliberations on October 14. Of course, a decision will be made at some point with respect to the proposed resumption of Senate activities after the summer recess.

Perhaps the most recent development in the postal dispute took the form of a statement made this morning by Mr. Johnston on the CTV program *Canada AM*. He said, in part:

> I wrote him [Mr. Parrot] yesterday saying that I appreciated the fact that he had dropped his preconditions, that we had reservations about involving Mr. Warren in the negotiations but that we would like to explore alternatives and suggested that we have some representatives get together and work out alternatives that would be satisfactory to him. Instead of replying to that letter, which he has yet to do, he held a press conference saying that I had rejected the proposal and so on. It is very difficult to deal with the union when they won't come down to the negotiating table.

Mr. Johnston went on to say:

> Mr. Warren was selected after a very careful review and study to head a new crown corporation. The whole purpose of the corporation effectively is to give it a new start, particularly in the area of labour negotiations. He will be the chief executive officer of one of the largest companies in Canada. I would doubt very much that Mr. Warren intends to sit at negotiating tables in the future in the crown corporation.

Chief executive officers do not usually indulge in this type of activity. Further on in the same interview Mr. Johnston was asked the following question:

> But he [Mr. Warren] made that very clear when he was first appointed that one of his biggest priorities and one of his biggest concerns was the labour relations problems in the post office and he was going to take that one on head-on.

Mr. Johnston replied:

> Head-on, certainly, but that doesn't mean that he is actually going to sit at the bargaining table and get involved in a dispute prior to the corporation even commencing operations. And we don't know when that will be—it might be September first, it might not. So, it seems very unusual that Mr. Warren would be asked to come and sit in operating under a mandate from the Treasury Board, having no more room to manoeuvre than anyone else from the Treasury Board. We have stipulated no preconditions. Our negotiating team is there and Mr. Parrot is saying we will not negotiate with your negotiating team, we want to change it by having Mr. Warren present. I point out that Mr. Parrot has yet to negotiate with our negotiating team.

So, honourable senators, again, the government takes the position that it would like to see the process of free collective bargaining resumed with CUPW representatives. The government negotiators are waiting and available to resume those negotiations.

Senator Flynn: Honourable senators, the Leader of the Government has again mentioned the request by Mr. Parrot to have Mr. Warren on the government negotiating team. I am wondering why the President of the Treasury Board did not offer the concession that Mr. Warren be present at the negotiations as an observer, which in all probability would have been acceptable to Mr. Parrot. That would certainly be practical experience for him—that is, not taking part in the negotiations but, at least, learning about Mr. Parrot and his friends.

• (1415)

Senator Perrault: Honourable senators, the proposal advanced by the Leader of the Opposition will certainly be communicated as a suggestion to the President of Treasury Board.

The situation which concerns the government is this: Mr. Parrot has stated that he is not satisfied with the government negotiating team, and he suggests the addition of a designated person to that team. The question Mr. Johnston asked was as follows:

> Is he going to tell the people of Canada who should negotiate on behalf of the government in labour contracts?

He went on to say:

> I am not suggesting that Mr. Parrot be replaced at the negotiating table, I am not suggesting that Mr. McDermott come in and negotiate.

Senator Flynn: That might be a good idea.

Senator Perrault: Mr. Johnston went on to say that he thinks it is Mr. Parrot's right to determine who he puts at the negotiating table. He went on to say:

> I find it most peculiar and most unusual that anyone should think that the union should dictate who should negotiate with them. And on top of that I point out again that the negotiators have gotten along very well, as I understand it, and we have a very competent negotiator, Mr. Castle, heading the team. But Mr. Parrot has refused to come and put his positions on the table.

In any case, the suggestion advanced by the Leader of the Opposition will be communicated to Mr. Johnston.

JUSTICE

ALLEGED URANIUM CARTEL—ACTION TAKEN BY ATTORNEY GENERAL OF CANADA

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, my question concerns the prosecution of six Canadian companies alleged to have been involved in a uranium cartel in 1972.

The Prime Minister said in the House yesterday that as far as the part played by the government is concerned, it may have been an abuse but not a crime. Since it is well confessed that the government was the instigator of the cartel, I was wondering how the government can be sure it avoided committing a crime if the companies involved in following the instructions of the government are alleged to have been involved in the commission of an offence.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question asked by the Leader of the Opposition will be studied and a reply may be given at some future date. The question appears to request a legal opinion.

Senator Flynn: At the same time will you study the meaning of the Prime Minister's statement?

Senator Perrault: I have nothing to add to the rather complete statement which was made yesterday.

Senator Flynn: Rather confusing.

Senator Perrault: I invite honourable senators to read the statement which is contained in the *House of Commons Debates* of yesterday's date.

ENERGY

IMPERIAL OIL LIMITED—COLD LAKE, ALBERTA—CANCELLATION OF HEAVY OIL PROJECT

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to ask a few questions concerning the announcement by Imperial Oil Limited yesterday of its intention to suspend its activities at the Cold Lake site.

I would inquire, in the first instance, if the government has received any statement from Imperial Oil Limited in connection with its attitudes or intentions in the matter?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am not sure whether the government has received a direct, written communication, but I think Mr. Armstrong, in his public announcement, said that the project was going to be suspended until an agreement was reached and that he had had very recent discussions with both levels of government.

Senator Roblin: With respect to the comment that there have been recent discussions with both levels of government, may I ask whether any negotiations are taking place with respect to this matter at the present time?

My inquiry alludes to the fact that the company has not only suspended its operations because of the lack of progress of negotiations between the two governments in respect of the oil in Canada, but it also made it clear that the present financial arrangements, namely, the price offered so far with respect to the production of Cold Lake non-conventional oil, was not adequate for its purposes.

I remember discussing this with the minister on a previous occasion and he seemed to think that the financial arrangements were satisfactory, but it is now clear that Imperial Oil wishes to negotiate that matter as well. Are any discussions taking place with respect to that?

● (1420)

Senator Olson: Honourable senators, negotiations are taking place between the two levels of government on a number of items. That has been announced by the Minister of Energy, Mines and Resources and also by the provincial Minister of Energy and Natural Resources, Mr. Leitch, but they have, for good and sufficient reasons, chosen to refrain from negotiating through the media, and they have slated further meeting for later this month.

Senator Roblin: Who is "they," please?

[Senator Perrault.]

Senator Olson: The federal Minister of Energy, Mines and Resources and the Minister of Energy and Natural Resources for the Province of Alberta. They have indicated that there are a number of matters to negotiate, including prices for various categories of oil. I do not wish to be drawn into a detailed debate on pricing, nor do I have all the background information with respect to prices for the various categories of oil. Certainly, synthetic crude is one of them. I think it would be wrong, even for the ministers who are directly responsible, to begin negotiations through the media or the public. What was offered last October, as my honourable friends knows, was, I believe, $38 per barrel plus an escalator based on either the CPI or some other index. As my honourable friend knows, the difficulty has been that until the whole package is put together the Province of Alberta has indicated that they are not willing to move on any separate part, even though the tar sands and the Cold Lake project comprise a very large single part of the whole energy agreement.

Senator Roblin: I am pleased to see that the minister has shifted his position—

Senator Olson: I haven't.

Senator Roblin: —with respect to what he told me six weeks ago, when he nailed his colours firmly to the mast of the pricing formula that was in vogue at that time. It takes an awful lot to move him, but he will eventually be moved to a more practical proposal.

I am asking him what comment he has to make on the fact that, according to expert opinion, the present situation is going to result in a further delay of at least two years before the Cold Lake plant starts to produce its 140,000 barrels a day, which is equal to almost a third of what we import, and which has been relied on as one of the reasons why we may hope to approach self-sufficiency. To say nothing of the fact that we will continue to pay $40 or $45 a barrel for 140,000 barrels a day. That amounts to something over US $200 million a year and, of course, there is the effect that will have on our foreign exchange.

I ask the minister whether he can think of anything that will enable those concerned to speed up the development of this process and help get this country out of the horrible mess that the NEP seems to have landed us in.

Senator Olson: Honourable senators, first of all, I take exception to Senator Roblin's interpretation of what I said some time ago. I think the responses I gave to those questions were accurate at that time. What he must understand is that as negotiations change—and there have been meaningful negotiations—of course, some of the background changes. I think that if my honourable friend is suggesting now that there is some way that we can persuade the Government of Alberta to issue the permits for the go-ahead of this particular project—and perhaps some others—perhaps he could tell us. I know that his party was involved in it for about nine months and they were unable to reach an agreement to have those permits issued. Now they make some excuses about how close

they were and all that, but we have looked into that, and that is subject to different interpretations as well.

Hon. Lowell Murray: Mr. Leitch is on the record on that matter.

Senator Olson: I hope that we do not frustrate what now seem to be some progressive negotiations, with some give-and-take on both sides, and that we will reach an agreement to meet all of the conditions and improve a number of things, including the requirements of foreign exchange so that we get to that as quickly as possible. That has been the stated objective of this government ever since it took office.

Senator Roblin: My honourable friend complains about the former Conservative administration.

Senator Olson: I am just giving you an example.

Senator Roblin: Well, I will give you an example. You quote nine months for them. It has taken you 18 months, and what have you done? Nothing. You have made the situation far worse. When the Conservative administration was in office, they were on the verge of an agreement, as everyone knows. Here you are, after 18 months. How long a gestation period does my honourable friend require?

Senator Olson: I can answer very quickly. My honourable friend should look at the reply that Senator Murray gave some days ago. I asked him one simple question: Did you have an agreement on revenue sharing? And the silence was overwhelming. That is still the major problem.

Senator Roblin: Eighteen months later the minister tells us it is a major problem. Why hasn't he solved it, if he is able to point with upraised finger, or however he does point, to the former administration? To say that the Conservatives did not do it when they were in office will not wash any more. That's old hat. You have been in office 18 months, and what have you done? You have made the matter worse, that's what you have done. What is the status now of the $40 million gift to the Imperial Oil Company?

Senator Olson: The status of the $40 million, in an attempt to keep that project alive, is that if it proceeds by July 1, 1982, it is a recoverable loan. My honourable friend knows that, because I know that some of the remainder of his questions are based on the same newspaper reports as I have read. So that is clear.

My honourable friend keeps talking about their having been on the verge of an agreement, and yet the most fundamental fact is that they had no agreement. I think it was almost skirting on the fringes of misleading the House when they said they did. Now we have caught them out in saying that, and, of course, I can understand that the honourable senator's protest—

Senator Murray: What did Mr. Leitch say?

Senator Olson: —is based on the lack of or degree to which there was no agreement.

Hon. Raymond J. Perrault (Leader of the Government): Shame!

Senator Roblin: The minister should tell that to Mr. Leitch, because he is the man who made the statement, that I think is quite satisfactory to rely on. I want to say to my honourable friend that when he comes in here with an agreement that makes sense, then, of course, he and I will be able to conduct our conversation on more agreeable terms; but until he does, I resent the fact that he sloughs off his failures on what happened 18 months ago under another administration. That sort of thing is not going to make any impression.

Senator Olson: I am sorry if my friend is taking such great exception to what I said. He now comes here—and he has done it several times before—demanding that there be an agreement; but it is elementary that if there is going to be an agreement, then both sides have to agree—not one side. We stated our position. If my honourable friend wants the federal government to substantially increase prices—in other words, buy an agreement—I wish he would say so. I am sorry if I hurt my honourable friend's tender feelings, but I was merely pointing out that it was not so easy for you either when you guys were in charge.

Senator Roblin: My feelings are more robust than my honourable friend is likely to give me credit for. I would like him to acknowledge the fact that in the first seven months of this year there has been a $2 per barrel increase, in terms of the price of oil, which is shared by the province and the industry, and there has been a $6 per barrel increase which has gone to the tax coffers of the federal government. That is what has happened.

Senator Olson: My honourable friend knows exactly why. It is because of some action that was taken that increased the total price of oil in this country.

Senator Roblin: It is because the minister is not approaching self-sufficiency, and it is because he is using public money to buy an over-priced oil company, and a few other things of that description. That's why.

Senator Murray: Honourable senators, I have some supplementary questions to put to the Minister of State for Economic Development concerning the effect of the decision announced yesterday by Imperial Oil. The minister, when he set up the smokescreen a few moments ago—

Senator Perrault: Don't get political, now.

Senator Murray: —conveniently neglected to answer one of the questions that was put to him by the Deputy Leader of the Opposition, namely, whether it is a fact that the effect of the decision by Imperial Oil means that the construction of that project could not possibly get underway for two years, that there would be at least a two-year delay in that project coming on stream as a result of the decision announced yesterday.

● (1430)

Senator Olson: Well, those are interpretations, for whatever reasons the statements were made, to put them back together. But my understanding—and I cannot find it here, but I think you can also read it from the documents that you have in front of you—is that the leading officers of the two companies

involved, namely, Esso Resources and Imperial Oil, which in some respects are the same, have said they would attempt to re-activate the project immediately an agreement is reached. How much time it would take to put back some of the pieces, particularly the personnel, is a matter of his estimate; but certainly he indicated, according to the press release I have, that they would try to re-activate it immediately an agreement is reached.

Senator Murray: Well, I think the house and the country are in a rather difficult position, when the best information we can get from a minister of the Crown on a matter of this importance is what he and we have been able to read in newspapers. I would have expected that the minister would have access to more detailed information than is available in the newspapers, and that he would have busied himself since yesterday in obtaining that kind of information.

Be that as it may, let me ask him whether he has any information to the effect that, as a result of the decision yesterday, site preparation which was to have begun this summer cannot begin; that equipment that was to have been ordered will not now be ordered; that the personnel team to which he referred is being disbanded; and that, in effect, construction will not be beginning this winter. In other words, self-sufficiency is down the drain.

Senator Olson: Honourable senators, it is pretty obvious that self-sufficiency may be postponed somewhat in relation to the position we were in perhaps a year ago, or perhaps even two years ago. I do not want to hurt my friend's tender feelings again about that, but it was also one of the objectives of the previous government, and I think it is pretty obvious that the sooner one gets underway with some of these major processing plants, the sooner one will get self-sufficiency.

I therefore really do not think it takes any great argument to see that if we do not get them started at one point, then it is liable to be a year later, and so on, until we get the flow out of these plants; but these are decisions, obviously, that can be made only after an agreement has been reached between the provinces and the federal government. It is our position now, and it has been for the last 18 months, that we must get to a reasoned agreement as soon as possible. That remains so to this day.

Senator Roblin: On your own terms. It takes two to bargain.

Senator Murray: As far back as the early seventies—I think it was 1973, but I can check the date—the Trudeau government was projecting self-sufficiency in oil by the end of the 1970s. A few months ago they were projecting self-sufficiency in oil by the end of the 1980s. Now it is postponed again. The matter is of some importance, because the whole National Energy Program is based on certain supply-and-demand projections which the minister has made, and which surely he must now change.

Let me ask the Minister of State for Economic Development whether the government will very soon update and present to the house and to the public the projections that it has made on oil supply, and in particular its projection that in 1990 we would be receiving 733,000 barrels a day from non-conventional sources.

Senator Olson: Well, honourable senators, if my honourable friend knows anything about the oil business he will know one thing for sure, and that is that it is not absolutely predictable. There is a very large base out in the great western sedimentary basin where the seismographic data indicate that there is quite a lot of oil to be found still. My friend's question was slightly different from that. He was asking me about the amount of flow out of the tar sands, or synthetic oil, which includes several fields out there, not only Cold Lake but one or two more plants at Fort McMurray, the Athabasca tar sands, perhaps one at Peace River, and certainly a fairly substantial flow out of the Lloydminster area on both sides of the Saskatchewan-Alberta border.

If the honourable senator is suggesting now that we can predict with absolute precision when all of that will come on, he is asking for something that can hardly be given. I can also tell him that I do not underestimate the ingenuity and the capability of the oil industry, and the Canadians involved in that industry, to bring on a whole lot more flow of synthetic oil out of those fields, because we know it is there and we know there are sufficient quantities there. It is a matter of having the processing systems in for the separation of the sand into heavy oil, and then upgrading it to synthetic crude that can be moved into the consumer stream. I do not think that as far as I am concerned that is impossible within this decade.

Senator Murray: Well, that is fine; but let me ask the minister a very factual question.

Is it a fact that the oil supply projections on which the National Energy Program is based include the coming on stream in 1987 of the Cold Lake project and the Alsands project?

Senator Olson: Well, honourable senators, of course that was put in there; but I have to remind my honourable friend of one other thing. He is asking for facts, but predictions are never facts, they are opinions, and they are not the same thing. When those projections are put in there they are based on the certain rate of development. Certainly, we in this country have the capability to accelerate that rate, with the ingenuity, the knowledge and the technology we have.

Senator Murray: Let me ask the minister whether, as a result of the decision announced yesterday, the government is making any change in its projection that by 1990 oil imports will be at zero.

Senator Olson: Well, honourable senators, that was based on a number of processing plants going in on the dates that were indicated at that time. I think it is right that the Cold Lake one was projected for about 1987, coming on stream with an amount of up to 140,000 barrels a day. It is now clear that the beginning of the construction of that project will be delayed somewhat.

What also has to be thrown into the mix is that, once begun, it may be that we will have the capability to accelerate the construction phase of that processing plant—I will call it that,

although it is a process that is not confined to one plant, but over a whole field—with the right kind of concentration of activity, to the point that it will come on at the date that was predicted.

Senator Murray: I will not prolong the exchange, except to suggest to the minister and ask him to suggest to his colleague, the Minister of Energy, Mines and Resources, that they go back to the drawing board with the National Energy Program, and update all of the projections and statistics which are now barely worth the paper they are written on so far as the objectives of the National Energy Program are concerned, and that the honourable the Minister of State for Economic Development bring those back to the house in due course so that we know exactly what we are dealing with here.

Senator Olson: Honourable senators, I shall do that, but I shall also ask them to put in the other positive factors that may somewhat shorten the process. It might disappoint my honourable friend if it turns out that the National Energy Program was just on track, so far as imports are concerned.

Hon. R. James Balfour: Might I address a supplementary question to the honourable the minister? He alluded to the conventional oil that remains to be discovered in the western sedimentary basin. I wonder if he would enlighten the house as to just how this conventional oil will be discovered, in view of the fact that the bulk of the western Canadian drilling industry has fled Canada for the United States.

Senator Olson: Well, honourable senators, my honourable friend uses pretty extreme language when he talks about "fled", and so on. All I know is that I have some familiarity with the oil industry, having lived with it all my life, and I also know that there is quite a lot of optimism that there will be significant additional quantities of conventional oil found in that great sedimentary basin. I know, too, that included in the negotiations, as has been announced, is a price that will be high enough to offset some of the incentives now, where the netback in the United States is somewhat higher.

There is one other factor that should be taken into account, and that is that the possibility of finding additional crude oil in the conventional fields in western Canada is probably five to one, relative to the United States, and that in itself is a pretty important incentive.

Senator Balfour: I wonder if the honourable the minister would enlighten me and indicate to the chamber the scientific basis for the information he has given us. If I understand him correctly, there is five times greater an opportunity to develop additional reserves in the western sedimentary basin of Canada than there is in the continental United States.

● (1440)

Senator Olson: I did not have any great scientific background for that information. That is what I have been told by a number of people in the oil business. I suppose that the information is based mainly on the fact that a very large part of the sedimentary basin in the United States has already been drilled out more intensively than is the case in Canada. Based on the seismic data therefore there is more room for the possibility of further exploration in Canada.

Hon. Duff Roblin (Deputy Leader of the Opposition): What are they doing down there then?

FOREIGN AFFAIRS

ARREST OF JURIS BUMEISTERS, LEADER OF THE LATVIAN SOCIAL DEMOCRATIC WORKERS' PARTY

Hon. Stanley Haidasz: Honourable senators, I should like to ask the Leader of the Government in the Senate whether he has had the opportunity to act upon the requests that he has received on behalf of Juris Bumeisters, the leader of the Latvian Social Democratic Workers' Party, who was arrested in Riga and sent to the Siberian gulag of the U.S.S.R. This action seems to be in contravention of the Helsinki Final Act.

Hon. Raymond J. Perrault (Leader of the Government): The honourable Senator Haidasz is most concerned about the Bumeisters case, as are many other Canadians.

Mr. Juris Bumeisters was the leader of the Latvian Social Democratic Workers' Party in Riga. The position of the Canadian government is that the persecution of individuals is a clear violation of the Helsinki Final Act. The Secretary of State for External Affairs stated Canada's position in November. He made that statement at the opening of the CSCE. At that time he made known Canada's concern for the respect by all participating states of the principles set out in the Final Act, including human rights and fundamental freedoms.

The entire first part of the conference reviewed how states lived up to their commitments in the Final Act. During the review of the implementation, our delegation called attention to violations in the U.S.S.R. and in other countries. Particular note was made of violations of human rights in Latvia, Estonia and Lithuania, and of the continued subjugation of the Baltic peoples. Canada raised with the Soviet Union a number of cases of particular concern to Canadians, and among those cases were several which concerned individuals from the Baltic states.

GRAIN

FEED BARLEY—EXPORT PERMITS

Hon. Gildas L. Molgat: Honourable senators, I have a question for the Minister of State responsible for the Canadian Wheat Board.

Last year at this time there was considerable controversy over the issuance of Canadian Wheat Board permits for the export of barley from Ontario. Since we have now arrived at the same time of year, I should like to ask if the policy has been settled. Is there still difficulty in this area?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, this has been a difficulty for some years. There is a perception in western Canada that western producers often have to sell into the eastern market at a disadvantage. There is a perception in Ontario that, because

export permits are controlled by the Canadian Wheat Board, they do not have sufficient access to the export market for barley.

On Monday of this week in Winnipeg, the Minister of Agriculture and I had the opportunity to meet with the Canadian Livestock Feed Board, the Canadian Wheat Board, the Advisory Committee to the Canadian Livestock Feed Board and the Advisory Committee to the Canadian Wheat Board. This subject was given an extensive review.

I think there are at least some encouraging indications that the whole question may be on the way to solution. Certainly there was a great deal of goodwill at the meeting. I believe that the Advisory Committee to the Canadian Wheat Board and the Advisory Committee to the Canadian Livestock Feed Board at that time found a good deal of common ground.

All I can say at this point is that I hope that the parties concerned will be able to work out a policy that is eminently fair to barley producers in western Canada who do not want to sell or appear to sell at a disadvantage into the eastern market. At the same time, I think it is desirable that in those sections of Ontario where there is a surplus of barley, if the right solutions can be agreed to, the export market should be made available for that barley.

Senator Molgat: I have a supplementary question. I gather from the minister's remarks that the final policy is not yet established. Could he tell us when we might expect a definite statement with regard to this matter?

Senator Argue: I do not have precise information. I hope that it will be fairly soon, but the matter is not in my hands. It is really for the boards and their advisory committees to develop an agreed policy. If that agreement is reached, then in all probability it would recommend itself to the government.

TRANSPORT

VIA RAIL—PROPOSED COMMITTEE STUDY

Hon. G. I. Smith: Honourable senators, if I may I should like to address a question to the Deputy Leader of the Government relating to VIA Rail on the subject about which I asked him two or three days ago. Is he able to say whether he, his colleagues or the government have taken any action toward making it possible for a committee of the Senate to look into the matter of VIA Rail and the matters which were brought to the attention of the deputy minister in a letter addressed to him some months ago by Transport 2000?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I thought that we had agreed to keep that matter alive until the fall. However, with Senator Smith's well-known intuition, he has raised the question again.

It happens that I have had discussions with the Minister of Transport recently and I can say this: There seems to be a good deal of activity which will take place this summer with reference to VIA Rail. Therefore, I think that I can assure the honourable senator that the subject will perhaps be more refined for our discussion in the fall. At that time we should consider exactly what it is we might want his committee to deal with on the subject of VIA Rail, having the advantage of more material as a result of activity taking place during the summer.

[Senator Argue.]

Senator Smith: I thank the deputy leader for his information, but I would like to ask a supplementary question or two. He kindly referred to some activity that might take place during the summer in relation to VIA Rail. Is the deputy leader able to say whether this proposed activity has in any way to do with a decision of the government to withdraw financing from VIA Rail to the extent that it will be compelled to abandon service or withdraw from service a number of passenger trains, including two in the Atlantic area?

Senator Frith: No, I have no such information.

Senator Smith: To be more specific, has the deputy leader any information about a decision of the government or of the Minister of Transport to withdraw financing from VIA Rail with reference to an experimental run between Halifax and Marathon, Nova Scotia, via Digby?

Senator Frith: I have no useful information on that subject at this time. I hope, however, that we might have some information with regard to that category of subject by the fall.

Senator Smith: I suppose this is really not so much a question as the giving of information, but I wonder if the deputy leader would ensure that, during the discussions—if there are any—in which he participates concerning that matter, it is remembered that the experiment which has been conducted in the last few months has shown a very greatly increased usage of that train by passengers.

Senator Frith: Honourable senators, I will see that those exact words are brought to the attention of the appropriate officials.

Hon. Duff Roblin (Deputy Leader of the Opposition): I have a supplementary question with regard to VIA Rail. A report has been received that it is the intention of the government, by Order in Council, to eliminate certain rail movements such as the Winnipeg to Thompson run and other VIA Rail routes in western Canada and throughout the country. My question is: Why are these matters not being referred to the Canadian Transport Commission, a course of action which would enable public hearings to be held before final action is taken on them?

● (1450)

Senator Frith: I can't say.

Senator Roblin: Will my honourable friend undertake to find out?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I may say that there have been some speculative reports about the future of VIA Rail and the future of the hearing process, but no final decisions have been taken.

Senator Roblin: That is really not my point. I realize that things do not stand still and that changes must be made.

However, the usual procedure for abandoning a line, is to have the matter referred to the Canadian Transport Commission, or to some other body, so that people can have the advantage of public hearings. In this case, according to my information, that process will be short-circuited and changes will be effected by Order in Council. I should like to know if that is correct. If it is correct, why is that the case?

Senator Perrault: A statement will be made in due course by the Honourable the Minister of Transport. The information with respect to the future of the rail service of this country will be made very clear at that time and the processes with respect to allocation of lines—

Senator Roblin: It is the public hearings aspect that I am concerned with.

Senator Perrault: —and other discussions on this matter will be elucidated by him at that time.

Hon. Joseph-Philippe Guay: Honourable senators, I should like to direct a supplementary question to the Leader of the Government. Is he aware that it has been advertised in Manitoba that hearings will be held with respect to this particular matter in Thompson, Churchill and so on? Those hearings have been advertised in Manitoba papers and are to be held from some time next week to July 29, inclusive.

Senator Perrault: Yes, I am aware of that fact.

Senator Roblin: Well, I was not, and I thank Senator Guay for bringing that to my notice. That was my point.

INDIAN AFFAIRS

SLAVE INDIAN BAND—LOSS OF INTEREST ON NATURAL GAS ROYALTIES

Hon. Guy Williams: I should like to direct a question to the Leader of the Government in the Senate concerning an injustice to the Slave Indian Band. I would ask the leader to obtain answers from the Minister of Indian Affairs and Northern Development.

According to an article which appeared in the Victoria *Times*, the Vancouver *Sun* and the Vancouver *Province*, Ottawa is draining the Indian people of Fort Nelson of millions of dollars. The article states that:

> The Slave Indian Band says it is losing millions of dollars in interest on natural gas royalties won in a landmark settlement last year because of a 1973 federal cabinet policy.
>
> Band lawyer, Andrew Schuck, said the royalties from the revenue sharing agreement the Band signed with the B.C. Government last year, were paid directly to the Federal Government which held the money in trust.
>
> "Right now, the Federal Government uses the Indians' money, pays the Band 12.9 per cent interest and pockets the difference" he said in this North Eastern B.C. community. "It is rather ironic that money that I collected for my fee, I am keeping in the bank at 19 per cent interest".
>
> The Band paid Schuck about $3 million for negotiating a settlement with the Province which could bring the Band one hundred million dollars during the next 20 years. The money is half of the B.C. Government's revenue from gas recovered by Petro-Canada and Quintana Explorations Limited from under the Muskwa Indian Reserve.
>
> In a 1973 Order in Council, the Federal Government decreed that it would pay interest on funds it held in trust for Indian Bands based on the average interest rates of 20 year government bonds.
>
> R. A. Hodgkinson, Director of the Membership and Statutory Requirements Branch in the Federal Indian Affairs Department, confirmed Monday, the Band was receiving interest at a rate below that paid by private financial institutions and chartered banks.
>
> He said "Ottawa and the Bands had been unable to agree on changes to the Indian Act to alter the interest rate policy."

I say: "What Indian bands were unable to decide whether to accept or reject the change of percentage rate in interest?"

> Ottawa's rate is based on the average interest rates on 20 year government bonds, ranging from a low of 3 per cent to a high of 13.75 per cent. The method of calculating the rate was set by a Federal Cabinet Order in 1973.

I must just say here that at the time I am sure there was no knowledge or the Indian people in Canada were not made aware of this outrage.

> A study done by W. K. Smith & Associates, a Victoria based management consultant firm, the Band hired after it received the agreement's first proceeds last year, estimates the Band will lose $3 million in interest alone, just on a trust account set up for Band members under 19 years of age.

This leads me to wonder what is going to happen to the judgment that is in favour of Musqueam Indians of Vancouver, B.C. According to the media it involves $10 million.

My feeling at this moment is that the $10 million will be transferred, possibly, from the Treasury Board the trust fund and will not be paid to the Indians who had won it in court.

I would appreciate very much if answers could be obtained from the minister responsible. Thank you very much.

Hon. Raymond J. Perrault (Leader of the Government): The questions will be taken as notice, honourable senators.

TRANSPORT

ATLANTIC REGION—VIA RAIL—RUMOURED SUSPENSION OF SERVICE

Hon. Daniel Riley: Honourable senators, I was pleased that Senator Smith and Senator Roblin raised the question concerning VIA Rail, because I have a question to address to the Leader of the Government in the Senate with respect to VIA Rail today. I think it is becoming important that we have officials of VIA Rail appear before our Transport Committee.

In view of the fact that there is currently, I mean today, considerable concern being experienced by the citizens, the media and the business community in the Saint John, New Brunswick, and Digby, Nova Scotia, areas—and I am sure Senator Cottreau is aware of this—regarding persistent rumours that it is the intention of VIA Rail Incorporated either to curtail or eliminate passenger rail service between Montreal and Saint John, thereby affecting Digby, Nova Scotia, will the leader forthwith contact the Minister of Transport to obtain an assurance from him that these rumours are without foundation and that there is no intention to curtail or to eliminate these services?

I understand that Parliament may adjourn tomorrow for the summer recess, but I think that this question is so important that either we should have an answer from the minister tomorrow or else the minister should contact me directly, as soon as possible, in order that I may assure the people of those areas that these rumours are without foundation.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, no final decisions have been taken, it is my understanding, with respect to the VIA Rail routes and services. There have been a number of rumours circulating in the media with respect to a number of the routes. A number of VIA Rail routes in Canada, I understand, are grossly underutilized. Others, I suppose, are experiencing a high degree of activity.

As the deputy leader said a few moments ago, it may well be a useful exercise for the Standing Senate Committee on Transport and Communications to hold hearings this fall on the subject of rail services in Canada. Perhaps it could call for witnesses from VIA Rail. In any case, the immediate question concerning that service, the question as delineated by the Honourable Senator Riley, will be directed forthwith to the Minister of Transport to see if we can obtain some information. However, I doubt very much whether any final decisions have been taken.

● (1500)

Senator Riley: Honourable senators, I have a supplementary question. Pointing out that there is a furor going on today in the press in Saint John and that there is a great deal of indignation being expressed by the business community, the citizens in general and the civic administration, I think it is imperative that we get some assurance right away that these rumours are without foundation.

Senator Perrault: Honourable senators, the information will be sought and if a reply can be obtained it will be brought to the Senate tomorrow.

Hon. G. I. Smith: Honourable senators, I would like to ask a further question with reference to VIA Rail. Is the Leader of the Government in the position to give assurance that no passenger train services of VIA Rail will be withdrawn until an appropriate hearing has been held in relation thereto before the Canadian Transport Commission?

Senator Perrault: Honourable senators, because I do not have all the necessary information with respect to VIA Rail and the proposals which are being developed, if, indeed, they are being developed by VIA Rail management, I am not in a position to answer that question. However, it will be taken as notice.

Senator Smith: I thank the honourable gentleman for taking the question as notice. I wonder if I could impose further on the government leader's good nature and ask whether he will arrange for an affirmative answer to be made tomorrow to the question I just asked?

Senator Perrault: Certainly, an inquiry will be made today. If a reply is available, it will be brought to the Senate tomorrow.

Hon. Robert Muir: Honourable senators, I, too, have a supplementary question for the Leader of the Government. I strongly support Senator Riley, Senator Smith and the others who are on the committee. We have had Dr. Bandeen before the committee previously, and I believe that it did some good.

The Leader of the Government has given nothing but fluffy answers. He is not willing to commit the government to anything other than that he will take the questions as notice, make inquiries and so on. But as Senator Riley and Senator Smith have indicated, if we do not have someone come before the committee before the fall, then by that time VIA Rail could close out everything they wished to without hearings or anything else. It seems to me that the intended purpose of the actions of VIA Rail is to discourage people from using their service.

Following up on what Senator Smith has said, will the government leader come back to this chamber tomorrow, in the event that it is the last day of the session, and say that the government does care enough about the people of Canada and is concerned enough about the people of Canada—

Senator Riley: The people of the maritimes.

Senator Muir: Particularly the people of the maritimes—and I thank you, Senator Riley. Will the government leader come back to this chamber and say that the Minister of Transport has given a commitment that nothing adverse will be done by VIA Rail. Surely, there must be a little bit of control—and I have seen it in the past—by governments over crown corporations to ensure that there will be no shutdowns or closures of any rail lines until hearings are held, because by the fall, goodness knows what may occur.

Senator Perrault: Honourable senators, I hope to bring further information on this subject to the Senate tomorrow afternoon. That is my objective. The Minister of Transport will be contacted. I have given all the information in my possession.

NEWFOUNDLAND

PROVINCIAL ECONOMY—CONTROL OVER NATURAL RESOURCES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to reply to a question asked by Senator Marshall regarding discussions with the

Newfoundland government on control of offshore resources. I am particularly pleased to do this because it will dispose of the last outstanding question that I have taken as notice.

Hon. Senators: Hear, hear.

Senator Olson: The federal government has, for several years now indicated its willingness and indeed, has made several unsuccessful attempts to negotiate a management and administrative agreement with Newfoundland and the other Atlantic provinces. During his recent visit to Newfoundland, the Prime Minister again proposed that the two governments work out a joint administrative arrangement for timely development of the offshore for the benefit of the people of Newfoundland and all Canadians. The federal government has also offered repeatedly to refer the ownership issue to the courts and has suggested this could be done through a joint reference to the Supreme Court. I mention these efforts of the federal government to demonstrate to the honourable senator that the federal government is keenly aware of the need to settle these issues if development of this valuable resource is to proceed. Meanwhile, the honourable senator will be aware that exploration activity is continuing off the Newfoundland coast and the oil companies are now preparing development plans for submission to government.

POST OFFICE

DELIVERY OF INCOME TAX REFUNDS AND PAYMENTS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, questions were asked by the Leader of the Opposition and by Senator Smith on July 8 concerning tax payments made or falling due during the postal strike. I am pleased to inform honourable senators that taxpayers who are required to file an income tax return or other information during the postal strike will not be penalized for late filing, provided the envelope is postmarked within five calendar days of the termination of the strike. I am sure that this statement adds a note of reassurance to the earlier statement on the subject.

THE ENVIRONMENT

ONTARIO—NIAGARA RIVER—HYDE PARK WASTE DISPOSAL SITE

Hon. Raymond J. Perrault (Leader of the Government): Senator Haidasz sent me prior notice of a question concerning the drinking water of six million people living around Lake Ontario which is being seriously contaminated by the deadly toxic chemicals trichlorophenol, the banned herbicide 2-4-5, and dioxin. Allegedly, these chemicals are leaking from the waste dumps of the Hooker Chemical and Plastics Corporation of Niagara Falls. Senator Haidasz' question reads:

> I would like to know what steps the federal government has taken to protest and prevent any further damage to the health of so many people and the ecology of that beautiful region?

The government is concerned about the proposed agreement between Hooker Chemical Company and the U.S. Environmental Protection Agency under which Hooker would take corrective measures to contain toxic wastes deposited at the Hyde Park site.

We have expressed to the U.S. government our concern that the containment methods must provide adequate long-term safeguards and have requested consultations prior to the agreement being finalized.

We consider this to be the most effective and appropriate route for the Government of Canada to take. It also provides support for the *amicus curiae* or friend-of-the-court intervention in U.S. courts by Pollution Probe and Operation Clean Niagara.

TRANSPORT

NEWFOUNDLAND—LOSS OF *ARCTIC EXPLORER*—NEED FOR INCREASED SEARCH AND RESCUE CAPABILITY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, with regard to a question asked on July 6 by Senator Doody concerning the *Arctic Explorer* tragedy, the Minister of Transport has provided a statement to this effect: We must be rational when examining the accident involving *Arctic Explorer*. The loss of life was not a result of the fixed-wing aircraft response time; rather it was a result of the company failing to notify Search and Rescue until *Arctic Explorer* had missed three calls. Once Search and Rescue had been notified, their response time was commendable. But because of the conditions of this accident, even if Search and Rescue had responded in half the time, nothing more could have been accomplished.

It is natural to be anxious about such matters, yet we must be realistic. We do not have any guarantees that any future accident will occur in the exact same location as this one.

One might pose the question: What if the accident had occurred off the coast near Gander rather than Greenwood? Search and Rescue have tried their utmost to locate their equipment in the most strategic locations. Also, honourable senators, Mr. Pepin has decided to launch a formal inquiry, but a commissioner has not yet been selected. In this inquiry, communications will also be investigated. The initial finding, it is hoped, will be available within two days.

FISHERIES

SQUID—ISSUANCE OF LICENCES TO JAPANESE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, my last delayed answer is rather long. It relates to a question asked by Senator Marshall on July 6 dealing with squid. Senator Marshall has left the chamber momentarily. I wonder if honourable senators would consider it adequate if I were to ask that the answer be printed in the record of the proceedings as having been read?

Hon. Senators: Agreed.

(*The answer follows:*)

The 1981 total allowable catch for squid in the North West Atlantic is 150,000 t. The Canadian squid industry, between 1977 and 1980 produced an average of 55,000 t. of live weight squid products. Even in 1979, a year of extremely high squid abundance in our waters and of our best squid market the Canadian industry produced just over 87,000 t.

In accordance with the principles of the Law of the Sea, Canada is required to share surplus stocks in its waters with other countries. Our general policy in the distribution of squid allocations has been to allocate it to countries that consume it, as opposed to giving it to countries that simply compete with Canada on the world squid market. The Japanese are the world's major squid consumers, their consumption accounting for about two-thirds of total world squid production (approximately 630,000 t. a year). The viability of Canada's squid industry is primarily dependent on access to the Japanese market. Japanese total import requirements vary from year to year dependent largely on the success of the Japanese domestic fishery, but Japan has been the major importer of squid from Canada. Present prospects suggest that there may be a good Japanese domestic catch in 1981, as there was in 1980, which reduces significantly the demand in the Japanese market for squid imports.

Our squid allocation to Japan recognizes the importance of the Japanese market for Canadian squid. Related to the 1981 squid allocation to Japan an agreement was negotiated with the Japan Deep Sea Trawlers Association whereby that association made a commitment to purchase a specified quantity of Canadian squid. Thus, for a year in which the market outlook for squid is cloudy based on the expectation of a good Japanese domestic catch in 1981 and current large inventories in Japan, Canadian exporters of squid products have a guarantee of sales to the Japanese market for at least this predetermined quantity of squid.

In addition to the significant employment and income generated by these sales to fishermen and plant workers, the Atlantic Region will also benefit by Japanese expenditures of about $5.5 million for a ship's repair and crew transfer program. This program, which was negotiated as part of our allocation arrangement, would not be possible if Japanese vessels were not fishing in our waters.

POST OFFICE

DELIVERY OF INCOME TAX REFUNDS AND PAYMENTS

Hon. G. I. Smith: I wonder, honourable senators, if I might return to the delayed answer concerning income tax returns and the Post Office. I am certain that the information given by the government leader will be very gladly received by many people. However, I want to make sure that it covers all the classes of people who are interested. I believe the answer referred to those people who have to make quarterly payments, and I am not sure whether the words used would cover this group, a number of whom were required to make their payments on or about June 30.

[Senator Perrault.]

● (1510)

Hon. Raymond J. Perrault (Leader of the Government): The honourable senator raises a valid point of inquiry. That further information will be obtained if it is at all possible.

THE PUBLIC SERVICE

EMPLOYMENT OF THE DISABLED AND HANDICAPPED

Hon. Robert Muir: Honourable senators, I should like to commend the Leader of the Government in the Senate for his prompt response to questions, although the answers may not contain very much information. However, I would draw to his attention a question I posed on two occasions some weeks ago. I have been waiting patiently for a response.

My question related to statements made by the Minister of Employment and Immigration and the Minister of Supply and Services regarding the employment of disabled persons which are, according to committee reports and press reports, quite contradictory. I am sure the leader will remember my question.

Is he able to clarify the positions of those two honourable gentlemen with regard to this matter, and has any other information been gathered on the subject?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, no information has been received, but a further inquiry will go forward and, hopefully, we will provide that information before the summer recess. Certainly, my office will do its best.

PUBLIC WORKS

THE LATE RIGHT HONOURABLE JOHN G. DIEFENBAKER—MONUMENT

Hon. Robert Muir: Honourable senators, some days ago I posed a question as to whether the news media reports were correct in regard to the possibility of erecting a monument in honour of the late Right Honourable John G. Diefenbaker.

The Deputy Leader of the Government will recall that the press reports stated that the government had decided that a monument would not be erected in Ottawa, but that one would be erected in Prince Albert, which seems to me a most unusual situation since there is already a monument to the late right honourable gentleman in that city.

Would the Deputy Leader of the Government ascertain whether the press reports are incorrect? Frankly, I hope they are incorrect.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I remember the question, and later reading the press report upon which it was based. As yet, I do not have the information requested, but I will try to have it for tomorrow.

AGRICULTURE

ASSISTANCE FOR FARMERS

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have a delayed answer to a question asked by Senator Balfour on April 22, 1980. I would ask that the answer be taken as read.

Hon. Senators: Agreed.

(*The answer follows:*)

The Department of Finance have advised me that it is not accurate to say that a taxable capital gain such as from the sale of farm assets would be exempt from tax where the proceeds are invested in an RRSP. A proposal to allow up to $100,000 of taxable farm gains to qualify for such an exemption was proposed in the December 1979 budget but was not re-introduced by this Government. The Minister of Finance has indicated that he has under review the whole area of capital gains taxation and has released a study paper dealing with this subject and it is unlikely that any measures relating to taxation of capital gains will be put forward until the Government's review is complete.

It should be appreciated that the gain on the sale of farm properties does currently qualify for investment and income averaging annuity contracts and to that extent the tax on such gains may be deferred.

GRAIN

RAPESEED—SPREAD BETWEEN CURRENT PRICE AND FUTURES MARKET PRICE

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have a delayed answer to a question asked by Senator Balfour on May 29, 1980. I ask that the answer be taken as read.

Hon. Senators: Agreed.

(*The answer follows:*)

The spread between street and futures prices in 1980 resulted from a number of factors. The Vancouver futures price was significantly higher than the Vancouver cash market price because of the car allocation procedure in effect at that time. The GTA has since revised the car allocation formula and with the co-operation of the trade has implemented a car exchange program which improved the market efficiency in Vancouver. The cash-futures price spread has returned to normal. Second, rapeseed supplies in commercial positions were large relative to disappearance. The resulting extended carrying period combined with higher interest rates caused costs to increase rapidly; therefore the spread between the Vancouver cash and country market was wide. The supply of rapeseed is coming back into balance with demand and the spreads between Vancouver and the country reflect this fundamental factor.

OFFICIAL LANGUAGES

FIRST REPORT OF SPECIAL JOINT COMMITTEE PRESENTED AND PRINTED AS APPENDIX

[*Translation*]

Hon. Lowell Murray: Madam Speaker, with leave of the Senate, I should like to revert to reports of committees so that I may table the first report of the Special Joint Committee on the Official Languages which I have just received from the printer.

Leave having been given to revert to Reports of Committees:

[*English*]

Hon. Lowell Murray: Honourable senators, I have the honour to present the first report of the Special Joint Committee of the Senate and the House of Commons on Official Languages. I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

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

Hon. Senators: Agreed.

(*For text of report see appendix, p. 2759.*)

Senator Murray moved that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, before Orders of the Day are called, could the Deputy Leader of the Government inform us as to whether he has any new information concerning what may happen in the other place and the possible adjournment for the summer? Information in this regard would be of interest to honourable senators at this time.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, my information is that Bill C-82, to amend the Pension Act and the Compensation for Former Prisoners of War Act will get three readings in the other place today, so there is reason for us to be here tomorrow.

I am also advised that a house order has been obtained in the House of Commons providing for three readings today of Bill C-83, which is a bill regarding salaries and indemnities for members of the House of Commons and the Senate which, I believe, also deals with pensions for members of the House of Commons. The house order provides for that bill to be voted on by 9.45 this evening. If it passes then it, too, will be available for our consideration tomorrow and, therefore, I think we should implement the motion, notice of which I gave earlier, namely, that when the Senate adjourns today it do reconvene at 10 o'clock tomorrow morning.

● (1520)

Senator Flynn: Does that mean that the summer adjournment could take place tomorrow?

Senator Frith: Honourable senators, yes, that is my information. There is still some question in the other place as to whether there should be an adjournment before settlement of the postal strike. I believe that the Leader of the Opposition in the other place has some very definite reservations as to whether Parliament should adjourn, and I believe he expressed them in the other place today. Therefore, that is still up in the air. If the motion, notice of which has already been given in the other place, is implemented by adjourning tomorrow, then Parliament would reconvene on October 14.

Senator Flynn: If my understanding is correct that the motion for adjournment provides that Parliament would return only on October 14, subject to recall, of course, for any emergency, then even if the debate on that motion is prolonged in the other place, that does not prevent us from adjourning tomorrow until October 14, subject to recall, of course, under the same circumstances?

Senator Frith: I agree, subject to recall under the same circumstances and assuming that the only reason they would be sitting is not to consider other legislation but for the sake of the postal strike, and even if it were for other legislation, we could be recalled in that eventuality also.

CORPORATIONS AND LABOUR UNIONS RETURNS ACT

BILL TO AMEND—COMMONS AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the House of Commons to the Bill S-10, to amend the Corporations and Labour Unions Returns Act.

Hon. Richard J. Stanbury moved that the amendments be concurred in.

He said: Honourable senators, you will recall this bill originated in the Senate, and we dealt with it last October. It was finally passed by the Senate in December of last year. There was considerable discussion about this bill in our committee, and at least one amendment was made.

The bill then went to the House of Commons, and was discussed at length in the committee of that house. As a result of that discussion a number of amendments were made, if changes of words are included, which have the effect of raising the threshold of the size of companies which are required to complete returns under the Corporations and Labour Unions Returns Act.

You may remember that when I introduced this bill in the Senate last October, I mentioned that the effect of the bill would be to exempt some 70,000 Canadian companies from the requirement of completing those returns. The amendments which raise the threshold of the size of companies which must make the returns mean that there is a much larger number of companies—in fact, 96,000 Canadian-owned companies—which will be exempt from completing the returns.

The question then, of course, is: Are there enough companies left making the returns to preserve the integrity of the whole system of returns that are made under the act?

[Senator Flynn.]

We are advised that even with the exemption of those 96,000 companies, the 17,000 companies that still have to make the returns, will represent about 81 per cent of the transactions which are carried on, and they represent about 95 per cent of the assets of mining and utility companies, and 85 per cent of assets of manufacturing companies. Therefore, there are still large areas of corporate activity that are being covered and reported on under this act, but a great number of small companies are being relieved of that burden. There will remain, I think, 17,000 Canadian-owned companies that will have to complete certain types of returns, and 90,000 foreign-owned companies that will have to make some returns.

If you refer to clause 2 of the bill, you will find that the amendments are to the proposed paragraphs 3(1)(*a*) and 3(1)(*b*). The threshold for reporting liability by corporations will be raised from $10 million in revenues or $5 million in assets to $15 million and $10 million respectively, and the threshold for reporting liability of corporations will be raised from the aggregate amount of $100,000 to $200,000 minimum for each equity or long-term debt owed to persons or affiliates not resident in Canada.

There are certain lines which are changed because of the changes in words. These amendments have been made by the committee of the other place, and have been accepted by the government. The effect of them is to make it clear that it is not necessary to deal in aggregates which might bring in another large group of companies.

The amendment to paragraph 3(1)(*b*) removes the words "total aggregate" in the third line, and substitutes the word "or" for "and" in subparagraph 3(1)(*b*)(ii) where debt obligations to non-residents in Canada are dealt with.

If there are any questions, I shall be pleased to try to deal with them, but I hope that what I have said is a sufficient explanation of the motion.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I think that we have had a clear explanation of the changes, and I believe that they are quite reasonable. It always seemed to me that this net was too fine, and it caught too many small fish that could contribute nothing to the policy objectives of the act. In that frame of mind, I have to agree with my honourable friend that raising the thresholds in the amounts he suggested is a good thing.

There is only one minor curiosity that I find here. I have never been able to establish the relationship between the amount of assets at $10 million and the amount of gross revenue at $15 million. I do not know of any company in this country—the word "any" takes in a lot of territory, but there cannot be many companies in this country that would have assets of $10 million and a gross revenue of $15 million. That always seemed to me to be quite out of proportion, and I could not understand it. It seems to me that the gross revenue ought to be considerably higher. The threshold should be more than 10 or 15 per cent of the assets; perhaps it should be double or three times the assets.

I do not know whether my honourable friend has an explanation for that. He might tell me there is no connection between these two paragraphs, and perhaps that is the answer, but I have always been curious as to why the proportionate relationship between these two sums was so obviously out of line with reality. However, that is not going to prevent my agreeing that these amendments be concurred in.

Motion agreed to.

● (1530)

VETERANS' LAND ACT
VETERANS BENEFIT ACT

BILL TO AMEND—SECOND READING

Hon. Charles McElman moved the second reading of Bill C-79, to amend the Veterans' Land Act and to amend the Veterans Benefit Act in consequence thereof.

He said: Honourable senators, I am pleased to move adoption of these amendments to the Veterans' Land Act. This legislation has been of first-rate service to Canadian veterans for nearly 40 years. However, with the passage of time, certain aspects of the Veterans' Land Act have been overtaken by the pace of social change. What were once regarded as assets, in the 1940s, are now viewed as anachronisms. Safeguards erected to protect veterans after the war are now considered barriers.

By putting forward these amendments, the government is proposing an updating of the act so that it will not clash with family law legislation in the provinces. These changes will also allow a veteran more freedom of choice in planning his estate.

As we look to the future, it is fitting that we also look back and applaud those legislators who drew up the initiatives contained in what is known as the Veterans Charter. Two of our colleagues—Honourable Senators Croll and Langlois—were members of the Special Committee on Veterans Affairs that in 1945-46 introduced a mix of updated and new legislation designed to bring post-war confidence and encouragement to our servicemen and women.

In his foreword to the book entitled *The Veterans Charter*, the Honourable Ian A. MacKenzie, the then Minister of Veterans Affairs, wrote:

> Not for ten, perhaps twenty, years will it be known how much ex-servicemen and women have been able to contribute to a Canada at peace as a result of these re-establishment measures. When the accounting is made, I know the programs laid down in the Veterans Charter will appear in true perspective as a social investment of unmatched success.

Certainly, honourable senators, few would disagree that our nation has received great dividends from this social investment. Re-establishment credits were the springboards from which many thousands of Canadian service people returned to civilian life with cash and confidence. Many leaders of industry and the professions profited from the opportunities offered by the university training scheme, thus providing Canada with a reservoir of qualified people to direct our post-war boom.

The Veterans' Land Act, the legislation before us today, was the third major re-establishment plan available to veterans. The act offered servicemen and women the opportunity to become farmers, to purchase rural or semi-rural land, and to put down roots in the earth they had protected so nobly. It also encouraged veterans to buy small holdings so that they could hold another job and still be part-time farmers. It aided others to become fishermen and trappers.

Our whole nation has been nourished by this legislation, as every province in Canada became home for some of the 143,000 veterans who took advantage of the VLA. This involved the advancement of $1.34 billion, public funds that were wisely invested.

In 1975, Parliament decided that no new agreements would be permitted, that the Veterans Land Administration had served its purpose admirably and should be allowed to wind down. Honourable senators should know that there are still 39,000 veterans living on property held in the name of the VLA and that the last sales agreement will not terminate until the year 2007.

But, for all its successes, all its merits, the Veterans' Land Act has been under increasing criticism in recent years, particularly by groups and individuals interested in the laudable aim of advancing the rights of women in society.

The large majority of all outstanding VLA agreements of sale represent the matrimonial home, yet the spouses of veterans are locked out of having a legal interest in the property. This is because the property agreement is between the veteran alone and the Crown. When the legislation was first introduced, the thrust was that it was the veteran who had earned certain benefits through war service and nobody else could share in them.

I should point out that most of the veterans who applied to the Veterans' Land Administration were male, but in a few instances they were female, and, as a result, their husbands had no legal right in the property. So what happened, honourable senators, was that when a veteran borrowed funds from the VLA at preferential rates, he made an exclusive agreement with the Crown, and the spouse could enjoy no dower, homestead or family rights in the property.

Yet there were certainly cases where the wife had helped her veteran husband to provide a downpayment on the matrimonial home. It was not unknown for a bride to contribute land to the matrimonial partnership. But if the couple then decided to take advantage of the VLA opportunities and upgrade and expand the property, title had to be transferred to the Director of the Veterans' Land Administration and, as far as the Crown was concerned, the spouse had no equity in the property so long as the loan was outstanding. No matter that both might have to work to pay off the debts and that the wife had previously invested her own land or money in the property, the legislation shut the farm gate on her.

Contrast such situations with recently adopted family law legislation in a number of provinces. In these provinces the spouse is generally deemed to have a 50 per cent interest in the matrimonial home.

So what it adds up to, honourable senators, is that the Veterans' Land Act has inadvertently run afoul of family law legislation. As a result, there have been recent occasions where wives, involved in legal actions against their one-time spouses, have attacked this legislation as being a barricade behind which the husband can hide and frustrate their opportunity to share in the benefits of the matrimonial home.

Of course, the wife can ask the court to declare that she has an interest in the property to be held in trust by the veteran, but she cannot force a sale and, in any event, this route involves expensive legal action and many spouses may be unaware of this option.

When this legislation was first introduced, it was a different social world. The husband was regarded as the head of the household and divorce was a rarity. In addition, our legislators built in safeguards with the sole purpose of helping the veteran in his early years in business. Now, as those farms mature and fortunes alter over the years, those safeguards have changed into restrictions. Times have changed and these amendments are a recognition that legislation must change also.

I am confident that the vast majority of veterans will welcome these amendments. As a matter of fact, in the other house, the Acting Minister of Veterans Affairs, in speaking to the bill, advised that he had consulted with the Royal Canadian Legion, veterans' associations and the Commission on the Status of Women, and all had reacted favourably to the bill. Most veterans will want their spouses to be officially recognized as legal partners in the home they share. Certainly, from the standpoint of estate planning, these amendments will make life much simpler for the veteran.

It has not been an easy matter to amend this act. The properties concerned are, in a strict sense, as much the property of the Crown as are the Parliament Buildings. It was necessary to ensure that, while recognizing the consequences of the act, Parliament would not abruptly throw out all the traditional hard-won rights of the veterans.

It is proposed to amend section 37 in order to recognize that a veteran's spouse does have rights in the matrimonial property as provided by provincial legislation. In addition, the bill proposes that VLA contract holders who have earned the conditional grant can have the option to obtain title to their VLA property by replacing the existing agreement for sale with a registered first mortgage. Of course, the first mortgage will have the same terms and the same interest rates as the VLA loan.

Let me stress, honourable senators, that the first mortgage proposal is an option. How many veterans will want to change their agreement of sale to a regular first mortgage is a matter for conjecture. Undoubtedly there will be some who will welcome the opportunity to facilitate meaningful family estate planning and the conveniences which flow from full proprietary rights. Similarly, there will no doubt be some traditionalists who enjoy the protection of living on Crown property and will be satisfied with the status quo. That, as I have said, will be the individual's choice.

Honourable senators, I believe that the combination of these two amendments answers the complaints made against the present legislation and still leaves a measure of decision-making to the individual veteran. This combination provides protection for all spouses, facilitates the enforcement of marital property settlements ordered by provincial courts, and allows veterans more freedom to plan their estate and enjoy proprietary rights.

● (1540)

The legal work associated with mortgage registration will be accomplished through the Department of Justice, just as in the original instance when title to the property was acquired in the name of the Director, Veterans Land Administration.

Administratively, the mortgage approach will benefit VLA through lower costs. Once the veteran exercises this option and is no longer a tenant at will, VLA will no longer have the responsibility of dealing with oil companies, pipeline easements, expropriations and the like.

All in all, honourable senators, these amendments are both welcome and necessary. The spouse is given matrimonial rights in the VLA property. The mortgage proposal allows the veteran freedom in managing his property and more choice in planning his estate.

Honourable senators, I commend this bill to you for your approval.

Hon. John M. Macdonald: Honourable senators, I just want to say a word or two to show that we are in complete agreement with this bill, though after the very fine, detailed explanation given by the sponsor there is not much, if anything, that needs to be said.

Without any doubt, this has been a very worthwhile piece of legislation and a great many veterans have benefited by it. If I may go back for a moment, I recall that after the war, as the sponsor mentioned, this act was supposed to enable people to acquire farms, or part-time farms, or become commercial fishermen. That was fine, but there was a big demand by veterans to broaden the act so that persons wanting to build a home would be able to do so. At that time, if I remember correctly, quite a large piece of land was required for the small holding, as they called it. Over the years that was gradually done away with, so that in time a great many veterans were able to get a long term, low interest loan under the Veterans Land Act that enabled them to build their homes.

As the sponsor mentioned, the procedure was a very simple one. The veteran conveyed his land to the Director of the Veterans Land Administration and in turn got back an agreement of sale. When he had paid off his loan, the director gave him back the deed to the property, and everybody was happy.

I was a little surprised to hear that there are still so many of these loans outstanding. Most of them must have been taken out over recent years. When it was announced that the cut-off

date would be 1975, I think it was, for eligibility, I suppose a great many people took advantage of the act and made their application then so as to get in under the wire. In any event, time has shown that this amendment was necessary, especially in the case of divorced persons: when the loan was paid off, the veteran got his or her deed, as the case may be, and the spouse had no further interest in it.

I do not quite understand this business of the locked-in position. I would think that once the director conveyed the land back to the veteran, the veteran's spouse must have had an interest, either by way of dower or under the matrimonial property acts of the various provinces, though as to that I am not sure.

In any event, since the need was there, it is just as well that it has been taken care of. I particularly like the provision whereby a veteran will have the option, under the 10-year forgiveness clause, to get back his deed and give back a mortgage. In other words, he is the owner then, and if he wants to convey his land to his son, or somebody else, he is able to do so. In fact, if he wants to sell it, presumably he can do so, subject to the mortgage, as in any other transaction.

Of course, in this day and age the provisions of the family court statutes in the various provinces should be applicable to any of these things, and that, I think, is a good piece of legislation.

Generally speaking, then, certainly on this side, we support the provisions of the bill. I will say this, however. I never had much—though something—to do with these cases of fishing or farming. I dealt mostly with people wanting to build a home. You could not find, however, better people than those whose job it was to administer the Veterans' Land Act.

I see no reason to prolong the debate, nor do I see any reason to send this bill to committee. I think Senator Bird wants to say a few words. After that, let us give the bill third reading and pass it.

Hon. Florence B. Bird: Honourable senators, in the absence of Senator Bonnell, I think it my duty to inform you that the Standing Senate Committee on Health, Welfare and Science did consider section 37 only last Tuesday. We thought the amendment provided a great improvement to the existing act and that the amendment should be adopted. We had in fact decided that if we did not receive Bill C-79 before we adjourned for the recess, we would include it in our report as a recommendation. Now that it has been received, however, I am very happy to tell you that it had gained the unanimous approval of the committee.

I thank Senator Macdonald and congratulate Senator McElman. I hope we can move to third reading immediately.

Hon. Guy Williams: Honourable senators, I would like to direct a question, for my own enlightenment, to the sponsor of the bill.

Some years back the Veterans' Land Act was debated in this chamber. At that time I said that the Veterans' Land Act was the most unfair piece of legislation in Canada. I was referring to its effect on the Indian veterans. If my memory serves me right, there were over 1,700 in the country.

There were two reasons why I said this was the most unfair piece of legislation in Canada. One was that it did not recognize the spouse of the veteran. The other was that the Indian veteran was only considered for one-third of the total amount, which is the unreclaimable amount, approximately $2,300 or one-third of the total amount. There were over 1,700 Indian veterans participating.

What I want to know is, what is happening to them now?

Senator McElman: Honourable senators, as sponsor of the bill I fear I cannot give an answer to Senator Williams. It is one that is quite beyond the scope of the background information provided by the department for this bill. I would, however, like to say that as a veteran myself I agree with him on the outstanding service rendered to the country by those many native people who joined the various elements of the armed forces of Canada and served with great distinction and courage.

I regret that I do not have an answer to the question asked by Senator Williams.

Motion agreed to and bill read second time.

THIRD READING

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

Senator McElman: I move, with leave of the Senate and notwithstanding rule 45(1)(b), that this bill be read the third time now.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

● (1550)

OFFICIAL RESIDENCES ACT

BILL TO AMEND—SECOND READING

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-81, to amend the Official Residences Act.

He said: Honourable senators, this bill pours the legal footings for a summer residence for the Leader of the Opposition in the House of Commons. I mean to explain briefly why and how it does so.

The sessions of Parliament have grown longer over the years. The Prime Minister of our country, whoever he or she may be, is entitled to an official residence and a summer residence. I will not compare the obligations of the Leader of the Opposition to those of the Prime Minister, because that does not matter. The obligations of the Leader of the Opposition are onerous and important. Our system absolutely depends on a smoothly functioning and properly supported

opposition. That opposition depends upon a leader who is given every help to fulfill his or her functions.

What this bill means to do is fill a gap which, rather startlingly, has not been filled long since. That is the "why" of the bill.

The "how" of the bill is relatively simple, honourable senators. You have the bill before you. You will see that in clause 1 it establishes the legal basis for a residence for the Leader of the Opposition—

Hon. Jacques Flynn (Leader of the Opposition): In the House of Commons.

Senator Frith: The Leader of the Opposition in the House of Commons, yes. The distinction has been noted.

Senator Flynn: In the text it only appears as "Leader of the Opposition."

Senator Frith: I believe that the definitions section clarifies that uncertainty.

Section 3 of the act provides that the Minister of Public Works is obligated to furnish, maintain, heat and keep in repair the buildings situated on the lands described in the schedules, if the residence is established. Naturally, the furnishing of a residence requires its maintenance. It also requires a staff, and therefore the bill provides that the Leader of the Opposition may appoint a steward or housekeeper and up to three other employees to manage the residence.

Section 6 of the act deals with the necessary supplies and remuneration of persons named in the preceding section, and provides also that monies appropriated by Parliament for the operation of the House of Commons may be used for the payment of the remuneration of such employees.

In introducing this bill, honourable senators, I repeat that all it does is pour the legal footings for the summer residence. The house is not yet chosen but will be, with the concurrence of the Leader of the Opposition, by the National Capital Commission and the Minister of Public Works, and will be selected from properties that are available. I assume that the available properties will be examined and, in consultation with the Leader of the Opposition in the other place, a residence will be chosen which, from that time on, will be the official summer residence of the Leader of the Opposition. Of course, the residence can be replaced, if such an action is found desirable, because the legal foundations for doing so are established by this bill.

Hon. Lowell Murray: Honourable senators, I should like to state my understanding of clause 3 of this bill, which provides that the Leader of the Opposition in the House of Commons may appoint a steward or housekeeper and up to three other employees to manage his residence—that is, his official residence, Stornoway—and of clause 4, which provides for the payment of this staff. As I understand then, these clauses confirm the arrangements that were made in the summer of 1979 by Prime Minister Clark and the government of the day for the then opposition leader, Mr. Trudeau, who had at that point moved into the official residence, Stornoway. Therefore, it is appropriate that we should give those arrangements legislative sanction at this time.

We on this side have no objection to the possible provision of a summer residence for the Leader of the Opposition in the House of Commons. I simply make the point that this bill does not really provide the summer residence. This bill provides that the Governor in Council may, by order, allocate any lands in the National Capital Region, where, as it is well known, the Crown owns a great deal of land and buildings, and can provide a summer residence for the Leader of the Opposition. Whether the Governor in Council chooses to do so and whether the present Leader of the Opposition in the House of Commons chooses to accept such an offer is between the cabinet and the present Leader of the Opposition.

I leave it at that, except to say that in my humble opinion, if the government is concerned as to the prestige of the position of Leader of the Opposition, there are many other things which could be done more usefully and which would be more relevant to his public responsibilities than this particular provision.

However, we will allow the bill to go through with those observations.

Hon. Robert Muir: I should like to comment briefly on this bill. I commend the deputy leader and the government for bringing it in. I am not particularly concerned about who gets the credit for the bill, who had the original idea and all that sort of thing. I do not care whether the name of the Leader of the Opposition is Clark, Trudeau, Diefenbaker, King, St. Laurent, or whatever it was or will be—we have been pikers in this country with regard to the leaders of our parties. I think this is a good move, and is one that should have been made many years ago.

It is possible that other things could be done to enhance the position of the Leader of the Opposition and to enable him to do a better job. I am one of those who have been here a long time—someone might interject and say too long—but I have also been around the world many times. I have been to many different countries and have seen what is provided for their leaders. It shocks me to think that we can be so petty. Oftentimes we are petty with regard to what is provided for the Prime Minister of this country and for the Leader of the Opposition, and I think that this bill is a step in the right direction.

● (1600)

Again, I commend the government for introducing this legislation. I think this should have been done years ago.

Senator Frith: Honourable senators—

The Hon. the Speaker *pro tem:* Honourable senators, if Senator Frith speaks now, his speech will have the effect of closing the debate.

Senator Frith: Honourable senators, Senator Murray made the point about Stornoway. So far as I know, what he said is quite correct. The second point he made was that this only

establishes, as I said, the legal footings. He did not use that word, but obviously we agree on that.

As to other things the government can do to help the Leader of the Opposition, we will not go through those at this stage of the sitting, but perhaps we might look forward to a long shopping list of suggestions from Senator Murray, when we resume, that we will try to bring to the attention of the government.

I thank Senator Muir for his comments as well. Obviously he and I agree, as do Senator Murray and I, on the principles of this bill and the way in which it tries to accomplish them.

Motion agreed to and bill read second time.

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

Senator Flynn: At the next sitting.

Senator Frith: Honourable senators, with leave of the Senate, I move that the bill be read the third time now.

Senator Flynn: At the next sitting. We want to think about it.

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

Senator Flynn: No, no. At the next sitting.

The Hon. the Speaker *pro tem:* It is moved by the Honourable Senator Frith, seconded by the Honourable Senator Petten, that this bill be placed on the Orders of the Day for third reading at the next sitting. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

DIPLOMATIC AND CONSULAR PRIVILEGES AND IMMUNITIES ACT

BILL TO AMEND—SECOND READING

Hon. H. Carl Goldenberg moved the second reading of Bill C-14, to amend the Diplomatic and Consular Privileges and Immunities Act.

He said: Honourable senators, this bill deals with the establishment and operation of purported embassies or consulates in Canada by persons not representing a sovereign state or not representing a government recognized by Canada. The new or proposed legislation would make it an offence to engage in such conduct, enabling the courts to prohibit the representation of such premises as a diplomatic mission or a consular post.

It is the same as the bill which was introduced in the Senate as Bill S-11 by the last government, with second reading being moved at the time by Senator Macquarrie. I regret that, not having Senator Macquarrie's gift of poetic language, my presentation will have to be more matter of fact.

Hon. Duff Roblin (Deputy Leader of the Opposition): You don't do too badly either.

Senator Goldenberg: Apart from certain corrections in terminology, the main concern of the bill is to provide for a contingency under which a country, or even a part of a country, would establish in Canada something purporting to be an embassy or a mission. While this would be a violation of the Vienna Conventions on Diplomatic and Consular Relations, to which Canada is a party, the Government of Canada at the present time has no legal avenue to deal with a transgression which would result from the establishment and operation of such purported embassies or consulates in Canada.

The bill therefore seeks to resolve a sensitive problem which may occur any time and create for Canada some embarrassment on the international scene and, more particularly, create tensions in Canada's bilateral relations with the country concerned.

I have referred to the Vienna Conventions, and I will just quote two articles.

Article 2 of the Vienna Convention on Diplomatic Relations provides that:

> The establishment of diplomatic relations between States, and of permanent diplomatic missions, takes place by mutual consent.

Article 4(1) of the Vienna Convention on Consular Relations provides that:

> A consular post may be established in the territory of the receiving State only with that State's consent.

These articles specifically require the force of law to be implemented in Canada. It is therefore only consistent with the spirit of Canada's obligations under the Vienna Conventions to take the necessary measures to prevent the opening of such so-called embassies or consulates when they are opened without Canada's consent and when they purport to represent a country or a government not recognized by Canada.

I submit, honourable senators, that this bill is non-controversial and I trust that, the same measure having been introduced by two successive governments, it will receive speedy passage without reference to committee.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, as Senator Goldenberg has just indicated, the bill is substantially the same, except for a few words, as Bill S-11 introduced by the Clark government. Senator Goldenberg mentioned that Senator Macquarrie had at that time moved second reading. I have not had the opportunity to check but I think that the bill was passed by the Senate, and I am not sure whether it had even gone through first reading in the other place. I have not had time to check because I had to answer for Senator Asselin who could not be here this afternoon.

Senator Goldenberg: All I can say is that I have here the speech that Senator Macquarrie made at that time.

Senator Flynn: When exactly?

Senator Goldenberg: On December 11, 1979, and I can give you the exact pages.

Senator Flynn: Fine, then it probably did not go to committee?

Senator Goldenberg: No.

Senator Flynn: It was a few days before that fateful December 13, if I remember correctly.

In any event, Senator Goldenberg provided a good explanation and we thank him especially, on behalf of the Senate, for explaining the various technical aspects. The fact is that the government cannot redress a situation resulting from the establishment of what the bill calls purported embassies or consulates, or what we might otherwise call sham embassies and consulates. At one time or another, the problem has come up, if not here then in some other country.

Senator Goldenberg: In Australia.

Senator Flynn: Yes, in Australia. The bill seeks to give the government authority to redress the situation, which could cause some dissatisfaction, if you want, or our relations with those countries affected by the establishment of such purported embassies or consulates.

I note that Mr. Louis Duclos, Parliamentary Secretary to the Secretary of State for External Affairs, said the following in the House of Commons in concluding his very brief explanation:

> Let me point out, in conclusion, that the legislation would not be directed against any particular group by name.

So much for that.

> It should not affect the present representation of Baltic States in Canada.

I wondered in what way it would not affect this representation because, in fact, the act always makes reference to a sovereign country or a country recognized by Canada. As I understand it, the Baltic States representation is more the representation of dissident groups in these countries than of the official Baltic States. I quite agree that the bill should not affect this situation because our interest—and I believe that this is a question of justice toward many citizens from these countries who emigrated to Canada—is to recognize this type of representation.

Senator Goldenberg: If you allow me—

Senator Flynn: Yes, go ahead.

Senator Goldenberg: As soon as I was asked to introduce this bill, I called the legal services of the Department of External Affairs. The situation was explained to me, and I shall quote exactly what I was told. The reply was in English and I shall give it as I received it:

● (1610)

[*English*]

> Canada has not recognized *de jure* the incorporation of the Baltic States into the Soviet Union.

[*Translation*]

The act will, therefore, not apply to the Baltic States.

[Senator Goldenberg.]

Senator Flynn: I understand, but the act says that any diplomatic mission must be that of a sovereign country, whereas these missions do not represent sovereign states. Of course, in practice, the government turns a blind eye on this situation. I have no objection to this, and I believe this is the solution because not recognizing the incorporation of these countries in the Soviet Union is one thing, but this does not make a sovereign state of these countries.

Senator Goldenberg: The government has decided to turn a blind eye to the situation of these states.

Senator Flynn: That is the answer that I expected and I am satisfied with it.

In any event, I agree that it is a useful tool. There is also the principle of reciprocity which allows, in certain cases where our embassies and consulates are not allowed certain privileges, the privileges of certain embassies and certain consulates to be also restricted; this is excellent and the principle is good. We all agree with the explanation given concerning the Baltic States or other similar situations. I therefore believe that it is not necessary that the bill be referred to a committee. It could receive third reading tomorrow, at the same time as the previous bill.

Motion agreed to and bill read the second time.

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

Senator Goldenberg: Honourable senators, I would like to ask Senator Flynn whether he insists that we give the bill third reading tomorrow, because I do not think that I shall be able to be here.

Senator Flynn: Well, I shall move the motion for you if Senator Frith does not do so.

Senator Goldenberg: Very well, Senator Flynn, I would be honoured!

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

Hon. H. Carl Goldenberg moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

JULES AND PAUL-ÉMILE LÉGER FOUNDATION

BILL TO INCORPORATE—SECOND READING

Hon. Léopold Langlois moved the second reading of Bill S-23, to incorporate the Jules and Paul-Émile Léger Foundation.

He said: Honourable senators, I am particularly proud of having the privilege of introducing on behalf of the government the bill to incorporate the Jules and Paul-Émile Léger Foundation, sponsored by the Honourable the Secretary of State.

The main object of the foundation is to honour the efforts and memory of a great servant of Canada and those of his still living brother, and all the undertakings of these two great

fellow citizens who generously devoted all their energies to the service of their country and its citizens.

The foundation will ensure among other things the continuation of the efforts made by Jules Léger during his lifetime and those still pursued by Paul-Émile Léger in favour of the most distressed and underprivileged citizens of the world.

Jules Léger was one of Canada's greatest servants and one of its most illustrious ambassadors. After being called upon to represent all Canadians in this our country, he made continuous efforts to overcome a serious handicap, to relearn the simplest movements and, with the help and encouragement of his distinguished wife, to remain in the most elevated office in which any citizen of this country may be called upon to serve.

Paul-Émile Léger ceaselessly continues to show the same passion and zeal for all humanity by working for the well-being of the most underprivileged in this world.

He is a living example of the generosity that has always characterized this country's citizens. He is a constant reminder of the most fundamental values and true needs of humanity.

It is therefore the wish of the Canadian government to acknowledge the exceptional contribution made by Jules and Paul-Émile Léger to this country and to the whole world, by setting up this foundation that will bear their names and strive to continue the great works with which they have been identified for a number of years.

It is because they wanted to look after the most humble and underprivileged that Jules and Paul-Émile Léger are now among the greatest in our community and that we now wish to encourage Canadians to follow their magnificent example.

Honourable senators, it is with deep emotion and total confidence that I commend this legislation to your support.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, on behalf of all senators, I am grateful to Senator Langlois for his explanation of that bill which is aimed at honouring the efforts and contribution of our former Governor General and Paul-Émile Cardinal Léger. Everything he said in that connection meets with our entire approval.

Senator Langlois said that the bill was sponsored by the Secretary of State. I understand that it is a government bill but if I am not mistaken, it will create a private corporation over which the government will have no control. Such a corporation could as well have been created by means of letters patent issued under the act respecting Canadian non-profit corporations.

I realize that by asking Parliament to approve the setting up of such a corporation greater lustre is given, as it were, to that corporation. However, I would like the sponsor of the bill to tell me whether it is really the only reason why Parliament is asked to pass such a legislation for such purposes, because once the bill is passed, the corporation will have precisely the same status as if it had been created under letters patent under the Act respecting Canadian non-profit corporations.

I have no objection, but I would like to make it clear, because many people will imagine that it is a corporation on which the government has some kind of control. One could be led to believe that the corporation relies on the government for the financing of its efforts, but I do not think it is true; there is no control and under the legislation there is no financial contribution from the government.

Senator Langlois: I think it is obvious by just looking at the bill that it will be a private corporation which will not fall under the jurisdiction of the government because, if you look at that part of the bill which deals with powers, you will see that the members of the board of directors shall have full authority to act, make investments and borrow money without the intervention of any public agency.

I think it has been decided to proceed this way mainly because of the special character of this legislation and, undoubtedly, the need to have it endorsed by the government so that it will be actually acknowledged as a corporation which has very special powers indeed. However, its power to establish subsidiary corporations is subject to the approval of the Department of Consumer and Corporate Affairs of Canada, pursuant to Part III of the Canada Corporations Act. In addition, the bill contains a special clause concerning the disposal of the assets if ever the foundation should end its operations. Here is how clause 22(3) reads:

> In the event of the dissolution of the Foundation, any property of the Foundation that remains after the payment of its debts and liabilities or after the making of an adequate provision for the payment of its debts and liabilities shall be transferred to the Procurer of the Roman Catholic Diocese of Montreal to be used for philanthropic purposes.

I believe that answers Senator Flynn's question.

Senator Flynn: That is fine, but all I wanted was confirmation from the sponsor of the bill that we are proceeding this way to give more class, so to speak, to the incorporation.

Senator Langlois: I am pleased to be able to confirm that for the second time!

Motion agreed to and bill read second time.

THIRD READING

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

Senator Langlois: With leave of the Senate, honourable senators, I move third reading immediately, unless there are objections; in that case, we might wait until tomorrow.

Senator Flynn: I have no objection. The only thing I was wondering about is whether arrangements have been made so that the House of Commons will pass this bill quickly.

Senator Langlois: Apparently that has been done.

Senator Flynn: Then I agree.

Some Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

● (1620)

[*English*]

CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUR

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on Health, Welfare and Science, entitled: "Child at Risk", tabled in the Senate on 16th October, 1980.—(*Honourable Senator Bell.*)

Hon. Ann Elizabeth Bell: Honourable senators, I owe you an explanation for not having spoken on this matter since it has now been standing in my name for several weeks. I would like to wait until we resume in the fall to speak on this matter.

I must admit that one of my reasons for asking to take part in this debate was that I noticed it was standing in Senator McGrand's name, and I thought he was going to close the debate, forgetting entirely that Senator Bonnell would be closing the debate.

In the meantime, there are several other senators who I know are very interested in taking part in this debate. After conferring with Senator Bird, we thought it would be a good idea to reinstitute an inquiry in the fall when we will begin a new session with a Speech from the Throne. In that way this very important report will not be allowed to gather dust, and we can take it from there with its recommendations. I hope that is agreeable to you.

Hon. Senators: Agreed.

Order stands.

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until tomorrow, July 10, 1981, at 10 o'clock in the forenoon.

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

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, perhaps Senator Frith would tell us whether the debate has begun in the other place on Bill C-83.

Senator Frith: Honourable senators, my information is that it began about 25 minutes ago. I was informed that Mr. Pinard had launched the debate on Bill C-83, and that he had finished his intervention and that Mr. Baker was on his feet. I have also received information that the vote will take place at 9.45 this evening.

Senator Flynn: Is it an order of the house that the final vote be taken at 9.45 this evening?

Senator Frith: That is the information I have received.

The information I received with respect to Bill C-82 is that that bill will probably not be dealt with until tomorrow. The House of Commons sits at 11 o'clock and they will have Question Period and then deal with that bill. We may not receive that bill—I think they will pass the bill quickly—until 12.30 or 1 p.m. It depends on whether they shorten the Question Period, or if they can. It is understandable that Senator Flynn and other honourable senators want to know why I am still suggesting that we sit at 10 a.m. I do not think that is too early. We will have our Question Period, and we shall spend some time on the salaries bill. It is my feeling that we should sit at 10 a.m., although we may not have Royal Assent before 1.30 or 2 p.m.

Senator Flynn: If there is agreement that we could have Royal Assent as soon as we have disposed of those two bills, then that is fine. I feared that we would have to wait until late afternoon before having Royal Assent; that we would have nothing to do but wait.

Senator Frith: I received a note a few moments ago, and the estimate I have from the office of the President of the Privy Council and house leader in the other place is that we should have it soon after they deal with it after 11 a.m.—that is, at 12 noon—so it would 12.30 or 1 p.m. here.

Motion agreed to

The Senate adjourned until tomorrow at 10 a.m.

APPENDIX

(*See p. 2749.*)

OFFICIAL LANGUAGES

FIRST REPORT OF SPECIAL JOINT COMMITTEE

July 9, 1981

The Special Joint Committee of the Senate and the House of Commons on Official Languages has the honour to present its First Report as follows:

In accordance with its Orders of Reference dated Tuesday, May 7, 1980, and Thursday, April 23, 1981, your Committee considered the Annual Report of the Commissioner of Official Languages, 1978, the Annual Report of the Commissioner of Official Languages, 1979, and the Annual Report of the Commissioner of Official Languages, 1980.

Your Committee has agreed to report as follows, and requests that the Government consider the advisability of adopting the recommendations therein.

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INTRODUCTION

The Special Joint Committee of the Senate and of the House of Commons on Official Languages was appointed on May 23, 1980 and held its first meeting on October 9 of the same year. Its mandate, as amended on April 23, 1981, is to consider the 1978, 1979 and 1980 Annual Reports of the Commissioner of Official Languages, each of which covers a broad spectrum of Language-related issues.

After holding four meetings in October and November 1980, during which it heard testimony from the Commissioner of Official Languages and from the Deputy Secretary of the Official Languages Branch of the Treasury Board Secretariat, the Committee was obliged to interrupt its work for about three months because certain of its members served on the Special Joint Committee on the Constitution. However, it resumed regular meetings in February 1981 and heard further testimony from the Commissioner of Official Languages, the President of Treasury Board, the Chairman of the Public Service Commission and the Under Secretary of State.

Having thus gained an overview of the roles, responsibilities, policies and programs of these central bodies, the Committee decided to devote its immediate attention to issues relating to the provision of federal services in both official languages to members of the public. In this context, since March 24, 1981, it has heard testimony from the "*Fédération des Francophones hors Québec*", the Council of Quebec Minorities, the Speaker of the Senate, senior officials of the House of Commons and from deputy heads and other senior officials of some fifteen major federal departments, agencies and Crown corporations.

Following this, the Committee will consider the issues of Language of work and equitable representation of the two language groups within the Public Service, as well as several other areas related to language reform.

Based on the testimony presented since October 1980, our first report addresses several of the major causes of problems associated with the provision of service to the public in both official languages, and contains the Committee's recommendations on measures that it believes should be taken to help rectify those problems.

It became apparent during the Committee's sessions, for example, that there are differing opinions regarding the scope of article 10 of the *Official Languages Act* concerning the travelling public. To members of the Committee it appeared that the additional guarantees which the Act provides to the travelling public are explicit and binding, while several crown corporations favoured a more informal view of the clause. The interpretation of one crown corporation which appeared before the Committee was described by the Deputy Commissioner of Official Languages, M. Gilles Lalande, in the following fashion:

> "You will understand that for the Commissioner's office, for the Commissioner of Official Languages and the officers who work for him, as for the members of the Special Joint Committee, this is an interpretation which appears to be somewhat different and certainly not far from a contradic-

tion of the position or intention of the legislator at the time the *Official Languages Act* was adopted."

As a result the Committee has requested these corporations and agencies to submit in writing their interpretation of article 10. The Committee intends to study the matter in detail when it reconvenes in the fall, and will attempt to clarify the obligations of each agency under the Act at that time.

The Committee has also decided to hear the position of various unions when Parliament resumes in the fall to further examine the question of conflict between clauses in the Act regarding provision of services and clauses in certain collective agreements. Finally the Committee intends to recall certain departments and agencies which it heard in the fall, and which it deemed to have serious defects in the provision of their services to the public, to determine what progress has been made to rectify the problems which were noted.

LANGUAGE OF SERVICE

The testimony heard by the Committee has served to confirm the findings of the Commissioner of Official Languages to the effect that, in 1981, twelve years after Parliament's adoption of the *Official Languages Act*, few, if any, federal institutions are yet capable of meeting the Act's requirements in a fully satisfactory manner. Indeed, in those parts of Canada not included in the bilingual regions established by Treasury Board for administrative purposes, (New Brunswick, Montreal, certain regions of Quebec, Northern and Eastern Ontario and the National Capital Region) service in the language of the minority population is at best sporadic, at worst non-existent. Even within the bilingual regions, departments and agencies are unable to guarantee that a full range of bilingual services are available to the public at all times and in all locations.

If this deplorable situation has been amply documented in the annual reports of the Commissioner of Official Languages, it has been made all the more evident as a result of the testimony provided by the broad range of witnesses heard by the Committee. By probing beyond generalities and getting at the core issue of how, where and to what extent each department and agency is able to provide service in both official languages, the Committee has confirmed the testimony provided by the Commissioner, the Fédération des Francophones hors Québec and the Council of Quebec minorities that much still remains to be done before full compliance with the *Official Languages Act* is achieved.

While much progress has been achieved over the years, the Committee found that the inability to provide a full range of bilingual services was endemic to virtually every federal institution. Each department and agency offered one or more of the following explanations for this or that weakness: lack of qualified bilingual personnel, recruitment and deployment problems, delays in translation, policy and planning difficulties, costs, conflicting priorities, difficulties arising from provisions in collective agreements, and so on. All implied that language reform was a long-term program and that its overall objectives would not be fully achieved for some years to come.

Committee members made it clear during the meetings that while they found some of these explanations at least partially valid, they deplored the apparent lack of urgency that deputy heads and other senior officials attached to resolving problems which have existed for over a decade. The Committee was particularly critical of the Senate and House of Commons, the two institutions responsible for the *Official Languages Act* but still unable to meet its requirements in many respects. It suggests that these two bodies should undertake immediate and serious efforts to rectify a situation that is all the more unacceptable given the symbolic importance of Parliament. The Committee also has taken note of the letter sent to the Hon. Jeanne Sauvé on June 2, 1981 by the Commissioner of Official Languages, Mr. Yalden, where he states:

"I assume however, that additional guidelines will now be issued to all organizational units to ensure that their action plans are sufficiently comprehensive, that specific objectives and appropriate time frames are set out, and that implementation can be easily monitored."

The Committee feels that the House should not hesitate to take advantage of this offer of service.

Recommendation 1

The Committee recommends:

(a) that the House of Commons prepare as quickly as possible guidelines and appropriate time frames to elaborate on those tabled in the House in May of 1981 as suggested by the Commissioner of Official Languages in his letter of June 2, 1981, to the Honourable Jeanne Sauvé, and that these guidelines be distributed to all sectors of House administration in order to ensure detailed and definite language plans.

(b) that the Senate proceed as quickly as possible with the formulation of similar guidelines and appropriate time frames.

The Committee also suggests that, if Parliament decides to allow parliamentary committee sessions to be televised, this Committee take advantage of such an opportunity and thereby play an active educational role in informing the public at large of the importance of federal language reform.

The Committee was also made aware of the fact that some federal institutions have taken useful initiatives to improve their ability to serve the public satisfactorily in both official languages. For example, the RCMP has published a brochure which explains in straightforward, jargon-free terms the language-related responsibilities of its personnel; other departments and agencies would be well advised to produce similar material for the information of their staff. Air Canada, too, has had a series of meetings over the past several years with its employee union representatives and has partially resolved some of the conflict that exists between the provisions of the Official Languages Act and certain collective agreements.

These initiatives, however, along with others that could be noted, are all too rare. The overall finding of the Committee is that far too many institutions are all too frequently unable to provide service in the right place at the right time in the right language.

The Committee found that the reasons for this unacceptable state of affairs lies as much in the apparent inability of federal institutions to determine where bilingual services should be made available to the public as in their inability to staff the appropriate positions with qualified bilingual personnel. Despite their responsibility to do so, many departments and agencies have so far failed to translate into practice Section 9 of the *Official Languages Act*, which determines in broad language the locations where the public can communicate with and obtain services from federal institutions in both official languages.

This key section of the Act obliges a federal institution to provide its services in both official languages a) in the National Capital Region, b) at its head or central office in Canada if outside the National Capital Region, c) at each of its principal offices in a federal bilingual district established where there is significant demand for such services.

Given the importance of the concepts contained in Section 9 of the Act, the Committee asked several witnesses to provide their views on bilingual districts, significant demand and related issues.

1) *Bilingual Districts*

The Committee found that part of the problem associated with implementation of Section 9 results from the fact that, notwithstanding the recommendations contained in the reports of the two bilingual district advisory boards established since the Act came into force, the Government has never proclaimed any bilingual districts. (According to the provisions of Section 14(1) of the Act, the Governor in Council will be required to establish another such board once the language-related data of the 1981 census are prepared and sent to the Clerk of the Privy Council.)

In response to a question from a Committee member who, while specifying that he had never been strongly in favour of bilingual districts, nevertheless asked for the Commissioner's views on the subject, the Commissioner stated as follows:

> "Personally, I am rather favourable to the concept of bilingual districts. One reason is that they would guarantee a greater stability and degree of certainty to the official language minority whether it be the French-speaking minority outside of Quebec or the English-speaking minority in Quebec. In bilingual districts, the minority would be entitled to government services as an absolute right and not depending on their actual numbers or level of demand. There would be no need to determine whether there is sufficient or sizeable demand in a certain area of New Brunswick, for example. Such areas would be designated as bilingual districts and the population would be guaranteed its rights. Just as I support language guarantees in the constitution and provincial legislation in preference to regulations or bureaucratic decisions, I subscribe to a measure such as this since it would establish rights for the minority. Why is this necessary? If it is only a question of privilege, on mainly a matter of interpretation on the part of civil servants, there is far too much latitude for those who have no desire to provide services to the minority. I would prefer a greater clarification."

Notwithstanding this view point expressed by the Commissioner, Committee members reached a consensus in subsequent meetings that the establishment of bilingual districts would not represent a satisfactory solution to the language-of-service issue. Among other problems Committee members noted that bilingual districts were established on the basis of geographic guidelines which were too rigid. The Committee noted that it would be unacceptable to abolish a bilingual district in the future if a census indicated that the minority official language population of a given region had declined to the point where it constituted less than 10% of the total population of that region.

Recommendation 2

The Committee therefore recommends that the Official Languages Act *be amended so as to remove all references to federal bilingual districts.*

2) *Active Offer of Service*

Testimony revealed that the concept of significant demand, as expressed in Section 9(2) of the *Official Languages Act*, is interpreted differently by individual federal departments and agencies. When assessing or defining significant demand, some departments do so in terms of the demand they have determined as existing in a given location, while others do so in terms of the size of the official language minority population of a region, on the basis of information received from minority language associations or as a result of market studies and surveys. Certain departments base their approach on the bilingual regions concept established by Treasury Board for the purpose of language of work, assume significant demand in these regions and try to assess demand in other regions. Still others use different criteria: for example, the Canada Employment and Immigration Commission defines significant demand as demand which is too difficult to meet satisfactorily through administrative arrangements.

It should also be stressed that the assessment of demand in a given region may differ from one department to another. In short, no clear criterion has been established to assist departments and agencies in deciding when or where demand for service in both official languages is significant.

On a related issue, the Committee found that the current wording of Section 9 places the onus on the minority official language population to demonstrate that service should be offered in its language. On this matter, the Committee endorses the Commissioner's view that such an onus is inconsistent with the overall spirit and intent of the Act, which would seem to suggest that federal institutions should *actively*

offer services in both official languages rather than wait for demand to surface. As the Commissioner noted during one of his appearances before the Committee:

"the minority communities, that is the French-speaking groups outside Quebec, are so accustomed to accepting government services in the majority language, that is in English, that there is in fact no demand for services in French."

The Commissioner further noted that, when departments actively offer their services in both official languages, demand for service in the minority language almost invariably increases.

In light of this testimony, the Committee was faced with the problem of how to provide the official language minority population with a more concrete guarantee of service in its language. This problem is made all the more acute by the Committee's decision to recommend the removal from the Act of all references to bilingual districts.

After much deliberation, the Committee decided that the essentially mathematical concept of 'where numbers warrant' would serve as a useful complement to the more abstract concept of significant demand. In a sense, too, the concept of 'where numbers warrant' would retain the mathematical notion on which bilingual districts were to be based without being rigidly tied to the 10% population statistic intrinsic to bilingual districts. In addition, in order to clarify and strengthen this section of the Act, the Committee decided that the notion of active offer of services should be incorporated into any amended wording and that the term 'to the extent that it is feasible to do so' be removed.

Recommendation 3

The Committee therefore recommends that Section 9 of the Official Languages Act *be amended to:*

a) delete the words "and at each of its principal offices in a federal bilingual district established under this Act" (see Recommendation 1), and (to the extent that it is feasible to do so';

b) include the concept of 'where there is significant demand and/or where numbers warrant';

c) include the concept of 'active offer of service'.

3) *Responsibility of Determining 'Significant Demand' and 'Where Numbers Warrant'*

As noted above, it became evident during Committee hearings that few departments and agencies have been able to define satisfactorily the locations where there is a significant demand from the official language minority population. On the other hand, the Treasury Board Secretariat does not appear to have taken all the initiatives it might have done in the circumstances. The Commissioner of Official languages confirmed the perceptions of Committee members vis-à-vis the assessment of significant demand when he stated:

"Now, what has happened is that Treasury Board has in effect put out a general directive, which in essence is: when you are in doubt, assume the demand is there. There is a circular of that sort; but the departments, depending on which ones they are, might ignore it and Treasury Board does not do anything about it. Our complaint against the Treasury Board is that they are not nearly severe enough with departments. At least, they are not in this area; I do not know about other areas. They simply do not insist, do not push; they put out general guidelines in rather milquetoast-like vocabulary and then sit back and hope the departments will do something about it, and often they do not."

In response to a question from a Committee member who asked if it would not be possible to have a regulation under the Act which would stipulate that the Office of the Commissioner of Official languages should define where demand is significant, the Commissioner stated:

"I think that would be fine. If you will, this is an example where the law allows too much hanky-panky in trying to figure out where there is sufficient demand or not, and therefore a more objective observer—I would be prepared to take on that responsibility."

After careful examination, the Committee agreed that it was time that regulations having the force of law be issued by the Governor in Council, especially since Section 35 of the *Official Language Act* provides for the following:

"The Governor in Council may make such regulations as he deems necessary to effect compliance with this Act in the conduct of the affairs of the Government of Canada and departments and agencies of the Government of Canada."

It would now appear opportune to use this particular section of the Act. The Committee also decided that the Commissioner of Official Languages, using his power of recommendation, would be the most appropriate person to suggest the locations where services should be provided in the manner established by an amended Section 9.

Recommendation 4

The Committee therefore recommends that locations 'where numbers warrant' and locations 'where there is significant demand' be determined by the Governor in Council upon recommendation by the Commissioner of Official languages and that the appropriate regulations be passed under Section 35 of the Official Languages Act.

4) *Identification of Bilingual Positions*

Testimony presented to the Committee by most departments and agencies indicated that few of them had identified the real need for bilingual services in the so-called unilingual regions of Canada. Consequently, the accuracy with which they had identified the number and deployment of bilingual positions raised serious doubts. Several departments had identified as few as two or three bilingual positions in each of the Western provinces, and occasionally none had been so identified in Newfoundland. A significant number of departments encounter difficulty in providing bilingual services anywhere outside of Quebec. Several audits by the Treasury Board revealed numerous lapses by departments regarding the provision of

bilingual service even in the National Capital Region, where there is, under the Act, an obligation to provide bilingual services.

In addition—and perhaps even more serious—as few as half of these scarce bilingual positions are filled by bilingual incumbents. Moreover, the level of second-language knowledge required of the incumbent of such positions is often far too low to enable the employee to provide effective service to the minority language population. Recent Treasury Board studies reveal that a large number of occupants of bilingual positions still make little use of both languages and in fact ignore the bilingual designation of their positions. It may be presumed that a certain number of these positions were not correctly identified: Treasury Board is currently examining some 4,000 bilingual positions which carry language requirements that require the lowest level of second language proficiency together with an estimated required use of less than 10% of all communication time.

Taken together, these facts indicate that some departmental services are virtually non-existent in the minority language in Western Canada and in Newfoundland. If someone is on holiday, sick, on coffee or lunch break or absent for some other reason, the partial and unsatisfactory service sometimes available disappears completely.

Recommendation 5

The Committee recommends that by March 31, 1982, each department and agency be required to determine what bilingual resources it has at its disposal or should acquire in order to enable it to offer satisfactory services in the second official language, examine the identification of all positions providing service to the public, and subsequently identify as bilingual an adequate number of positions.

5) *Imperative Staffing with Regard to Service to the Public*

The Parliamentary Resolution on Official Languages, adopted in June 1973, made provisions for the appointment of unilingual persons to bilingual positions on the condition that they state their willingness to take language training at government expense. It also recognized that employees who, since the April 1966 Pearson statement, had had at least ten years of continuous government service, had the right to apply for and be appointed to most bilingual positions, even if they refused to become bilingual. Furthermore, the Resolution recognized "incumbent rights", which enable the incumbents of unilingual positions reidentified as bilingual, or bilingual positions where the required language standard has been raised, to stay in their position without acquiring the necessary language skills.

These procedures represent a digression from the full application of the merit principle, as established in Sections 10 and 20 of the *Public Service Employment Act*. Such appointments are made possible by the Official Languages Exclusion Order which suspends application of those sections of the *Public Service Employment Act* for several thousand candidates each year. The original deadline set for ending this system was December 31, 1978.

In September 1977, the Government published its "Revised Official Languages Policies in the Public Service of Canada", in which it postponed this deadline to December 31, 1983. The Government also stated that employees 55 years of age or over on October 31, 1977 would henceforth be able to apply for most bilingual positions even if they did not state their willingness to become bilingual.

On January 30, 1981, the President of the Treasury Board added further modifications to the official languages policies, once again postponing the deadline, without, however, specifying a new one. Such staffing measures would be maintained as long as they were needed, "in other words, as long as the number of bilingual employees is inadequate in certain sectors".

After careful study, the Committee decided that the conditional staffing powers, which should have been the exception to the rule and temporary in nature, is becoming a system unto itself.

Imperative staffing, whereby qualified bilingual persons are appointed to bilingual positions, was originally to have been the cornerstone of language reform. It is now anything but, since it was used for only 1.5% of appointments to bilingual positions in 1978, 2.6% in 1979 and 5.9% in 1980. Moreover, these percentages include imperative appointments resulting from the nature and technical requirements of certain positions (e.g. translators, interpreters, editors, revisers). Imperative staffing actions increase each year, but so does the percentage of unilingual persons appointed to bilingual positions (12.2% in 1978, 15.3% in 1980).

In the Committee's view, imperative staffing is essential if the Public Service of Canada is to attain institutional bilingualism. As long as unilingual individuals occupy key positions relating to service to the public, it will be impossible to speak about service of equal quality in both official languages. In the Committee's view, it is irrational to allow a majority of such bilingual positions to be filled by unilingual candidates. Services offered to the official language minority groups in these regions are grossly inadequate; there are too few bilingual positions, the level of bilingualism required is too low, and the incumbent of the position very often does not meet the language requirements of the positions upon appointment. Even if the unilingual candidate returns from language training with a certain knowledge of the second language, he very often loses that skill because of lack of practice. Finally, while the employee is on language training, the department is obliged to use "administrative arrangements" as a means of offering its services.

The Treasury Board announced in January 1981 that, as of the fall of 1981, departments will receive delegated authority to staff positions on an imperative basis without obtaining prior permission from the Public Service Commission. The Committee regrets the fact that there are few criteria accord-

ing to which departments will be able to staff positions in this manner. While it is encouraged by the new criterion enabling managers to staff on an imperative basis positions which, for three years and for whatever reason, have been occupied by employees who do not satisfy the language requirements of those positions, the Committee would have preferred this new criterion to become a requirement.

In addition the Committee is not satisfied with the Government's recent arbitrary decision to carry over for an indefinite period the use of non-imperative staffing procedures despite the fact that in the fall of 1977 the revised official languages policy established December 31, 1983 as a firm date. In the Committee's opinion the Government did not give valid reasons to justify this revision, which will have the effect of delaying once again the establishment of a truly bilingual public service.

Recommendation 6

The Committee therefore recommends:

(a) that the December 31, 1983 deadline be re-established after which there should be no conditional appointments

(b) that this deadline be confirmed by parliamentary resolution.

CONCLUSION

The hearings conducted by the Committee have provided an initial forum for parliamentarians to review the progress made to date in the area of language reform. These sessions have enabled Members and Senators to re-assess the substance of the *Official Languages Act* and to evaluate the performance of central agencies with regard to their official languages programme responsibilities. As a result of these hearings the Committee is convinced that amendments must be made to the *Official Languages Act*, and trusts that the Government, and ultimately Parliament, will give the necessary priority to the recommendations contained in this report. In order to complete its work, the Committee requests that it be reconstituted.

SUMMARY OF RECOMMENDATIONS

Recommendation 1

The Committee recommends:

a) that the House of Commons prepare as quickly as possible guidelines and appropriate time frames to elaborate on those tabled in the House in May of 1981 as suggested by the Commissioner of Official Languages in his letter of June 2, 1981, to the Honourable Jeanne Sauvé, and that these guidelines be distributed to all sectors of House administration in order to ensure detailed and definite language plans.

b) that the Senate proceed as quickly as possible with the formulation of similar guidelines and appropriate time frames.

Recommendation 2

The Committee therefore recommends that the Official Languages Act *be amended so as to remove all references to federal bilingual districts.*

Recommendation 3

The Committee therefore recommends that Section 9 of the Official Languages Act *be amended to:*

a) delete the words "and at each of its principal offices in a federal bilingual district established under this Act" (see Recommendation 1), and 'to the extent that it is feasible to do so';

b) include the concept of 'where there is significant demand and/or where numbers warrant';

c) include the concept of 'active offer of service'.

Recommendation 4

The Committee therefore recommends that locations 'where numbers warrant' and locations 'where there is significant demand' be determined by the Governor in Council upon recommendation by the Commissioner of Official Languages and that the appropriate regulations be passed under Section 35 of the Official Languages Act.

Recommendation 5

The Committee recommends that by March 31, 1982, each department and agency be required to determine what bilingual resources it has at its disposal or should acquire in order to enable it to offer satisfactory services in the second official language, examine the identification of all positions providing service to the public, and subsequently identify as bilingual an adequate number of positions.

Recommendation 6

The Committee therefore recommends:

a) that the December 31, 1983 deadline be re-established after which there should be no conditional appointments

b) that this deadline be confirmed by parliamentary resolution.

Respectfully submitted,

LOWELL MURRAY,
Joint Chairman.

THE SENATE

Friday, July 10, 1981

The Senate met at 10 a.m., the Honourable Renaude Lapointe, P.C., Speaker *pro tem,* in the Chair.

Prayers.

SENATE AND HOUSE OF COMMONS ACT SALARIES ACT PARLIAMENTARY SECRETARIES ACT MEMBERS OF PARLIAMENT RETIRING ALLOWANCES ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-83, to amend the Senate and House of Commons Act, the Salaries Act, the Parliamentary Secretaries Act and the Members of Parliament Retiring Allowances Act.

Bill read first time.

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

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 44(1)(*f*), that this bill be read the second time later this day.

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

Hon. Senators: Agreed.

Motion agreed to.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report on the administration of the *Canada Pension Plan* for the fiscal year ended March 31, 1980, pursuant to section 118 of the said Act, Chapter C-5, R.S.C., 1970.

Report of expenditures and administration in connection with the *Family Allowances Act* for the fiscal year ended March 31, 1980, pursuant to section 14 of the said Act, Chapter F-1, R.S.C., 1970.

Report of expenditures and administration in connection with the *Old Age Security Act* for the fiscal year ended March 31, 1980, pursuant to section 26 of the said Act, Chapter O-6, R.S.C., 1970.

Report of the Canadian Film Development Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1981, pursuant to section 20 of the *Canadian Film Development Corporation Act,* Chapter C-8, R.S.C., 1970.

Report on the administration of the Canada Student Loans Program for the loan year ended June 30, 1980, pursuant to section 18 of the *Canada Student Loans Act,* Chapter S-17, R.S.C., 1970.

Report of the Canadian Turkey Marketing Agency, together with financial statements and the auditors' report thereon, for the year ended December 31, 1980, pursuant to section 31 of the *Farm Products Marketing Agencies Act,* Chapter 65, Statutes of Canada, 1970-71-72.

Report of Uranium Canada, Limited, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1980, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Report of the Minister of Supply and Services Canada under the *Corporations and Labour Unions Returns Act* (Part II, Labour Unions) for the fiscal period ended in 1979, pursuant to section 18(1) of the said Act, Chapter C-31, R.S.C., 1970.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I will not present a formal notice of motion for adjournment at this time but, with your permission, I will explain what the plan for the day is. If events occur as scheduled, I will then present a motion consistent with that plan.

We will proceed with our agenda, the next item being Question Period, followed, of course, by Orders of the Day. Among the Orders of the Day are third readings of two bills, and second reading of Bill C-83, which was just referred to in the message we received from the House of Commons.

In addition, however, we expect to be dealing with Bill C-82, to amend the Pension Act and the Compensation for Former Prisoners of War Act. It is expected that in the House of Commons at twelve o'clock, that being the time when Question Period there finishes, Bill C-82 will be introduced and debated. If the other place passes that bill we will most likely receive it just before one o'clock. If that is the case and we pass the bill, and if we also pass Bill C-83, which has to do with salaries, we will then want those bills assented to before we adjourn. For that reason, the plan is to have the Deputy of His Excellency the Governor General here for two o'clock, and Royal Assent at about 2.15 p.m.

All of those steps are subject to the usual slip between cup and lip, but that is how we have planned it and what we hope to be able to do.

Just to recapitulate, we will have Question Period, we will then deal with the third readings of the bills that were given second reading yesterday, and we will then proceed with Bill C-83.

We shall complete our consideration of Bill C-83 and our order paper before 1 o'clock. At that point we will adjourn during pleasure to reassemble at the call of the bell. Should we receive Bill C-82 at 1 o'clock, then we shall continue to sit between 1 and 2 p.m. to deal with it in order to be ready for Royal Assent. After Royal Assent, I shall move that we stand adjourned until October 14.

According to rumour, there is the possibility that the House of Commons will not adjourn. Apparently, some of the members in the other place wish to discuss the postal strike. Unless there are a number of honourable senators who also wish to stay on to discuss the postal matter or any other matter, I shall assume, and hope, that the motion for adjournment will be agreed to.

The Senate does not have to include a special provision in its adjournment with regard to being called back because our rule 14A(1) provides:

> If, during any adjournment of the Senate, the Speaker is satisfied that the public interest requires that the Senate meet at a time earlier than that set forth in the motion for such adjournment, the Speaker may call such a meeting by sending a notice to each senator at the latest address of the senator filed with the Clerk of the Senate, informing the senator of the time of the meeting.

Honourable senators, that is the plan for the day and the plan for the adjournment. I shall be glad to answer any questions.

● (1005)

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, the plan just outlined by the Deputy Leader of the Government is as a result of discussions between him and me. The only detail that we might review is with regard to the adjournment to await the arrival of Bill C-82 from the House of Commons. If we do not receive that bill before we complete consideration of the Orders of the Day, then I suggest that it would be appropriate to reconvene at 1.30 p.m. to deal with Bill C-82. Since the bill is non-controversial and is welcomed, Senator Macdonald will need only a few minutes to deal with it. I am confident that we can complete the entire matter before 2 o'clock, at which time we might have Royal Assent.

Senator Frith: I agree, honourable senators.

[Senator Frith.]

QUESTION PERIOD

[*Translation*]

POST OFFICE

DISRUPTION OF SERVICE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, may I ask the government leader if he has anything new on the postal strike, whether there has been a move from one side or the other? I would like to know, for instance, whether my suggestion that Mr. Warren be called to act as an observer, in order to prevent Mr. Parrot's proposal from being flatly turned down, has been considered by the government and Mr. Johnston.

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have nothing further to report on the postal strike. However, I am hopeful that some information will be forthcoming later today. The material I had hoped to provide for honourable senators in the form of a delayed answer has not yet been received.

Senator Flynn: I hope that when the Leader of the Government receives the additional information it will also indicate whether it is still the position of the government not to ask Parliament to legislate the strikers back to work.

Senator Perrault: Honourable senators, the observations of the Leader of the Opposition have been noted. Certainly, to my knowledge, there has been no change in the government's position with respect to Mr. Warren's becoming an active negotiator in the discussions. However, as to the Leader of the Opposition's suggestion that Mr. Warren attend the discussions as an observer, I have not yet received an answer from the minister responsible for the Post Office.

INDUSTRY

IMPORTATION OF AUTOMOBILES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I want to apologize to the house for a small error I made yesterday. Upon checking the records, I found one question which had been directed to me left unanswered. It was a question asked by Senator Smith concerning the auto industry. I believe I said yesterday that I had completed the delayed answers. I apologize for that and would indicate that, if we have adjourned by the time I receive the details in order to provide that answer, I will send them to the honourable senator's office.

● (1010)

NATIONAL REVENUE

THE BUDGET—EXTENSION OF FEDERAL SALES TAX—EFFECT ON MARGINAL MANUFACTURING

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on December 16, 1980, Senator Sher-

wood asked a question about how the extension of the federal sales tax to marginal manufacturing will impact upon food prices, and whether the government has studied the expected outcome and, if so, whether it is prepared to release details.

At that time he asked two other questions, one relating to the imposition of the tax on marginal manufacturing and one relating to the possible additional unemployment which could be created if certain importers close their assembly or packaging plants in Canada.

I have a rather long reply which I propose be incorporated in the record of today's proceedings. If Senator Sherwood has further questions on the basis of this reply, I shall certainly do my best to obtain any additional information requested.

The Hon. the Speaker *pro tem:* Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*The answer follows:*)

Foodstuffs are exempt of federal sales tax. Thus packagers of foods will not incur any tax liability because of the change. Such persons will actually benefit because the provision will allow them to acquire their packaging equipment on a tax exempt basis. To the extent that these reduced equipment costs are passed on to wholesalers and retailers, consumers will also benefit.

Importers do have the opportunity to arrange their affairs so as to minimize their tax burden. Nevertheless, it is unlikely that significant cost savings would be attained by closing facilities in Canada and relocating abroad. First, incoming freight costs would increase because the packaged product would be more bulky and more costly to ship. Secondly, the packaging would enhance the value for duty and tax calculation purposes which, turn, would increase the impact of both those levies. It is possible that these two increased cost elements would offset any tax saving attained by ceasing the packaging activity in Canada.

The measure is designed to aid Canadian manufacturers who utilize Canadian raw materials and Canadian labour by making them more competitive with importers whose products consist mainly of foreign raw materials and foreign labour. It could be expected that Canadian manufacturing activity will be stimulated which, in turn, will increase employment. The increased manufacturing activity should result in a net employment gain notwithstanding that a few importers may choose to shift their packaging abroad.

TRANSPORT

NEWFOUNDLAND—LOSS OF *ARCTIC EXPLORER*—NEED FOR INCREASED SEARCH AND RESCUE CAPABILITY—ADDITIONAL INFORMATION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, additional information has come to hand in response to a question asked by Senator Doody on July 6 concerning the amount of time it took rescue planes to reach the survivors of *Arctic Explorer* and the location of fixed-wing aircraft in Newfoundland.

As to the amount of time it took the helicopters to reach the survivors, it took 13 minutes after the rescue center in Halifax had been alerted for the helicopters to be tasked. They were airborne within 42 minutes, including the time it took to get into the air. It took 1 hour and 55 minutes from tasking time to on-search.

The fixed-wing Buffalo aircraft, sent from Summerside, P.E.I., took 19 minutes to task after receiving the overdue report. They were airborne within 1 hour and 28 minutes of tasking. From tasking to on-search took 3 hours and 20 minutes which included refuelling at St. Anthony.

It should be emphasized, honourable senators, that this information is preliminary information coming from the DND log, and is subject to the official investigation by Transport Canada.

Concerning the location of fixed-wing aircraft in Newfoundland, it is obviously impossible to have the resources to guard against all the possibilities along 4,000 miles of coastline on both the Atlantic and the Pacific oceans. I have been informed that our people, in both the Department of National Defence and the Department of Transport, try to centralize equipment and resources in locations where most incidents occur.

Honourable senators, a question was asked by Senator Marshall on July 6 concerning an investigation into the sinking of *Arctic Explorer*.

On July 8, 1981, the Minister of Transport announced that a formal investigation will be held to investigate the sinking of the ship, *Arctic Explorer*. Under the Canada Shipping Act, the commissioner of such an inquiry is empowered to investigate all aspects of such a casualty.

Since communications may often play a pivotal role in providing information on circumstances on board a ship at any crucial time, they would most probably be an integral part of such a formal investigation.

VIA RAIL—REVIEW OF SERVICE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, questions regarding VIA Rail were asked by a number of senators yesterday. I would refer honourable senators to the answer given last week in the other place by the Minister of Transport. At that time he said that cabinet had not made a final decision on the future of rail passenger services. This is still the case.

Obviously, the government is very much concerned at VIA's mounting operating deficit—it will be $365 million this year alone—and there is a clear need for greater capital investment to modernize the fleet. That is why a review of the rail passenger program is taking place.

Honourable senators will have noted that VIA took delivery of its first LRC—those initials stand for light, rapid and comfortable, and, hopefully, on time as well—train set last

Tuesday. This is a tangible indication of the government's commitment to passenger rail.

As to what specific elements are being considered in the review, it should be repeated that no final decision has been made. When it has, it will be announced immediately.

The reply by the minister in the other place may be found at page 11080 of *House of Commons Debates* of June 30.

● (1015)

SASKATCHEWAN—REGINA AIRPORT EXPANSION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Balfour on June 17 last concerning the Regina airport expansion. Again, this is a very detailed reply, and I would be pleased to have it incorporated in today's record.

The Hon. the Speaker *pro tem:* Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*The answer follows:*)

The Regina Airport Study which recommended that the airport be retained and further developed in its present location, the air terminal be expanded and the runway and taxiway complex be developed, was accepted by the Minister of Transport and Saskatchewan's Minister of Municipal Affairs in June 1978.

Concepts for expanding the air terminal building have been prepared and approved in principle by the airlines.

A Treasury Board submission covering the hiring of consultants for preliminary design work and developing estimates has been approved by the Board on June 25, 1981.

Approval in principle to cover the entire project, expansion of the air terminal with associated airside and groundside work has been requested from the Treasury Board but not yet granted. It is expected that the proposed expansion of the air terminal and related works will meet the forecast traffic demand to 1991. The estimated cost of the project which is to be phased over several years to avoid disruption of air terminal building operations is approximately $19 million and the main elements are as follows:

1. Expand and modify the air terminal building to provide permanent customs facilities, additional airline operational areas, adequate baggage handling and public area facilities, additional food services and other concession areas, additional aircraft loading bridges, et cetera.

2. Groundside facilities including increased air terminal building curb area, public and employee parking lot expansion, realignment of the terminal area roadways and landscaping.

3. Airside improvements including the strengthening and reconstruction of apron areas associated with the air terminal building expansion.

It should also be noted that this is not an interim or abbreviated plan.

[Senator Perrault.]

NATIONAL REVENUE

CUSTOMS—EFFECT OF DECISION OF SUPREME COURT OF CANADA

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Nurgitz on June 30, 1981, regarding the Supreme Court decision in the case of *The Queen v. Shelley*. Senator Nurgitz asked two questions: Whether the contents of the judgment have been made known to customs officials; and, if so, what the impact of that knowledge is.

In reply to the first question it can be stated that the regions have been advised of the content of the judgment.

The response to the second question is that this decision impacts only on criminal cases such as the *Gene Shelley* case. The Crown will have to prove unlawful importation, or other matters referred to in section 248 of the Customs Act, beyond a reasonable doubt. Previously, section 248 could be relied upon to place the burden on the accused to prove the matters referred to therein.

PRIVATE BILLS

ONTARIO NEWS COMPANY, LIMITED—MESSAGE FROM COMMONS

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons returning Bill S-20, to revive Ontario News Company, Limited and to provide for its continuance under the Canada Business Corporations Act, and acquainting the Senate that they had passed the bill without amendment.

G.A. BARBER & SONS LIMITED—MESSAGE FROM COMMONS

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons returning Bill S-21, to revive G.A. Barber & Sons Limited and to provide for its continuance under the Canada Business Corporations Act, and acquainting the Senate that they had passed the bill without amendment.

EASTERN DIVERSIFIED COMPANY LTD.—MESSAGE FROM COMMONS

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons returning Bill S-22, to revive Eastern Diversified Company Ltd. and to provide for its continuance under the Canada Business Corporations Act, and acquainting the Senate that they had passed the bill without amendment.

[*Translation*]

ITALY

EARTHQUAKE DISASTER—CANADIAN AID—REPORT OF NATIONAL COORDINATING COMMITTEE

Hon. Pietro Rizzuto: Honourable senators, with leave of the Senate, it is my pleasure to give you a brief report on the financing campaign to assist the victims of the earthquake in Southern Italy on November 23, 1980.

The funds collected by the National Coordinating Committee amount to $87,905,265. These funds come from every region of Canada and also include the contribution of our governments.

The campaign was held under the leadership of our Speaker, Honourable Senator Jean Marchand, whom I wish to thank in my own name and on behalf of all the victims who will be able to benefit from the generous assistance provided by our fellow Canadians.

I also want to express the thanks of the Chairman of the National Congress of Italo-Canadians, the organization which represents most Italians in Canada.

In addition to the contributions received by our *ad hoc* committee, immediate assistance was provided by organizations such as the emergency services of the Canadian Red Cross, our dioceses and our governments, and all this assistance amounts to $3 million. Total Canadian contributions exceed $12 million.

The *ad hoc* committee intends to use the $8,905,000 collected on behalf of the victims in southern Italy as follows: $1 million to build housing for senior citizens; $1 million to build school gymnasiums, and the rest to build houses.

Once again, honourable senators, I would like to thank Senator Marchand for his very generous participation. His assistance was not limited to the collection of funds, but he also went to Italy in January. His contribution was very helpful in making this campaign truly successful. Thank you.

[*English*]

OFFICIAL RESIDENCES ACT

BILL TO AMEND—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-81, to amend the Official Residences Act.

Motion agreed to and bill read third time and passed.

DIPLOMATIC AND CONSULAR PRIVILEGES AND IMMUNITIES ACT

BILL TO AMEND—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-14, to amend the Diplomatic and Consular Privileges and Immunities Act.

● (1020)

Hon. Paul Yuzyk: Honourable senators, I was not in the chamber yesterday when Bill C-14 received second reading. Having read the debate in which Senator Goldenberg and Senator Flynn participated, I am pleased with the interpretation expressed by them regarding the recognition of the Baltic states.

Annually, on the occasion of the celebration of Baltic Evening on Parliament Hill, the honorary consuls of the Baltic states have been enthusiastically greeted in this chamber. This bill does not prevent this recognition of our favourable relations with those honorary consuls.

Motion agreed to and bill read third time and passed.

SENATE AND HOUSE OF COMMONS ACT SALARIES ACT PARLIAMENTARY SECRETARIES ACT MEMBERS OF PARLIAMENT RETIRING ALLOWANCES ACT

BILL TO AMEND—SECOND READING

Hon. Raymond J. Perrault (Leader of the Government) moved the second reading of Bill C-83, to amend the Senate and House of Commons Act, the Salaries Act, the Parliamentary Secretaries Act and the Members of Parliament Retiring Allowances Act.

He said: Honourable senators, today we have before us a bill originating in the other place, the purpose of which is to increase the remuneration of parliamentarians.

Undoubtedly, some members of the public will say that the moment is ill chosen. But is there ever a "correct" time for increasing parliamentary indemnities? I have been in Parliament for many years, after serving in a legislative assembly. Other honourable senators have had as long or longer parliamentary service. Can any of us ever recall a "correct" time, a "popular" time, for a salary increase for parliamentarians? Again, this time, in the view of some Canadians, this may not be considered to be the correct time for indemnity adjustments.

Some members of the public expect parliamentarians to devote themselves exclusively to the problems of the nation to the exclusion of all other considerations. Many forget that the men and women who accept this difficult and demanding role and occupation must also be allowed to take care of their families and live an adequate life. Some forget that the complexities of present society and the proliferation of problems confronting Canadians impose an ever greater burden upon parliamentarians than they did many years ago. Today the work of a parliamentarian, certainly at the national level, is year-round. There was a time in the history of our nation when Parliament met for two or three months a year, but that is no longer the case. In one way or another, almost all of us are involved in parliamentary work for 12 months of the year.

Among the contemporary burdens placed upon parliamentarians, is the sensitive task of voting themselves the remuneration that will be paid to them. Perhaps in the future it may be possible—and I hope that time will come—for a better system of establishing levels of parliamentary indemnities to be put in

place. In my view, all of us should assiduously pursue the task of putting in place a system of determining indemnities which can win public acceptance. Certainly we should determine how other jurisdictions manage this very sensitive problem. If we can find a better method, then most assuredly we should adopt it. At first glance the process of parliamentarians establishing their indemnity levels seems to be a significant privilege. In reality it is a thankless burden.

● (1025)

Parliamentary salaries and allowances were last revised in 1974. An annual adjustment formula and the creation of a commission to study the remuneration of parliamentarians were then established by law.

Honourable senators will recall that in 1979 a commission was established after the election of the Clark Conservative government. Because of the 1980 election it became impossible to implement that commission's report, which had been prepared very conscientiously by Mr. Alfred Hales, a former distinguished Conservative parliamentarian.

Another commission was established, composed of Mr. Cliff MacIsaac and the Honourable Léon Balcer, whose report was tabled in this chamber last December. Both of these gentlemen, of course, are former parliamentarians with outstanding records of service, one a member of the Liberal Party and the other a member of the Progressive Conservative Party.

The MacIsaac-Balcer document was prepared very thoroughly and conscientiously. Parliamentarians, I think, found themselves in agreement with many of the recommendations contained in it, although not all of them; but it was generally an excellent document, the result of thorough study and serious consideration.

The bill before us, a copy of which honourable senators have, proposes to increase the remuneration of parliamentarians. Permit me, however, to be more precise. It would be misleading simply to focus the discussion on the simple percentage increase reflected by this bill. In reality, it is a matter of determining the salaries of parliamentarians and evaluating the remuneration which is due to them. Canadians expect their parliamentary representatives, whether they serve in the House of Commons or in the Senate, to be both competent and devoted. They do not want political careers to be reserved solely to the independently wealthy. Most importantly, they count on those who make the decisions that affect the collective future of the nation to be independent of outside sources of income in order to assure impartial judgment.

Sessional allowances are granted to permit parliamentarians to live decently, but without luxury, in order that they may devote themselves fully to the affairs of state. Parliamentarians, of course, must sacrifice their private lives, and in most cases must maintain two residences, between which they must commute for much of the year. That presents, as all members of this chamber have found, very expensive problems. People do not enter political life to enrich themselves, but neither should they ruin themselves financially in doing so.

[Senator Perrault.]

The MacIsaac-Balcer all-party report made many recommendations concerning the salaries of parliamentarians, recognizing the difficulties of their work: the long hours, the necessity for them to be present in Ottawa to discuss problems concerning the nation as a whole, and to be present in their regions and their constituencies to listen to individual Canadians and to attempt to solve their problems.

The government, in consultation with the opposition parties—and I think it should be emphasized that there were long meetings involving representatives of the Conservative Party and the New Democratic Party—gave long and serious consideration to the report's recommendations. The increases contained in this bill would be retroactive to July 1, 1980. In effect, the MacIsaac-Balcer report studied the salaries in force on January 1, 1980, and it is only reasonable that the delays that were necessary because of the time required for the drafting of the bill should not retard the coming into force of the recommendations. The government, in consultation with the other parties, with Mr. Clark, Mr. Broadbent and Mr. Trudeau in agreement—an agreement involving party caucuses—is recommending the adoption of only two-thirds of the increases recommended in the MacIsaac-Balcer report, even though parliamentarians have received salary adjustments which have been less than those of the majority of Canadians over the past seven years.

● (1030)

No honourable senator wishes to see the chamber devote time each year to the consideration of salaries when there is so much parliamentary business before Parliament. That is why the law establishes an annual adjustment formula. This fills the vacuum caused by the absence of a negotiating partner with whom parliamentarians would negotiate an annual salary adjustment.

This formula is not cast in stone. Its value and its effectiveness is verified after each general election. The MacIsaac-Balcer report recommended that the annual allowance and salary adjustment of members of Parliament be based on a complex process of comparison and evaluation of average increases in many sectors of the economy. Rather than follow this path, which would be difficult in application and which would raise much controversy, the bill proposes to alter the existing formula. It advances what is felt by all of the parties to be an improved formula. The annual adjustment would be one per cent less than the lesser of the industrial composite and the consumer price index. This formula tends to ensure a more normal evolution of remuneration of parliamentarians without unnecessarily taking up parliamentary time.

All of us are aware of the plight of certain parliamentarians in all parties who were defeated, left almost penniless and with all of their former employment connections lost because of their service here. We want to do something to help situations such as this. The MacIsaac-Balcer report suggested what I believe—and I think many of those who have served in Parliament will agree—is a long overdue reform: severance allowances for members in the other place who are defeated or those who must leave Parliament because of ill health and so on.

This is, I repeat, a long overdue reform. Those who have gone through election campaigns and have seen some of their colleagues literally reduced to a penniless status within months of being defeated in an election will welcome this reform. The reform affects only those in the other place, but I support it most enthusiastically. I know that other honourable senators will support it as well. The report also recommended that a defeated MP eligible for retirement benefits be given a smaller but similar allocation.

The bill proposes to accord a severance allowance along the lines of those recommended by the MacIsaac-Balcer report, but only to those ineligible for retirement benefits. I believe this is another good reform. This allowance would also be payable to those who must retire from public life for reasons of health. Of course, this again applies to those who serve in the other place. I personally am most enthusiastic about this proposal. The amount would be equal to half of the remuneration to which a member of the House of Commons was entitled.

The bill also proposes to modify certain provisions of the House of Commons pension plan. The contributions would be increased from 7.5 per cent to 10 per cent, because it is rare that today's member of the House of Commons can sit for 25 years or more to receive the maximum retirement benefit. This period has been reduced to a more realistic one of 15 years. The bill also provides for supplementary retirement benefits to parliamentarians who receive a salary for additional parliamentary responsibilities.

Referring specifically to the Senate, sessional allowances have been increased to $40,200 per annum, which is the same amount as members of the other place receive. The principle of equality and parity has been retained.

Additionally, new allowances are established for the government whip and the opposition whip. Let me say that both of them serve this chamber extremely well. In Senator Petten and Senator Macdonald we have two outstanding senators who are a credit to the parliamentary system.

Hon. Senators: Hear, hear.

Senator Perrault: This is a long overdue recognition. All senators agree that the whips are fully deserving of such additional compensation.

With regard to a revised pension plan for senators, the Internal Economy Committee is distributing proposals and is inviting all honourable senators to comment on them. It is suggested that careful study be given to the provisions for pensions for members of the other place. The Mercer document and the recommendations from the budget subcommittee have been discussed on a preliminary basis, and the document is being distributed to all honourable senators. When the recommendations and comments have been received, they will be directed to the chairman of the subcommittee, the Honourable Senator Barrow. The necessary changes will then be recommended to the Senate leadership and the government. I want to assure honourable senators, who note that there are no changes in that section of the bill with respect to senators, that members of the cabinet, particularly the Minister of Finance, are aware of certain anomalies which exist in the Senate pension plan. Senate recommendations for change and reform have been invited and are welcome.

Honourable senators, I have nothing further to add. I believe that the bill is worthy of support. Thus I urge support on second reading for this measure.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, the delicate operation of establishing the salaries of members of Parliament is one of the most distasteful we are called upon to carry out. It is even more difficult for members of the House of Commons than for us here in the Senate. They always have to face their electors afterwards. Although in a great many cases the electors do not hesitate at all to seek the services of their representatives, they feel absolutely no reluctance either to criticize them and tell them that they are overpaid. All that makes for an altogether unpleasant atmosphere in the House of Commons, in particular when it is time to come to grips with that issue.

Since 1975, if memory serves me right, there is a provision in the Senate and House of Commons Act, section 34(7), under which the government has the obligation, after each general election, of appointing one or more commissioners to inquire into the adequacy of the annual variations of sessional allowances payable to members of the Senate and House of Commons and other allowances payable to them and to report thereon with such recommendations as they consider appropriate, within six months after the time of their appointment.

As the Leader of the Government pointed out, after the 1979 election the Clark government appointed Mr. Alf Hales. Naturally, the following election was called much too soon for the Clark government to implement the conclusions of his report.

After the 1980 election, the government now in office appointed Dr. McIsaac and the Honourable Léon Balcer, under the same provision of the Senate and House of Commons Act, to draft a report on that question. We have had that report since the month of November 1980. It has since been debated at various levels.

What we have before us today, this bill, is the result of bipartisan consultations where all parties were represented. But I must emphasize that it was mainly the parties of the House of Commons which were involved in those negotiations. Unfortunately most often the Senate has been left aside. Our problem is somewhat different, of course. When we debate those questions we in the Senate are certainly less tense than our colleagues in the Commons. In any event, the fact remains that one of the major difficulties of the system as it now exists, with respect to the typical reactions we all know, is that the Senate is almost always excluded from the preliminary discussions.

The Leader of the Government mentioned that it would be desirable to have another system which would free all parliamentarians, from both the House of Commons and the

Senate, from this responsibility, because it is inevitably subjective.

It is not easy because in fact the decision will always remain with Parliament. Parliament cannot delegate its powers. Someone mentioned the system used in Australia or New Zealand where the commission of inquiry into the matter had to table its report before Parliament. After the report is tabled, and provided it does not meet with opposition from members or senators—I am not sure of the number—if it is not opposed, the report is automatically implemented. Is that more satisfactory? I do not know. One thing is certain; with our method we do receive a report from objective people, from outside Parliament, who have experience that they have acquired elsewhere in most cases. Nonetheless, as the Leader of the Government indicated, the public rarely reacts favourably.

However, in general in this instance, reactions in the press have been correct and showed an understanding of the situation. But there will always be people who will want to distort the scope of certain decisions. They always refer to the expense allowance, for instance, as a part of the salary. If members of Parliament or senators were asked to keep an expense account for each day they spend in Ottawa or in Parliament one would expect the amount to be quite high in the end. But in any event, that would create an unnecessary paper burden and would also be extremely subjective.

One of the recommendations of the MacIsaac-Balcer report was to allocate a maximum of $500 for housing in Ottawa. Of course, if I only want to spend $300 on rent, I should not be encouraged to spend $500. However, if that is the maximum amount and everybody else spends up to the maximum I would say to myself, why not? I would get a nicer apartment. That is why we have an automatic expense allowance. In my opinion, it is quite a reasonable formula under the circumstances, much better than any other submitted up to now.

The MacIsaac-Balcer report indicates on page 22 of the French text and on page 21 of the English text that from 1974 to 1980 the allowances of federal Members of Parliament increased from $24,000 to $30,600 and to $32,000 with the adjustment at the beginning of the year. It is a percentage change of 27.58 per cent. In all other areas, the variation rates for the same period, except in the case of management officers, lawyers in Canadian industries where the variation rate is 48.7 per cent, are all above 50 per cent. In some areas, such as engineers working in the Canadian industry, it is 81.7 per cent. The basic rate of increase in percentage points is generally 83.6 per cent. Some catching up was necessary. The report suggested that on July 1, 1982 the salary be increased to $45,000. The government as a result of self restraint and after consultations with the parties in the House of Commons has decided to grant about two thirds. This means there is always an instinctive reluctance to solve a problem which is, of course, very personal for members of Parliament.

The MacIsaac-Balcer report made a few new recommendations such as the severance allowance to which the Leader of the Government referred. I think that there is unanimous agreement and even if a few members at the other place voted against the bill, they all indicated that they approved the severance allowance. You are aware of the really pitiful situation of a good many members who have sat in a single Parliament which can last a year or less than a year. I know that in some cases, members took years to restore their financial situation because after sitting a few short years they had to start in private business all over again or look for a job. On that point we agree.

With respect to the Senate more particularly, as I said, the practice is that those preliminary discussions take effectively the place of discussions which should normally be held in Parliament, in the House of Commons and in committee. This is what happened in this case. Even as far as the pension plan is concerned if we had been involved, we could have solved the problem for senators at the same time and in about the same way as provided here for the members of the House of Commons. In this regard, as Senator Connolly with confirm, there is the particular problem of senators with life appointments. I believe that only about 20 are left, and about half have given notice that they will retire at 75. These senators have all contributed for 15 or 16 years to the pension plan. However, this plan does not provide a pension on early retirement. Moreover, it provides only two-ninths of the pension for the widow or, if you prefer, for the surviving spouse of a senator. I recall that when this legislation was introduced here quite some time ago, we had figured out that in the case of the widow of senator Jean-François Pouliot, who had spent about 35 years in Parliament, she would receive, as she did for many years, a yearly pension of $2,333.33. At the present time, with reference to the allowance of $40,200, senators with life appointments who have given notice of their intention to retire at 75 can see that if they die before reaching the age of retirement, their widow will receive $8,500. This is only half the amount provided under the plan which applies to senators appointed since 1965. As noted by the Leader of the Government, the new plan applies only to members of the House of Commons. Of course, I point out that the Leader of the Government has assured us that this issue will be settled in the near future as it is important for the senators. We must not forget that the age of retirement here is not the same as in the House of Commons. A member of the House of Commons can sometimes retire after 15 years, even though he can be only 40, 45 or 50. Here, however, as a general rule, we retire at 75. Of course, senators appointed since 1965 can retire earlier, depending on their length of service and whether they are satisfied with the pension to which they are entitled. However, once again, these are provisions which should clearly be imposed or amended.

● (1040)

[*English*]

Hon. John J. Connolly: Will the honourable senator allow me to make a very short intervention? I believe he said a few moments ago that at the present time the pension of a widow of a retired senator is about $8,500.

Senator Flynn: I said that it will be.

Senator Connolly: Yes, that amount is a result of the automatic escalation brought about by the increase in indem-

nity. But heretofore, the amount was less then $7,500, and for some time it was about $6,600, which is much lower than is provided, as I understand it, in the scheme relative to members of the other place.

Senator Flynn: I believe the pension to the widow was two-ninths of the senator's pension, and that under the existing provisions the pension is three-fifths of the senator's pension. It is my understanding that under the new provisions for members of the House of Commons it can be arranged that the widow of a member receive exactly the pension the member is entitled to receive.

[*Translation*]

In any event, as I said, I take note of the government leader's assurance that the government will soon introduce amendments. At that time, hopefully, we will not be faced with unreasonable opposition from the other place.

On the provisions concerning the Senate itself, I would also indicate as did the government leader, that I welcome the provision under which the government whip and the official opposition whip will receive an allowance that is fully deserved.

This had been an oversight the previous time, as we pointed out. That oversight has now been corrected. It is my feeling that, aside from the opposition from the new group led either by Senator Deschatelets or Senator Molson, there is no objection to the whips, in the course of their normal activities, receiving an additional salary.

I regret however that an anomaly created in 1975 under the previous bill on the matter, concerning the salary of the Speaker of the Senate, has not yet been corrected. At that time, Senator Lapointe was Speaker and, as I indicated, I did not agree that our Speaker should receive less than the Speaker of the House of Commons, especially in view of the fact that for a numbers of years—and I would say this started with Senator Lapointe—the Speaker of the Senate has been assuming a diplomatic role on behalf of the government. The Speaker performs a number of functions and has indeed a full-time occupation. After all, as far as protocol is concerned, from the standpoint of foreign representations, the rank of Speaker of the Senate is very high. I think it comes next to the Prime Minister's—

• (1050)

Some Hon. Senators: Hear, hear.

Senator Flynn: Therefore, I regret that this discrepancy remains. Indeed, it seems worse still under the new bill, since the Speaker of the Senate will get $19,600 while the House of Commons Speaker will be paid $30,800.

This means there is more than a 33 per cent discrimination against the Speaker of the Senate. Of course I do not underestimate the difficulties in chairing the House of Commons. But I would stress that the Speaker of the Senate has been undertaking responsibilities over these last few years. We have seen quite recently that our Speaker had to make an extenuating trip to the Philippines, where he represented Canada when the President was inaugurated, with the result that our Speaker is now in hospital.

His is no easy task. And that should be recognized. In any event, since I doubt that we can get a separate amendment, I urge the Leader of the Government to take the matter into consideration when the bill is studied again to adjust the senators' pension plan. I invite the Leader of the Government to try and get that changed. But I feel that next time this should be taken into account and parity should be restored to the salary paid the Speaker of the Senate and the Speaker of the House of Commons.

As for the rest, I seen no problems. I feel the government has assumed its responsibilities. I believe the parties of the opposition asked their members to avoid partisan debate on the matter. All went well. Still, I feel that perhaps, with regard to the procedure followed, preliminary negotiations could take another form, and perhaps be more open, less secretive and involve the members of the Senate at every level and in every regard—

Some Hon. Senators: Hear, hear.

Senator Flynn: —so that we can avoid the situation in which we find ourselves today where we have to await the good will of the House of Commons to settle a problem that concerns us alone. That being said, I thank the Leader of the Government for the details he gave us. Once again, I feel the government should be congratulated on its courage, and the parties of the opposition on their honesty in dealing with and solving this problem.

Motion agreed to and bill read the second time.

• (1100)

[*English*]

THIRD READING

Hon. Raymond J. Perrault (Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

The Senate adjourned during pleasure.

At 1.30 p.m. the sitting was resumed.

PENSION ACT
COMPENSATION FOR FORMER PRISONERS OF WAR ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-82, to amend the Pension Act and the Compensation for Former Prisoners of War Act.

Bill read first time.

SECOND READING

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

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 44(1)(*f*), that this bill be read the second time now.

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

Hon. Senators: Agreed.

[*Translation*]

Senator Frith: Honourable senators, the bill before us now has to do with pensions. The bill itself is not unduly complicated in the sense that it is not very long. It is fairly simple, but the legal jargon and the legal occultism hide certain very significant aspects and principles. Thousands of widows and dependents of handicapped pensioners stand to benefit immediately from this legislation; in other words, certain widows who would otherwise have to wait up to five years before drawing a pension will be entitled to monthly cheques as of July 1, 1981.

Honourable senators, this new legislation follows up on Bill C-40. Bill C-40 itself established a precedent with respect to the way the survivors of handicapped pensioners are treated. Honourable senators will recall that Parliament adopted Bill C-40 in July last year. Before the adoption of that bill—and when I say before I mean during a period of about 50 years—the widows' pensions were payable to the surviving spouses of veterans whose death was due to military service, I repeat, whose death was due to military service.

In addition, the benefits were paid to the widows of pensioners whose disability had been estimated at 48 per cent or more at the time of death; to put it another way, there was no eligibility for benefits if the disability percentage was below 48 per cent.

Bill C-40 changed all that. Honourable senators will recall as well that Bill C-40 was unfortunately the last veterans legislation introduced by the former minister, Dan MacDonald. It was Dan MacDonald's last gesture and the end of the long list of benefits he had granted in that field.

As I said, the basic eligibility requirements for pensions are still the same. But the act also provides for the payment of proportional pensions even if the pensioner's disability had been estimated to be less than 48 per cent.

Bill C-40 was heartily welcomed, even outside the country, because Canada is considered as having one of the world's most complete and most generous programs for veterans. In that sense, our program stands as a model. The government showed, with Bill C-40, its desire to improve the existing program. Honourable senators should be aware that other countries are not as advanced as Canada with regard to widows' pensions, as most of them only give a pension to widows when the pensioner died because of injuries sustained during military service.

[The Hon. the Speaker.]

As I said, honourable senators, Bill C-40 was very much appreciated by veterans organizations. There remained, however, one not totally unjustified criticism. There was concern, as Senator Marshall indicated several times, over the waiting period before widows could be eligible for these new benefits. Because of a lack of funds, the government tried to introduce a phasing-in period. The implementation schedule covered six and a half years. The limit of eligibility would decrease each year so that by 1986 all survivors of pensioners whose disability was considered 5 per cent or more would receive proportionate pensions.

Members of our Committee on Health, Welfare and Science joined with others in expressing their concern over this length of time. Several proposals were made, for instance that widows of World War I veterans immediately receive benefits and that all widows be eligible as soon as they reach age 65. We were grateful for these suggestions, but finally the government decided not to change its schedule but rather to do away with it completely, so that by this bill all widows and survivors will become eligible as of July 1 of this year. Widows of pensioners whose disability was estimated at 33 per cent or more at the time of death now receive the benefits provided by Bill C-40. This amendment will result in 23,500 more eligible recipients. Honourable senators will recall that Bill C-40 did not quite meet the needs of widows. With an additional $184 million, 50,000 veterans allowance recipients were able to receive increased monthly benefits. The total cost of benefits made possible through Bill C-40 was $184 million.

• (1340)

[*English*]

Honourable senators, I know that the late Minister of Veterans Affairs, the Honourable Dan MacDonald, and the present acting minister, the Honourable Gilles Lamontagne, the sponsor of Bill C-40 in the House of Commons, had some misgivings over the waiting period, but were hopeful that once the principle of proportionate pensions was established further improvements could be obtained in the future. By this bill those hopes are realized.

The total cost of this change will be $41 million. The government is committing $16,800,000 in new money, and the additional funds required will be met out of savings on smaller than anticipated expenditures in other areas. Also, the Canadian Pension Commission is handling applications for widows' pensions with a minimum of delay. Unlike pension applications themselves, which, of course, require exhaustive medical and service investigation in some cases, the procedure here is quite straightforward, and the commission is ready to handle the surge in applications that is bound to result from this legislation.

There is, honourable senators, a way in which we can serve the persons who are intended to benefit under this bill. We should remember that before Bill C-40 no record was kept of the survivors of disability pensioners with an assessment of less than 48 per cent, because they did not qualify from the point of view of providing benefits to their widows. Since last July,

by the efforts that have been made, it is hoped that all survivors of pensioners who died have been informed of the existence of proportionate pensions. But the information program is important. There has been, and will continue to be, a media campaign informing deceased pensioners' widows of these benefits, and I urge honourable senators, who have always been deeply interested in veterans' causes to assist in spreading the word.

The members of the House of Commons were urged to include the fact of the passage of this bill, and the resulting benefits, in their information to constituents. Mr. Stanley Knowles, speaking just a few moments ago in the other place, took advantage of the existence of the television service there to repeat the information, in the hope that anyone then watching, or anyone seeing clips or re-runs from it at a later time, perhaps on the news, would make known the fact that a number of widows who up to now have not been entitled to these benefits, will know that they now are or will be so entitled. Therefore, I ask honourable senators to do everything they can in their own regions to help with the spreading of this good word.

Honourable senators, much has been accomplished on behalf of veterans and their survivors in the past 12 months. Bill C-40, as I have mentioned, has been recognized as one of the most positive pieces of veterans' legislation enacted anywhere in recent years. The aging veterans' program which went into operation in April, is a pioneering program also of great potential. Its aim is to assist the most needy of our disability pensioners to live with convenience and comfort in their own familiar surroundings. The bill before us is further evidence of continuing concern for the well-being of those who served our country in war and the welfare of their families.

For these reasons, honourable senators, I heartily recommend second reading and ask for your positive response.

Hon. John M. Macdonald: Honourable senators, I simply want to say that I am in complete agreement with everything that has been said by the sponsor of the bill. I am sure it is gratifying to know that this is actually a follow-up to Bill C-40, which was the breakthrough at that time. I would also say that I wholly agree with him in the tribute that he paid to the late Daniel MacDonald, who was then Minister of Veterans Affairs. He was indeed a tremendous person and, I believe, perhaps one of our best Ministers of Veterans Affairs.

As was mentioned, there are perhaps an additional 23,500 widows and dependents who will become eligible for these benefits as of July 1 this year. The minister, in a news release, said that if Parliament approves the bill, these widows will have qualified for pensions on July 1 instead of having to wait for up to five-and-a-half years. That is quite correct, but I wish to emphasize this, that the minister said that they would qualify for it; not that they would get it in a month or two, or anything like that.

I think the weakness is not in this bill but in the Canadian Pension Commission, which is composed of seven members, if my memory serves me correctly. I remember, when Bill C-40 was passed, that I asked the sponsor at that time whether this Pension Commission was also going to handle these applications. The answer was yes. I asked as to the backlog of cases the Pension Commission had at that time, and was told it was something over 4,000 cases. The sponsor today mentioned that the Pension Commission was ready to take care of what might be a surge of applications coming on. I would like to know how they are going to do it. Already, with the same number of people on the commission it takes quite a long time to handle these cases. If they are going to handle additional cases, are they going to have to neglect the others?

I should like to mention an article which appeared in the *Citizen* of June 25, 1981, which dealt with evidence given before the Pension Commission by its chairman, A. O. Solomon. He mentioned the fact that the commission is getting a lot of applications now. He said that the veterans are "dredging the bottom of the barrel." He is saying, in other words, that a veteran of advanced age who has some disability may be trying to say that his disability is due to war service. The commission is spending a lot of time investigating this. The article reads, in part:

> The chairman said . . . "We have to try, in effect, to play medical detective."
>
> The detective work results in rejection of about two-thirds of the 6,000 applications each year on ground that old age, not military service, has caused the medical problems.

He added that this type of investigation is time-consuming. Most veterans currently must wait one to four years, depending on the number of appeals launched and the difficulty in obtaining medical records, from the time they apply for a disability pension until the first cheque arrives in the mail. It was pointed out by someone at the time that in the United States the veterans' affairs department takes 60 to 90 days to process an application.

● (1350)

The chairman is right, of course. The difficulties were compounded by the move of the department to Charlottetown. Some of the experienced staff did not want to move, and so on and so forth. But listen to what the article goes on to say:

> As of March 31, there were 4,956 applications for pensions awaiting hearings by the commission, 1,929 appeals from commission decisions waiting to be heard by entitlement boards and 1,960 appeals from assessment and entitlement board decisions waiting to be heard by the pension review board.
>
> The auditor-general reported last year that the average time for the commission to rule on an initial application takes 11 months. Two to three years ago, this process took about five months, Solomon said.

In other words, honourable senators, adding all those together, there are 8,845 applications of one kind or another waiting to be heard. Now I am concerned about what will happen to those old applications if there is a flood of new applications under the new legislation.

I am wholly in agreement that we should get these things done as soon as possible, but at the same time I say that we can't put aside these 8,845 applications just to take care of the new ones.

We all know it is a difficult problem. Certainly, the government is doing everything it can. It is changing the act; it is providing the money; all it has to do is get that money to the people who are qualified to receive it. But I do not think the government can achieve that in a reasonable time under the present setup. The Pension Commission should be enlarged, at least temporarily, in order to take care of all these applications.

Honourable senators, I am pleased to commend the government for introducing this bill. After the splendid exposition of the bill given by the sponsor, I do not see why we cannot give it third reading immediately.

Hon. Senators: Hear, hear.

Hon. Florence B. Bird: Honourable senators, following your instructions, the Standing Senate Committee on Health, Welfare and Science has been studying the Statute Law (Military and Civilian War Pensions Compensation and Allowances) Amendment Act, 1980. We expect that our report will be tabled when we return in the autumn. It is a good report and certainly deserves to be debated.

The amendment proposed in Bill C-82 is right in line with our thinking and our recommendation, although we have gone somewhat further than the bill goes.

When the Acting Minister of Veterans Affairs appeared before us, not only did we ask him questions, but we made it quite clear that we think that the spouses should be paid immediately. We think that, because most of the surviving spouses are widows who are in their seventies and eighties, and so many of them will not be able to enjoy the benefits by 1986. Many of them are undoubtedly in need of the money now.

Your committee can claim some credit for this amendment, because we were very outspoken with the minister, and he certainly listened to us with sympathy. The Honourable Gilles Lamontagne did more than listen. He acted.

I am awfully sorry that Senator Marshall is not here today, because he made a great contribution to the committee's work. He is, as you know, very knowledgeable and insistent in this matter, and our report has certainly benefited by the information he gave us and by the quality of his questioning.

Some Hon. Senators: Hear, hear.

Senator Bird: As Senator Frith has mentioned, there is something more that everyone in this chamber can do besides passing the amendment. The committee was told that half as many eligible widows as estimated by the department have applied for proportionate pensions. There seemed to be two reasons for that. First, many of these old women feel that they would be asking for charity, for welfare. Of course, this is not a matter of charity. These women have earned the proportionate pension because they have looked after disabled men for a great many years. It is theirs by right and that should be explained to them.

The second reason, we are told, is that, in spite of the efforts of the Department of Veterans Affairs and the veterans' associations, many eligible widows are being missed because they have moved elsewhere or have been lost track of, or they are just not aware of their rights. So, I think, as Senator Frith has suggested, that everyone in this house should spread the word.

If Bill C-82 had come to us earlier and if there had been more time, we might have made further amendments as recommended by the committee. For years, honourable senators, I have inveighed against receiving important legislation during the dying hours and minutes of a session. We are now right back to where we were last year when we received Bill C-40—Plus ça change, plus c'est la même chose.

I am not happy about this. It is not the best way to legislate. But, under the circumstances, I agree that it would be less than generous, and we would be lacking in compassion, if we failed to pass this bill at once.

Senator Frith: Honourable senators—

The Hon. the Speaker *pro tem*: Honourable senators, if Senator Frith speaks now, his speech will have the effect of closing the debate.

Senator Frith: Honourable senators, I thank Senator Macdonald and Senator Bird for their comments. If I may, I will make one further observation. I agree with Senator Macdonald that the backlog of pension applications is a serious problem. As the honourable senator pointed out, the new surge in applications will only aggravate the problem. However, I do wish to emphasize that plans are being devised to deal with these particular pension applications by widows.

Of course, the detective work involved in the widow pension applications will be simpler than the detective work involved in the other applications to which Senator Macdonald referred, and, therefore, they should be handled more expeditiously. Of course, as Senator Macdonald also pointed out, the danger is that there may be some delay in dealing with other applications caused by widow pension applications. I hope that this will not happen. Certainly, I intend to make the department aware of Senator Macdonald's observations here today, because he, like Senator Marshall, is very experienced and knowledgeable in the field, and has been a champion of the rights of veterans and their families for many years. Those are my remarks and, again, I support the motion for the second reading of this bill.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. Royce Frith (Deputy Leader of the Government): With leave, now honourable senators.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

● (1400)

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tem* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

July 10, 1981

Sir,

I have the honour to inform you that the Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 10th day of July, at 2.15 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
Edmond Joly de Lotbinière,
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa

BUSINESS OF THE SENATE

ADJOURNMENT MOTION

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until Wednesday, October 14, 1981, at 2 o'clock in the afternoon. Honourable senators, Monday that week is Thanksgiving; Tuesday will be a day for travel; so resuming on the Wednesday, I think we should sit at 2 o'clock in the afternoon rather than at 8 o'clock in the evening.

The Hon. the Speaker *pro tem:* It is moved by the Honourable Senator Frith, seconded by the Honourable Senator Perrault, P.C., that when the Senate adjourns today, it do stand adjourned until Wednesday, October 14, 1981, at 2 o'clock in the afternoon. Is it your pleasure, honourable senators, to adopt the motion?

Honourable senators, since we are right on schedule, I would ask that, rather than adjourn to the call of the bell, we just adjourn to await the arrival of the Deputy Governor General.

Before I so move, the leader informs me that he has just received some information he promised to furnish with regard to the postal strike, so, with leave, he could furnish that material and then we could adjourn to await the arrival of the Deputy Governor General.

Hon. Jacques Flynn (Leader of the Opposition): It is my understanding that Her Honour has put the motion for adjournment, but that it has not yet been adopted.

Senator Frith: I thought Her honour had.

Senator Flynn: In any event, I would ask leave to put a question or two to the deputy leader on the motion which may have been adopted.

The Hon. the Speaker *pro tem:* Honourable senators, is leave granted?

Hon. Senators: Agreed.

Senator Flynn: My first question is: Why are we coming back on the same day as the House of Commons or the day after? Will there be any business coming to us from the other place?

My second question is: Are we coming back to continue the session or for the opening of a new session?

Does the deputy leader have some information with regard to these matters?

Senator Frith: Honourable senators, on the first point, there are a couple of items on our order paper that will give us work to do that week, even if we do not receive legislation from the other place. I am thinking of the report of the Special Joint Committee on Official Languages and the order respecting offshore resources. Therefore, I think we will have good reason to be here. However, I am glad my honourable friend asked the question.

On the second point, my information is that we are not proroguing; we are simply adjourning until that date.

Senator Flynn: The question is whether we are adjourning, to prorogue immediately upon returning. As I understand it, the answer is no, that the session will continue for a while.

Senator Frith: As far as I know, we will not adjourn to prorogue immediately upon our return, but we will adjourn and find out about prorogation then.

Hon. Jack Austin: Does the deputy leader have any information with respect to whether the other place will continue to sit while we are adjourned?

Senator Frith: Honourable senators, the information I have is that they still intend to continue to talk in order to ask that the postal strike be dealt with. I understand that the government is taking the position that if they come back next week they will go into the report stage of Bill C-48. They may or may not continue. They may get something settled this afternoon.

Senator Flynn: In any event, whatever they do in the other place, unless they pass legislation, we need not be here, so I do not think it affects us.

Now, since we will shortly adjourn until October 14, I think it propitious to say that this session has gone on so long—it started at the beginning of April last year—that it is a well-needed rest we plan to take. It is not so much that we want to have nothing to do, but we want and need a change of perspective for a few months. I think we will enjoy each other's company better when we return.

I think this is the right occasion to thank the clerks at the table, the Gentleman Usher of the Black Rod and the pages for their help, and to wish them and all honourable senators an enjoyable summer.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, all of us join in the sentiments expressed so well by the Leader of the Opposition.

QUESTION PERIOD

[*English*]

POST OFFICE

DISRUPTION OF SERVICE

Leave having been given to revert to Question Period:

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I do feel an obligation to relate the last report available on the subject of the Post Office dispute.

The Honourable Donald Johnston spoke with Mr. Parrot over the telephone twice yesterday, July 9. Mr. Johnston offered the services of the most senior staff of Treasury Board, Mr. George Orser, in an attempt to unblock negotiations.

Apparently, the postal workers have rejected this offer. Mr. Parrot has sent Treasury Board a letter and a press release this morning that said nothing about Mr. Orser. Instead, Mr. Parrot again insisted upon having Mr. Michael Warren. Treasury Board has not accepted this proposal for two reasons: first, they are hesitant because this is a Treasury Board matter and Treasury Board is, therefore, responsible for the conduct of negotiations; and, secondly, Mr. Parrot has not outlined the precise role that he would like Mr. Warren to play. Treasury Board wants to get back to the negotiating table. The Honourable Donald Johnston is using every effort to get the talks started in order that Canadians may enjoy postal services as soon as possible.

ENERGY

NEGOTIATIONS BETWEEN FEDERAL GOVERNMENT AND GOVERNMENT OF ALBERTA

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Roblin on July 6, 1981, concerning the terms and conditions of the loan made to Imperial Oil Ltd. for the Cold Lake project. Rather than take the time now to read it, I ask permission for that answer to be taken as read.

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

Hon. Senators: Agreed.

(*The answer follows:*)

> The $40 million loan is the result of an agreement between Petro-Canada and Imperial Oil. Petro-Canada agreed to make available to Imperial Oil up to $40 million between January 1 and June 30, 1981. The payment was made on the direction of the Governor in Council.
>
> If the Cold Lake project proceeds before July 1, 1982, which, of course, requires the concurrence of the project sponsors, the Alberta government and the federal government, the $40 million loan will be repaid by Imperial Oil Ltd. to the Government of Canada.

HEALTH AND WELFARE

THE BUDGET—IMPACT ON LOW INCOME FAMILIES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Balfour on November 18, 1980, concerning the details of the calculation employed to arrive at a differential of $40 billion between the cost of oil and gas to consumers under the national energy plan and the cost of oil and gas under the Conservative budget. May I have permission to have that answer also taken as read?

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

Hon. Senators: Agreed.

(*The answer follows:*)

> Under the national energy plan report tabled in late October, estimates were made of oil and gas requirements under the national energy plan. These were valued at the wholesale prices of oil and gas from Toronto.
>
> These were valued in terms of the NEP oil pricing proposals. Projections were made under the proposals for oil and gas to 1984.
>
> Under the National Energy Program, the cost to consumers of oil and gas to the year 1984 would be $40 billion, less than would have been the case under the P.C. budget of December 1979. It should be noted, however, that this does not take into consideration the extra cost of importing crude oil as a result of the Alberta government's action to cut back on deliveries of crude oil to eastern Canada. When this is considered, the differential would be somewhat less. It also does not take into consideration the cost of acquiring Petrofina Oil Co. However, the difference in favour of the present energy policy still remains large.

CONSUMER AND CORPORATE AFFAIRS

ATTEMPTED TAKEOVER OF CANADA PERMANENT MORTGAGE CORPORATION BY GENSTAR CORPORATION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have one final delayed answer to a question asked by Senator Haidasz on July 8, 1981, concerning the possible investigation of the attempted takeover of Canada Permanent Mortgage Corporation by Genstar Corporation.

Honourable senators, no federal government agency or ministry is presently investigating the attempted takeover. However, Consumer and Corporate Affairs is monitoring the situation.

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(*g*), that when the Senate adjourns today it do stand adjourned until Wednesday, October 14, 1981, at 2 o'clock in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned during pleasure.

● (1410)

ROYAL ASSENT

The Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Diplomatic and Consular Privileges and Immunities Act.

An Act to amend the Official Residences Act.

An Act to amend the Pension Act and the Compensation for Former Prisoners of War Act.

An Act to amend the Senate and House of Commons Act, the Salaries Act, the Parliamentary Secretaries Act and the Members of Parliament Retiring Allowances Act.

An Act to amend the Veterans' Land Act and to amend the Veterans Benefit Act in consequence thereof.

An Act to amend the Corporations and Labour Unions Returns Act.

An Act to revive Ontario News Company, Limited and to provide for its continuance under the Canada Business Corporations Act.

An Act to revive G.A. Barber & Sons Limited and to provide for its continuance under the Canada Business Corporations Act.

An Act to revive Eastern Diversified Company Ltd. and to provide for its continuance under the Canada Business Corporations Act.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before moving the adjournment, I wish to associate myself with the comments of the Leader of the Opposition in thanking all of the Senate staff, particularly, on this occasion, the staff who serve us directly here in the chamber. In saying that, I do not wish to take anything away from the staff who serve us outside the chamber. They are an efficient, courteous and very effective group, and I say sincerely that it is a great pleasure to be associated with them. I should mention particularly the work of the Clerk and the Clerk Assistant, and of the pages, who certainly add a good deal to the enjoyment of our sittings.

May I say also that I believe this has been a very productive session. The greater part of my responsibilities here might be called preoccupation with routine, but, because of that, such co-operation is deeply appreciated.

Apart from gratitude for the assistance, help and advice that I have received from all honourable senators, I wish particularly to thank the Leader of the Opposition. I believe there has been an attempt to co-operate in expediting Senate business, while giving full attention to the duties we all have as members of the Senate of Canada.

Senator Olson, on behalf of the government, might wish to add to the thanks that I have expressed to honourable senators for what I consider to have been a very productive session.

● (1415)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, before the motion to adjourn is put and agreed to, I do want to express my appreciation to all of my colleagues, particularly on this side, and specially my colleagues who are members of the cabinet, who have discussed with me a number of the matters that have been introduced under the legislative program for this session.

You will recognize that this is the first session in what is normally a four-session Parliament. We have looked very

carefully at the commitments that were made in the Speech from the Throne, and while subject to some different interpretations, it is a fact that almost every one of them has been kept by bringing in legislation that has been dealt with by both this and the other house.

I know that during the course of the relevant debates, particularly during Question Period, it is the duty of Her Majesty's Loyal Opposition in this place to put probing questions to the ministers. I have been trying to cover what I suppose is a rather broad field, and I want to thank my honourable friends opposite for the nature of their questions. While I have not always been able to respond immediately, I hope that they have found my responses to be a source of useful information. I can see that they do not quite agree with that, but, seriously, honourable senators, if you look back at the record of the session—if this is, indeed, to be the last day before the summer recess—you will see that it has been highly productive in terms of correcting a number of matters that needed to be corrected in the interests of the people of Canada. I would like to express my appreciation to senators on both sides of the house, on behalf of the government, for attending to those things in the manner in which that has been done.

The Senate adjourned until Wednesday, October 14, 1981, at 2 p.m.

THE SENATE

Wednesday, October 14, 1981

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

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, before I proceed with the tabling of documents, may I say how encouraging it is to see all honourable senators back in such apparent good health and excellent spirits. May I express the hope that, aside from attending to their public responsibilities, all honourable senators have enjoyed a summer of relaxation and contemplation. May I also express the hope that all of us are prepared to resume our work in what could be a very historic parliamentary session. I know that we can look forward to the close co-operation of Her Majesty's Loyal Opposition in all our endeavours, and that they will bring their usual constructive, although, at times innovative, approach to both policy and the interpretation of the rules. We look forward to working with them.

[*Translation*]

I should like to extend the warmest welcome to all honourable senators upon their return from their summer holiday.

I hope they are now fully rested and ready to tackle their assignments vigorously and constructively.

[*English*]

Honourable senators, I have the honour to table the following documents:

Memorandum of Agreement between the Government of Canada and the Government of Alberta, dated September 1, 1981, relating to energy pricing and taxation, and the joint statement by the Prime Minister and the Premier of British Columbia, dated September 24, 1981, relating to oil and gas pricing and related fiscal matters, issued by the Minister of Energy, Mines and Resources.

Reports on operations under the *Regional Development Incentives Act* for the months of April, May, June and July 1981, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Report of the Restrictive Trade Practices Commission for the fiscal year ended March 31, 1981, issued by the Minister of Supply and Services Canada.

Report of the Tax Review Board for the year ended December 31, 1980, pursuant to section 17 of the *Tax Review Board Act*, Chapter 11, Statutes of Canada, 1970-71-72.

Report of the President of the National Research Council of Canada for the fiscal year ended March 31, 1981, pursuant to section 16 of the *National Research Council Act*, Chapter N-14, R.S.C., 1970.

Report of the National Farm Products Marketing Council, including a statement of expenses, for the fiscal year ended March 31, 1981, pursuant to section 16 of the *Farm Products Marketing Agencies Act*, Chapter 65, Statutes of Canada, 1970-71-72.

Proceedings of the Royal Society of Canada, 1980, together with the 1980-81 Report of Council containing the financial statements of the Society for the year ended February 28, 1981, and the auditors' report thereon, pursuant to section 9 of *An Act to incorporate the Royal Society of Canada*, Chapter 46, Statutes of Canada, 1883.

Report of the Atomic Energy Control Board of Canada for the fiscal year ended March 31, 1981, pursuant to section 20(1) of the *Atomic Energy Control Act*, Chapter A-19, R.S.C., 1970.

Report of the Science Council of Canada for the fiscal year ended March 31, 1981, pursuant to section 19 of the *Science Council of Canada Act*, Chapter S-5, R.S.C., 1970.

Report of operations under the *Crop Insurance Act* for the fiscal year ended March 31, 1980, pursuant to section 13 of the said Act, Chapter C-36, R.S.C., 1970.

Report of the Department of Industry, Trade and Commerce for the fiscal year ended March 31, 1980, pursuant to section 8 of the *Department of Industry, Trade and Commerce Act*, Chapter I-II, R.S.C., 1970.

Report of the President of the Natural Sciences and Engineering Research Council for the fiscal year ended March 31, 1981, pursuant to section 41 of the *Natural Sciences and Engineering Research Council Act*, Part III of Chapter 24, Statutes of Canada, 1976-77.

Report of the Canadian Commercial Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1981, pursuant to section 13(1) of the *Canadian Commercial Corporation Act*, Chapter C-6, and sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Report of Defence Construction (1951) Limited, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1981, pursuant to section 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Statement by the Department of National Defence of moneys received and disbursed in the Special Account (Replacement of Material) for the fiscal year ended March 31, 1981, pursuant to section 11(4) of the *National Defence Act,* Chapter N-4, R.S.C., 1970.

Report on the administration of the *Canadian Forces Superannuation Act*, for the fiscal year ended March 31, 1981, pursuant to section 28 of the said Act, Chapter C-9, R.S.C., 1970.

Report on the administration of the *Canadian Forces Superannuation Act*, Part II, including amounts credited to or charged against the Regular Forces Death Benefit Account for the fiscal year ended March 31, 1981, pursuant to section 41 of the said Act, Chapter C-9, R.S.C., 1970.

Capital Budget (Revision No. 1) of Canada Mortgage and Housing Corporation, for the year ending December 31, 1981, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1981-2321, dated August 19, 1981, approving same.

Report respecting operations under the *Health Resources Fund Act* for the fiscal year ended March 31, 1980, pursuant to section 13 of the said Act, Chapter H-4, R.S.C., 1970.

QUESTION PERIOD

[*Translation*]

THE MINISTRY

MINISTERIAL RESPONSIBILITY OF HON. JACK AUSTIN, P.C. IN THE SENATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, before I put a question to the Leader of the Government, I should like to tell him that we appreciate his acknowledging that the official opposition has always been most willing to carry out the business of this house without being party to certain sinister steps taken by this government. He can expect the same behaviour from us during what will be, I hope, the latter part of this long session which began last May, more than 16 or 17 months ago. We hope that the government will soon decide to call a second session of this Parliament unless it decides for various reasons given here and there to dissolve Parliament and call a general election in order to allow the Canadian people to judge its record.

I am quite pleased, as we all are on this side of the house, to find all our colleagues in such good health, even Senator Graham who, we understand, spent some time in hospital; but he looks quite well and he has probably recovered as quickly from his illness as from the results of the election in Nova Scotia! Anyhow, he cannot be held responsible for them, it is rather Mr. MacEachen.

[Senator Perrault.]

We are also pleased to note the major cabinet shuffle with the appointment of a fourth member from the Senate. I see that Senator Austin is in the second row, since there is no room for him on the front benches at the moment. I do not know whether it means anything, but we would like the Leader of the Government to tell us precisely what are Senator Austin's responsibilities. It seems that he will look after the interests of British Columbia. I ask the Leader of the Government to what extent he will be relieved of responsibilities that will be assigned to Senator Austin? It is essential for us that his role be defined and that we know whether to put a question to Senator Perrault or to Senator Austin.

• (1410)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, all of us have always been touched by the continuing concern for la belle province de l'Ouest, British Columbia, shown by the Leader of the Opposition.

Senator Flynn: Of course.

Senator Perrault: With respect to Senator Austin's responsibilities, I would invite the honourable senator himself to describe them for honourable senators. Suffice it to say, we are good friends and we have worked very closely together for over twenty years. His appointment is recognition of his talents and abilities and of the great importance, the emerging importance of western Canada in this nation, of which British Columbia is a growing and thriving part.

Hon. Jack Austin (Minister of State): Honourable senators, I want to thank the Leader of the Opposition for his question. I am as anxious to explain my role to the Senate as I am sure he is to listen to my explanation. I thank him for his good wishes also.

• (1415)

I do not have as much legislative experience as the Leader of the Opposition and many others in this chamber. However, I assure all honourable senators that I approach my new assignment and responsibilities in responding to your questions with the greatest of sensitivity and the greatest of desire to serve this chamber—as well as, of course, to serve the government of which I am now a member.

Hon. Senators: Hear, hear.

Senator Austin: I have joined the government in the hope that the presence of a second member of cabinet from British Columbia will enhance the federal presence in British Columbia, in particular, and the west, the Yukon and the Northwest Territories, in general. I have been asked to work with Senator Perrault and other ministers to ensure that federal programs are better understood in western Canada and northern Canada and, in addition, to assist cabinet ministers who have specific portfolio responsibilities in the discharge of those responsibilities as they affect British Columbia, in particular, and western Canada and northern Canada generally.

I have been specifically asked by the Minister of Indian Affairs and Northern Development, and so designated by the

Prime Minister, to assist with issues relating to the evolution of government in the Yukon and the Northwest Territories and also to assist in constitutional discussions as they relate to the role of the aboriginal peoples.

In summary, honourable senators, I presume that my role is not very different from that which Senator Flynn himself had when he was Minister of Justice in the Clark government. I hope that my relationship with Senator Perrault will be as close as that which existed between Senator Flynn and Senator Asselin when they were colleagues in the cabinet.

Hon. Senators: Hear, hear.

Senator Flynn: Honourable senators, I fail to understand the comparison of Senator Austin's role with mine when I was Minister of Justice and Leader of the Government in the Senate. I had no specific responsibilities with regard to the province of Quebec, simply because two ministers in the other place were appointed to handle such responsibilities. However I remember the criticism levelled by the other side over the appointment of three members of the Senate to the Clark cabinet. Now we have four ministers in this chamber.

Hon. H. A. Olson (Minister of State for Economic Development): Oh, no, we never criticized that.

Senator Flynn: Not you?

Senator Olson: Never.

Senator Flynn: I am sure that the senator never dreamed that he himself would become a minister while a member of the Senate.

Senator Steuart: Neither did you.

Senator Flynn: No, that is right, but it did not last for long, in any event, so I did not become as boring as is the case with some others.

Senator Austin has not given a clear explanation as to what questions we should direct to him and what questions we should direct to Senator Perrault.

Hon. Jack Marshall: How about VIA Rail and double tracking?

Senator Flynn: For example, if I were to ask about problems with regard to the Port of Prince Rupert, should my question be directed to Senator Perrault or to Senator Austin? I believe this is a typical example of what I wish to have clarified.

Senator Austin: Honourable senators, I apologize to Senator Flynn for assuming that he had a larger responsibility in terms of the province of Quebec than he indeed had.

Senator Flynn: A larger responsibility embracing the whole of Canada.

Senator Austin: Yes, each minister has responsibilities embracing the whole of Canada, but they also have particular responsibilities, and my particular interest and responsibility lies with the matters which I have already described.

With regard to answering questions on specific issues relating to the province of British Columbia, I can only advise the Leader of the Opposition at this time that Senator Perrault and I are in the process of arranging our activities with regard to that province, and I will do my utmost to define them for him when they have been more clearly arranged.

Senator Flynn: Honourable senators, I hope that we will receive an answer to this question sooner than we received answers to questions asked for the purpose of assessing the responsibilities of the various ministers here who were appointed when the government was formed. We have yet to receive answers to those questions.

● (1420)

Senator Olson: We never received an answer from the previous government.

Senator Flynn: You did get an answer. You entirely forget what happened at that time. You received answers from the Leader of the Government, from Senator de Cotret and from Senator Asselin concerning matters within their respective fields. At that time there was not the misunderstanding or confusion we have been witnessing since last May.

Senator Olson: But you never really knew where you stood.

Senator Flynn: In any event, we will leave that for the time being. We will have ample opportunity to come back to the matter.

Senator Perrault: I am sure.

THE CONSTITUTION

FEDERAL-PROVINCIAL NEGOTIATIONS—MEETING BETWEEN PRIME MINISTER AND PREMIER OF BRITISH COLUMBIA

Hon. Jacques Flynn (Leader of the Opposition): Does the Leader of the Government have anything to report, in addition to what has been published in the press, regarding the meeting between the Prime Minister and Premier Bennett, the chairman of the dissenting premiers on the constitutional issue?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, of course, I can confirm that, in fact, last night the Premier of British Columbia and the Prime Minister had a very congenial meeting. Both parties agreed that there would be no comment on the substance of the meeting until Premier Bennett, as chairman of the premiers' committee, had been able to contact the other provincial premiers to obtain their views on the subject and to exchange views on the ideas advanced from both sides at the meeting last night. As soon as information is available, honourable senators, it will be brought to this chamber.

YUKON TERRITORY

EVOLUTION OF TERRITORIAL GOVERNMENT

Hon. R. James Balfour: Honorable senators, I have a question for Senator Austin. In asking it, I hasten to add my personal congratulations to the senator on his appointment to the cabinet.

Has the minister discussed, or does he plan to discuss, the subject of the governmental evolution of the Yukon with the leader of the Yukon government, Mr. Pearson?

Hon. Jack Austin (Minister of State): I thank the honourable senator for his question. I have not yet had such discussions, although Senator Lucier has been endeavouring to arrange a meeting for me with Mr. Pearson, the Government Leader in the Yukon, and I look forward to such a meeting in due course.

FEDERAL NEGOTIATIONS WITH COUNCIL OF YUKON INDIANS

Hon. R. James Balfour: Is the minister's appointment to this position in any way an indication of the federal government's view that negotiations between the Council of Yukon Indians and the federal team led by Mr. Dennis O'Connor have not been proceeding satisfactorily?

Hon. Jack Austin (Minister of State): Not at all.

Hon. Jacques Flynn (Leader of the Opposition): Not directly.

Senator Austin: So far as I know, those negotiations have been proceeding quite well from the point of view of all the parties. It will not be my role to be directly involved in negotiations with respect to land claims or with respect to economic programs.

[*Translation*]

THE ECONOMY

INFLATION—INTEREST RATES

Hon. Martial Asselin: Honourable senators, I have a question for Senator Olson, Minister of State for Economic Development. The opposition is most anxious to know what the minister did during his holidays. We have been away since July and we have heard absolutely nothing from him since. Interest rates have escalated beyond 20 per cent. Inflation has now reached 13 per cent. Mortgage rates are prohibitive. In fact, the Canadian economy is in terrible shape; everyone agrees on that.

We, of the opposition, thought that as soon as Parliament reconvened, the minister would jump up from his seat and tell us: Now, this is what I have to suggest as a cure for all the woes of Canadians. I imagine the minister is just burning with impatience to rise and tell us: This is the policy we shall adopt with regard to interest rates, or mortgage rates, inflation and unemployment, which has increased considerably in the last month.

I should like to know what the minister did about all that during the summer break.

[*English*]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I could give a long and detailed report on what I have done since the recess began in July; however, the question seems to focus more clearly on some of the economic performance indicators.

[Senator Balfour.]

• (1425)

I can tell the honourable senator, without equivocation, that there were a large number of ministers in Ottawa during the entire recess, with the exception of—

Hon. Jacques Flynn (Leader of the Opposition): The Prime Minister.

Senator Olson: —perhaps two or three weeks in August, which is normal because that is the way governments have tried to arrange their affairs during that period of time.

I do not believe the honourable senator would like me to take the time now to repeat all of the measures that the Minister of Finance has indicated are the options available in dealing with the matter of interest rates. The honourable senator knows that the Minister of Finance has indicated that he will be bringing down a budget before the end of this month, and that that is the proper time to deal with any new initiatives or changes to the existing programs.

Because he also has been in cabinet, he knows that it is highly improper for other ministers to speculate on the contents of the budget just a few days before it is brought down.

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear.

[*Translation*]

Senator Asselin: I have a supplementary question. As Minister of State for Economic Development, can he tell us whether he will bring some relief in the interest rates so that people can at least hope to keep their home or their business? Can the minister tell us whether he has found solutions? This is not a matter of saying what another minister thinks. I am asking him to say what he himself thinks of those important questions and whether he has found remedies for them during the holidays.

[*English*]

Senator Olson: Honourable senators, that is exactly what I was getting at a minute ago. If you want to have a long discourse on that before the budget debate begins, then, of course, what responsible, intelligent people do is examine the alternatives and options available, and also describe in some detail the positive and negative factors associated with those options. That we will no doubt get into before very long. I do not believe that there is sufficient time now to reply to a question dealing with those options because they are rather complex. One cannot give the extreme, simplistic answers that my honourable friend is asking for, but I certainly will be participating in that kind of discussion.

The other question the honourable senator asked had to do with the prospects for the Canadian economy, and I would be happy to make a long, medium or short speech on that, because they are all very good speeches. I think it is about time we started being positive about the prospects—

Senator Flynn: Long, medium or short, it would be the same.

Senator Olson: We are a richly endowed country, both in natural and human resources, but we do live in an international financial community, and my honourable friend knows as well as I do what the consequences are of trying to withdraw from the freedom of movement of capital and trade in that international situation. If he wants an answer in great detail, he can have it whenever time is available.

[*Translation*]

Senator Asselin: The minister has a clear conscience. He is trying to hide the problems which Canadians are facing. I would point out to you that that is not what the electors in Spadina and Joliette were thinking when they voted in August. They voted against a government which has done nothing to solve the economic problems. The minister should remember that. I hope that the government will take concrete steps and come up with solutions and say to Canadians: Here is what we have found to try to bring you some relief and lessen your difficulties. I hope the minister has learned the lesson. But since the minister is saying that he has no answer I can only sit down and say that I did not get an answer.

[*English*]

Senator Olson: If the honourable senator wants to try to bring in an isolated reason, or a general and not specific reason for the results of a by-election in Joliette, Spadina or any other place, he knows that he will get into a rather lengthy discussion with me, because we have seen the consequences of by-elections before, when one party or another was in office, provincially or federally. They never get reduced to the simplicity that he is trying to explain.

• (1430)

Hon. Guy Charbonneau: Honourable senators, I have a supplementary to Senator Asselin's question. In light of this glowing report, could the minister explain how Canada has gone from second place—in 1969 or, roughly, when the Trudeau government first took power—to twelfth or thirteenth place in per capita income?

Senator Olson: Yes, that is explainable—and in terms that even my honourable friend will understand clearly. First of all, we would like to see those figures and the assumptions that go into the calculation of those figures. If he is talking about the standard of living, we are not in twelfth position or anywhere near it.

Senator Charbonneau: I believe those figures come from the OECD.

Senator Olson: That is right, and they are relative to a lot of other assumptions that are contained in the calculation of those figures.

Hon. Jack Marshall: Honourable senators, I have a supplementary. The minister mentioned previously in one of his answers that we are rich in human resources. During the recess, did he or any of his colleagues come up with any cure for the disillusionment and the deterioration of morale of our young people who are threatened with losing their homes because of high interest rates and because of the usury and gouging of the banks, and did they come up with an answer that will prevent the destruction of these Canadian human resources?

Senator Olson: Honourable senators, the Minister of Finance has already indicated that he is prepared to give serious consideration to the inclusion of an announcement at the time of the budget of some relief for some of the more difficult situations. The Minister of Finance has not waited until budget day; he already has had some discussions with the banks and others who hold those mortgages, and has asked them to take into account these kinds of situations. Although I do not know the detail of what the banks' response was, my understanding is that it was rather positive.

UNEMPLOYMENT RATE

Hon. C. William Doody: Honourable senators, bearing in mind the various economic problems that have been outlined, could the Minister of State for Economic Development tell us what steps the government intends taking to alleviate the problem of the 101,000 Canadians who were added to the unemployment rolls in the last report? I notice that the unemployment rate in Newfoundland has now jumped to nearly 18 per cent.

Senator Asselin: Shame.

Senator Doody: It is up in every province in Canada. Could the minister tell us what priority the government intends to give this matter?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the matter of unemployment rates having changed rather dramatically in the last month, of course, relates to a number of things. For example, there were 126,000 new jobs created in the year ending in September, and that is over the 1980 levels for adults and especially for young people. But there is another problem, and that is that the participation rate has gone up rather dramatically for two reasons. The first is that there are about 20,000 young people who, by previous experience, would have come off the unemployment rolls because they would have gone back to university in September. However, that figure was down by that amount. The other reason is, as has been the case for some time, a higher and higher participation rate by women in the work force.

Senator Doody: Is the minister telling us that the government's answer to the 891,000 Canadians looking for work is an explanation of the participation rate term? That is scant consolation to those people in the marketplace who are desperately trying to find a way to make a living. Surely there has to be a better answer than that.

• (1435)

Senator Olson: The senator can change his question, if he wishes. He asked, firstly, for an explanation of recent figures, and I gave him that. If he requires further explanation, or wishes to change his question, that is fine, but I would advise him that a number of studies have been undertaken and we

have good reason to expect that from 550,000 to 700,000 jobs will be created in western Canada alone in the next few years and there will have to be an acceleration of some types of technical training to meet the shortage of manpower to fill those jobs.

The Minister of Employment and Immigration is now actively involved in trying to make better use—

An Hon. Senator: How?

Senator Olson: —of the funds that are used for the purpose of training and retraining people to fill those jobs. There have been discussions with the provinces, and with industry and labour all across the country, seeking co-operation in bringing the right skills to the right places at the right time.

I can say with some optimism that the problem is recognized by both business and the labour unions, and we must find a way of increasing the proficiency level of technical skills in the work place to a greater extent than has been done in the past. In other words, it is no longer sufficient to believe that jobs will be filled from the various institutions at the same level of proficiency that was required in the past, nor will they be filled by way of immigration to the extent that was done in the past. There is a great need for trained people with the right kind of skills, and the government accepts the responsibility of trying to rearrange the programs, the structure and the funding necessary to meet the job requirements of the present decade.

Hon. G. I. Smith: That is a big "if".

Senator Doody: Honourable senators, I have a supplementary. Could the minister tell us what the magic number of unemployed is that brings the government to a realization of its responsibilities in terms of retraining and placement?

Senator Olson: Whatever that number may be, it is behind us, because we recognized that responsibility long ago.

FISHERIES

CLOSURE OF FISH PROCESSING PLANTS

Hon. Jack Marshall: Honourable senators, I have a question for the Minister of State for Economic Development concerning fisheries. In view of the fact that in recent months approximately 4,000 fishermen, and those working in fish processing plants, have been laid off following the closure of 18 fish plants, and in view of the fact that plant authorities claim the closures and layoffs were the result of the federal government's policy on quotas and interest rates, can the minister advise what action the Minister of Fisheries is taking to relieve the problem and to get those people back to work?

Hon. H. A. Olson (Minister of State for Economic Development): The honourable senator, who represents Newfoundland, will know better than I that there is some ongoing disagreement on quotas that should be set for offshore and inshore fisheries. According to the processing companies, the problem has some relationship to the tonnages needed during the season, and related matters. It is not a problem that will be solved by unanimous agreement, even though the government has tried to provide some leadership through the Minister of Fisheries to find a satisfactory balance between the interests of all parties concerned. However, I will refer the question to the Minister of Fisheries and will endeavour to obtain an update on the situation. The difficulty involves interests that are not exactly the same, and a compromise has to be found to relieve the situation.

POLLUTION OF FISH SPAWNING GROUNDS

Hon. Jack Marshall: Could the minister, when speaking to the Minister of Fisheries, ask for his opinion on the alarming news received today that pollution has become so widespread that it has reached the continental shelf and the spawning grounds where most of the fish are located? That is most alarming when the future is considered. Could the minister advise the Senate if the Minister of Fisheries is aware, as I am sure he is, that although the authorities do not wish to spread undue alarm, a warning has been sounded for the future, and that therefore an investigation should be held immediately? I should like to know what is being done within the Department of Fisheries.

• (1440)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will refer that question, and seek a reply for tomorrow, or as soon as possible.

THE ECONOMY

INCREASE IN BUSINESS BANKRUPTCIES

Hon. Richard A. Donahoe: Honourable senators, my question is addressed to the Minister of State for Economic Development.

Before I begin, I would just like to tell the minister that I am enjoying tremendously the gallant way in which he is endeavouring to keep up the pretence that all is well with the Canadian economy. All the indications I see are that Canadians have lost confidence in the competence of the Liberal Party to deal with our economic problems—

Hon. Raymond J. Perrault (Leader of the Government: That is an old Clark speech you are reading from.

Senator Donahoe: If it is an old Clark speech it is right on the point now, whatever it was when Mr. Clark delivered it. However, as a matter of fact, it did not come from Mr. Clark. I dreamed it up all by myself, and I did so by seeing what is going on in the country today.

My question, however, is a simple, straightforward one, and I do not want to hear it answered as the minister answered Senator Doody's question. What is the government going to do about business bankruptcies in this country, the value of which, according to the most recent statistics, is 33 per cent more than that for the corresponding period last year?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there are a number of proposals

before Parliament. One deals with small business development bonds, with the object of expanding that service.

It is the same old story. It is not up to the government as to when legislation gets passed. The government proposes but the opposition disposes, and if they would get down to those things and pass them, along with several other bills, it would help.

Hon. Jacques Flynn (Leader of the Opposition): It all depends on the disposition of the government.

Senator Olson: It depends on the disposition of the opposition, as to whether they want to put up stumbling blocks or road blocks. Never mind that, however. Senator Flynn and I discuss that once in a while.

The other point that needs to be made in this regard is this. I hope the statistics that Senator Donahoe has just given me—and I do not have them in front of me—are more reliable than the accusations made by members of the opposition during the recess to the effect that there has been a very large increase in foreclosures on house mortgages. The fact of the matter is that the number of foreclosures is down compared to last year. That, of course, needs to be qualified to the extent that it takes about three months to effect a foreclosure, and I cannot say that the figure is going to be down for a long time. I would, however, like to check those figures out. I think the honourable senator said there was an increase of something like 33⅓ per cent. I would like to have hard numbers, and not the speculation of some reporter.

Senator Donahoe: Honourable senators, I have a supplementary question I want to ask.

Is the minister prepared to agree with the Economic Council of Canada's report, released only today, suggesting that the government's high interest rate policy is in itself a major contributor to inflation?

Senator Olson: Honourable senators, I am sure that Senator Donahoe has again exercised one of his great talents. He has attributed something to the Economic Council of Canada which they did not say—

Senator Flynn: What about what Senator Lamontagne said?

Senator Olson: —and that is that it is government policy to have high interest rates. The honourable Minister of Finance has said over and over again, in Parliament and out of it, in this country and out of it, that he does not believe that the exigencies of the existing economic situation require interest rates to be as high as they are. He has said that to the International Monetary Fund, for example, and in many other places.

I come back to the honourable senator's point that high interest rates are government policy. It is government policy to have freedom of trade and freedom of movement of capital in the international market. As long as we have that, we have to remember to live with that kind of situation.

If the honourable senators opposite are suggesting by the groans they are making that they are ready to put on international exchange controls and all the consequences that go with them, why do they not say it straight out?

Hon. G. I. Smith: Because that is not what they are saying.

INFLATION—INTEREST RATES—UNEMPLOYMENT—BANKRUPTCIES

Hon. Robert Muir: Honourable senators, I am always happy to yield to Senator Donahoe. If we could only transplant some of his talents to the honourable gentleman who has just taken his seat, it would be wonderful.

Honourable senators, my questions are related to those posed by Senator Doody and Senator Asselin.

The honourable minister gets up and says, "We have created 126,000 jobs."

Hon. H. A. Olson (Minister of State for Economic Development): I never did that.

Senator Muir: Oh, you are not taking credit for that? That is fine. I am glad you are so modest. Anyhow, that is the figure you give with regard to new jobs. Then you say that there are 891,000 unemployed. Well, the honourable the minister has spent long enough in the House of Commons and around the Hill generally to know that if the statistics say there are 891,000 unemployed in this country, that means that there are over a million in fact, because men and women get fed up, utterly disgusted, and sick and tired of going to Manpower offices without results. I do not blame the men and women who work behind the counters of those offices, for they have nothing to provide, but people get fed up with going there, and after a certain period of time their card is drawn and they are no longer classified as unemployed.

Let us now get down to basic bread-and-butter issues. First, jobs. We hear a lot of high-falutin' stuff about the trouble being due to international forces, and this and that, but you cannot blame Idi Amin this time, because he is not around, and you cannot blame certain other countries. May I therefore ask the honourable the minister what the government has done, apart from what may be in the budget, and what he has done, along with his colleagues, since the house adjourned for the summer, for those Canadians who are losing their homes and for those Canadians who cannot find employment?

Such a wonderfully rosy picture is constantly painted by this minister. It is hard to believe that he is in a dream world to the extent that he thinks things are as wonderful as he suggests. I can take him to places where people are being kicked out of their homes because they cannot pay their mortgages, and, as has been mentioned by Senator Asselin and Senator Doody, some people are starving.

Is the minister proud of that, in the first place? And, in the second place, what has he done, apart from saying that it is due to international forces that we can do nothing about because we have no control over them, and that the answers are all going to be in the budget? People cannot wait month after month, you know.

Senator Olson: It should hardly be necessary for me to repeat to the honourable senator what I said a few minutes ago.

Hon. Jacques Flynn (Leader of the Opposition): You have done it before.

Senator Olson: However, there were a few things I said that I did not elaborate on.

The economy in Canada, for example, has grown, over the last nine months, at an annual rate of 6 per cent, which is a very strong growth rate indeed, compared to almost any other country. In the United States, for example, it was about 3.2 per cent over that same period. Furthermore, we continued to enjoy strong growth in exports, in investments and in inventories in the second quarter.

I should point out that there are many positive factors in this situation. The honourable senator wants to pretend, I guess, that 1981 was the only year in which there were any foreclosures because people had either not paid their loans or their mortgages, and that sort of thing. That is just not the case, however; the real world is a little different from that. Such things happen even in prosperous times to some people.

This government has expressed, and taken action to extend, more sympathy to people in those difficult circumstances than any other government, over time. My honourable friend should advise his colleagues that that is the reason why we have been in office more than they have.

Hon. G. I. Smith: I would not brag too much about that.

Senator Muir: May I suggest to the honourable the minister, with regard to his reference to 6 per cent growth and all those other things, that if everything has been so wonderful, why do we have 1 million unemployed, people losing their homes, and all the people who cannot afford to heat their homes? Why do we have all these problems? Is the honourable gentleman suggesting to me that the number of bankruptcies has not increased in the last couple of years?

● (1450)

Senator Olson: The total number of bankruptcies is down.

Senator Muir: I still have the floor, and I think the honourable the minister knows the rules of this house, just as he knows those of the other place. I am asking him to wait until I have finished asking my question.

Now, wee Davie; you cool it, wee Davie.

It seems to me that the honourable the minister is simply not living in the real world; he is not coming down to earth. Surely we are going to have to call upon the new minister to assist this minister to realize that there are some problems, some serious problems, in this country. However, it is damned cold comfort to the millions of unemployed in this country to listen to him get up and say, "This is wonderful; that is wonderful; we are living in the greatest country in the world." Yes, we are living in the greatest country in the world, but it is in spite of his actions, his faux pas and the problems his government has created.

[Senator Muir.]

Senator Olson: Honourable senators, I have listened to that good though inaccurate comment, but I fail to find a question.

Senator Muir: My question to you, sir, is: Can you stand up in this chamber, in all decency and honour, and say—

I wish Senator Steuart would get up and make a speech. They threw him out of Saskatchewan, and they will have to throw him out of here some day. He chirps and chirps from what brains he has down in that part of his anatomy. I just wish he would relax, contain himself and not get too excited. Perhaps I could see one of the doctors in the chamber and get some Valium for him.

Returning to my question: Is this minister, in all sincerity, saying that everything in this country is wonderful, when we have over a million unemployed and all of these other problems? That is the question. Are you proud of that? What is going to be done about it?

Senator Olson: Honourable senators, I do not want to add anything to what I have already said, except to say that these problems are of concern to the government. This government has, over the years, demonstrated greater concern for the problems of the people than any other government that has been in office, and we intend to continue to do so.

Hon. Martial Asselin: Playing politics again, are you?

Hon. Henry D. Hicks: You are—

Senator Muir: Senator Hicks, if I wish to speak in this chamber, I shall do so without your heckling.

Senator Hicks: You are supposed to be asking a question.

Senator Muir: I may not be an academic but I shall speak in this chamber whether I have long hair, short hair, no hair at all, or whether I have degrees or no degrees. Now, contain yourself.

Hon. John M. Godfrey: What is your question?

Senator Muir: I have almost forgotten it now. I am asking the honourable gentleman if he intends to continue to throw figures around that have no effect on the basic problems that are affecting this country and the people of this country. Does he intend to do that, or will he get some assistance from Senator Austin? Not only the people in British Columbia, but people all across this country are looking for great things from Senator Austin in trying to assist Senator Olson.

Senator Olson: I join with those who are looking for great things from Senator Austin in his new responsibilities, because I believe that he will deliver.

Senator Flynn: At long last there will be one.

Senator Olson: Honourable senators, I do not want to add to the other comments made by my honourable friend. When he and I sat in opposition in the other place, we both practised putting that type of question together, but we knew very well what the result would be.

Senator Muir: Honourable senators, I protest that statement. I have framed questions for many years, no matter what government was in place, whether it was that of Diefenbaker,

Pearson or whoever, and I did not care whether it bothered the government of the day. The minister knows that; he can check the record. I am still doing the same thing today on behalf of the people in whom I am interested, and I am glad to see him indicating he agrees with me.

Senator Smith: Honourable senators, I am reluctant to trouble the troubled Minister of State for Economic Development, but it may be that he would like to continue his performance of diminishing merit, so I will give him the opportunity to do so.

We have already discussed, to some extent, high interest rates and mortgages, which do not seem to me to be as easy upon people as it seems to him. It certainly did not seem so easy to the angry people in Ottawa who faced the Minister of Housing on the matter some time ago. I understand that, despite the reference to the banks—which seemed just as much an effort to blame them as it is an effort to get any help from them—there is a proposal being made by a portion of the financial community which I hope the government is considering seriously. That is the suggestion that Registered Retirement Saving Plans might be used by financial institutions who are concerned with particular mortgages to relieve, somewhat, the high burden of interest to the owners of those RRSPs. This has been suggested to the government, as I am sure the minister is aware.

I wish to ask him whether the government has been considering giving its consent to the proposal to use RRSPs in alleviation of the problem of interest rates for those who are fortunate enough to have RRSPs.

Senator Olson: Honourable senators, I will defer that question to the Minister of Finance. I know that the suggestion has been made, and I will, hopefully, get an indication from him as to the stage it has reached.

However, I would like to correct what I believe was an erroneous comment made in the preamble to the question, which is that I was critical of the banks. On many occasions over the past 25 years I have been critical of the banks, but not in this instance, with respect to the efforts made to find some genuine relief for people who are in difficulty. As a matter of fact, the Canadian Bankers' Association has indicated that the banks would—and I think I can quote—"lean over backwards" in dealing with individual customers, particularly in the areas of housing, small businesses and farms. The Royal Bank has announced a special mortgage renewal program that will relieve some of the pressure. The Bank of Montreal has announced special measures to assist businessmen and farmers with the difficulties incurred as a result of higher interest rates.

I just want to make clear, in response to this question, that the comment that I have criticized the banks was not an accurate one.

Senator Smith: I thank the honourable gentleman for his correction. If I conveyed to him the impression that I thought this matter of criticizing the banks had arisen out of his comments of a few minutes ago, perhaps he would allow me to correct him. That is not what I meant at all. What I meant—and I trust I conveyed it—was that the request for the banks to do something or other seemed to me to be rather an attempt to blame the banks as being responsible for the high interest rates rather than the government accepting the responsibility itself.

Senator Olson: No, I do not think that was the indication by the Minister of Finance. However, I accept that correction. If that is your view, I suppose you are entitled to it. That is not our view.

Senator Smith: I do not think I made a correction; I think I explained what the minister did not hear.

INDUSTRIAL STRATEGY—REQUEST FOR PROGRESS REPORT ON FORMULATION

Hon. Guy Charbonneau: I have a supplementary to all of the questions of my colleagues. The Minister of State for Economic Development, who was, by the way, described in the *Globe and Mail* feature yesterday as a "cabinet giant"—and we are very proud to have a giant in our midst—

• (1500)

Hon. Jacques Flynn (Leader of the Opposition): In a cabinet of pygmies a midget can be king.

Senator Charbonneau: In any case, honourable senators, the minister has been labouring for 18 months or longer to formulate an industrial strategy, or at least to publish it. I hope it is not a big mouse of an industrial strategy, but I would ask the minister to give us a progress report and tell us when we can expect this strategy. Or perhaps he could tell us if, in its contentment with the way its current economic policies are working, the government has decided to delay further before proclaiming that strategy.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I think one word in that question ought to be changed slightly. Senator Charbonneau suggested that I have been working on an "industrial" strategy, and he has asked what stage we are at with respect to that "industrial" strategy. That, of course, is the primary responsibility of the Minister of Industry, Trade and Commerce.

I do have some responsibility for an ongoing strategy with respect to economic development. An economic development strategy is much broader than an industrial strategy because it, of course, includes the primary resources in many sectors with which we are so richly endowed. I could send my honourable friend some of the speeches I have been making across the country, in case he has not already seen them, because they do deal with the various opportunities. Indeed, there is one speech that deals with the eight constraints that we see with respect to our maximizing or optimizing the opportunities that are ours as Canadians.

No doubt, however, more will be said, and perhaps in even more specific and precise terms, about what is involved in meeting those constraints to enable Canada to enjoy the highest level of benefits from its potential, which is very high indeed.

Senator Charbonneau: If I may ask another supplementary question, is the minister telling us that this strategy will be divulged through speeches of the minister across the country? Furthermore, is he saying that it is to be a piecemeal type of strategy? The minister did indicate to us earlier that he would have an overall strategy worked out with all the departments under his economic development portfolio and would have a real strategy, an overall strategy, and not a piecemeal strategy, which I gather has been the case so far.

Senator Olson: Well, honourable senators, I suppose that in the context of that question and the reply to it you would have to separate or distinguish between macro- and micro-economic policies, both of which are extremely important, whether described by sectors or, indeed, by regions.

However, I can tell my honourable friend that we have indicated to a great degree what the prospects are. We have identified the constraints, which is what I was talking about a moment ago. It is not something we are trying to put together behind the *in-camera* position of the cabinet which we will then, all of a sudden, come out with. I have already indicated a great deal of that, and there will be a great deal more.

The other part of the senator's question related to the strategic overview which is done annually by all the departments, and that leads up to the priorities that will be applied to various programs, whether they are new or are changing the level of priority for various economic programs across the country. I am not sure whether my honourable friend is aware or not, but that is a very serious exercise we go through, the conclusion of which, of course, comes in the speech of the Minister of Finance when he brings down his budget.

UNITED NATIONS

RELIEF AND WORKS AGENCY—POSSIBILITY OF SPECIAL CONTRIBUTION BY CANADA

Hon. Heath Macquarrie: Honourable senators, my question is not for the giant, but for the leader, and it has to do with a matter of international affairs. My question is prompted by the very sad event, which shocked all of us, and, in particular, by the response to that event by the Prime Minister of this country, who, in reference to the tragic assassination of President Sadat, said that perhaps we are all responsible in that we should have done more.

I ask the minister in reference specifically and particularly to an appeal by the Commissioner General of the United Nations Relief and Works Agency, Mr. Rydbeck, to the effect that there is now nearly $50 million indebtedness there and that there is the grave possibility that over 300 schools for the dispossessed Palestinian children may have to be closed.

Can the leader indicate whether Canada has been asked for a special contribution in the face of this emergency—and I frankly could not believe that Canada has not been. If so, is the Government of Canada prepared to make a special contribution, as has already been made by Saudi Arabia, Libya, the United States and Japan?

[Senator Olson.]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question is important. The Honourable Senator Macquarrie has a detailed knowledge of this particular field. At one time I served as the Canadian representative on the Palestinian Refugee Committee of the United Nations, and I know how serious the matter of refugees is.

As the Honourable Senator Macquarrie is aware, some of the nations who speak in such prolonged and emotional terms about the plight of refugees are absent at the pledging sessions of the United Nations, when they are required to state in specific terms what they will do to support the programs to assist refugees.

With respect to Canada, we have consistently, for the past 20 or 30 years, been in the top half dozen nations in aid to refugees in the Middle East. That is a record of which all Canadians, regardless of political persuasion, can be most proud.

I do not have the specific information which Senator Macquarrie has requested, but I will ask for that material and it will be brought here tomorrow, if possible.

THE ENVIRONMENT

NIAGARA RIVER—DUMPING OF NOXIOUS LIQUIDS

Hon. Peter Bosa: Honourable senators, I should like to direct a question to the Leader of the Government. In the last few days a great deal of attention has been focused on the noxious liquids that have been dumped in the Niagara River and the ill effects such dumping will have on the environment.

Can the leader inform the Senate as to the arrangements that have been made to stop this dumping of noxious liquids? Can he bring us up to date on any negotiations that have been taking place with the United States?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the Niagara River continues to be a priority question for the government. Specific concerns come from many directions. There is, for instance, the continued malfunctioning of the Niagara Falls waste water treatment plant. There are discharges into the river from SCA Chemical, and there are proposals for the clean up of waste disposal sites, among others.

The urgency of the situation has been conveyed to the U.S. government on a number of occasions. Bilateral meetings have been held as recently as July to try to determine the most effective means of controlling and improving the condition of the river.

I can inform honourable senators today that we intend to request that the United States take immediate remedial action, particularly with respect to the Niagara Falls waste water treatment facility, and we propose to develop with them a mechanism to ensure ongoing consultation and co-operation in the entire Niagara River area.

Hon. Robert Muir: I should like to commend Senator Bosa for asking that question. By way of supplementary, may I ask the Leader of the Government if the statement is correct that

was issued by the Ontario government officials in charge of that situation to the effect that: "It is no problem. You can drink this water. Drink it. It won't do you any harm."—despite a report that has come out recently? Is the statement correct when they say they are complying with federal regulations?

If the leader does not have that information handy, will he check into it and see if they are complying with federal regulations on the quality of this water, and will he ascertain whether the statements coming out of Queen's Park are in accordance with what has been taking place?

● (1510)

Senator Perrault: Honourable senators, the honourable senator has asked whether Canadian authorities, officials and companies are complying with the regulations. Of course, in this case with regard to the Niagara Peninsula, it is possible that some of the pollution in that water originated in the United States. However, that information will be requested.

Senator Muir: Honourable senators, I do not wish to mislead the Leader of the Government, but Senator Bosa has raised a very important point. This water is very badly polluted with PCBs and so on, and it is used for drinking. The Ontario government is saying that there is no problem and that everybody is complying with the federal government regulations as to testing and so on. I wish to find out whether or not the parties concerned are in fact complying with these regulations.

AUDITOR GENERAL

RETIREMENT TESTIMONIAL DINNER

Question No. 25 on the Order Paper—**By Hon. Jack Marshall:**

1. Who sponsored the testimonial dinner for Canada's retiring Auditor General?

2. What was the total cost of the dinner?

3. Which members of the Senate and of the House of Commons were invited, and under what protocol?

Reply by the President of the Treasury Board:

1. The testimonal dinner for Canada's retiring Auditor General was sponsored by the Honourable Donald J. Johnston, President of the Treasury Board of Canada.

2. The total cost of the dinner was $2,721.60.

3. Members of the House of Commons who were invited included current members of the Finance Committee and the Public Accounts Committee, former Presidents of the Treasury Board, Party Leaders, and other MPs either actively involved or interested in the affairs of the Public Accounts Committee.

Most of these people were invited on the basis of their direct involvement in the Public Accounts Committee; others out of respect for their positions.

Also invited were Auditors-General from the provinces, members of the press (basically financial press reporters), businessmen, and associates of the Auditor General.

The following members of the House of Commons were invited:

Mr. Doug Anguish, M.P.
Mr. Harvie Andre, M.P.
Honourable Walter Baker, Q.C., P.C., M.P.
Mr. David Berger, M.P.
Mr. Ed Broadbent, M.P.
Honourable Judd Buchanan, P.C., M.P.
Honourable Jean Chrétien, P.C., M.P.
Right Honourable Joe Clark, P.C., M.P.
Mr. Bill Clarke, M.P.
Mr. Bob Corbett, M.P.
Mr. Lloyd R. Crouse, M.P.
Mr. Yves Demers, M.P.
Mr. Pierre Deniger, M.P.
Mr. Louis-R. Desmarais, M.P.
Mr. Maurice Dupras, M.P.
Mr. John Evans, M.P.
Mr. Scott Fennell, M.P.
Mr. Lloyd Francis, Deputy Speaker
Mr. John Gamble, M.P.
Mr. Alain Garant, M.P.
Dr. Bruce Halliday, M.P.
Mr. Jim Hawkes, M.P.
Mr. H. T. Herbert, M.P.
Mr. Stan Hovdebo, M.P.
Honourable Ron Huntington, P.C., M.P.
Mr. Serge Joyal, M.P.
Honourable Stanley Knowles, P.C., M.P.
Mr. Peter Lang, M.P.
Mr. Norman Lapointe, M.P.
Honourable Allan Lawrence, Q.C., P.C., M.P.
Mr. Tom Lefebvre, M.P.
Mr. Al MacBain, Q.C., M.P.
Honourable Flora MacDonald, P.C., M.P.
Honourable Allan MacEachen, P.C., M.P.
Mr. Jack Murta M.P.
Miss Aideen Nicholson, M.P.
Mr. Jim Peterson, M.P.
Honourable Yvon Pinard, P.C., M.P.
Mr. Bob Rae, M.P.
Honourable Jeanne Sauvé, P.C., Speaker
Mr. Tom Siddon, M.P.
Honourable Sinclair Stevens, Q.C., P.C., M.P.
Mr. Gordon Towers, M.P.
Honourable Michael Wilson, P.C., M.P.

FOREIGN AFFAIRS

IRAN—CANADIAN EMBASSY—MONETARY OBLIGATIONS

Question No. 66 on the Order Paper—**By Hon. Jack Marshall:**

With regard to the closing of the Canadian Embassy in Iran, are any monetary obligations in default to Canada and, if so, (i) what is the amount (ii) what are the details of monies owed?

Reply by the Secretary of State for External Affairs:

A sum of $9,606 is considered to be owing to the Government of Canada as a direct result of the closure of the Embassy. The money represents payment of rent on a villa which had been rented until December 9, 1980 but on which the lease had been cancelled effective August 9, 1980 in accordance with the conditions of the lease. The rent, however, had been paid in advance for the term of the lease, that is, until December 9, 1980 in accordance with customary practice in Iran. The landlord, on the pretext of the difficult conditions in Iran, has refused to refund the unused portion of the rent which is 600,000 rials (150,000 monthly × 4 months) or $9,606.

CUBA—CANADIAN GOVERNMENT-ASSISTED PROGRAMS

Question No. 67 on the Order Paper—**By Hon. Heath Macquarrie:**

1. When and for what reasons did C.I.D.A. terminate its programs with the Republic of Cuba?

2. Since 1962 what other Canadian organizations have carried on programs in Cuba?

3. What was the nature and cost of such programs?

4. Are any of these programs still operating?

5. With what other countries have C.I.D.A., C.U.S.O. or other government-assisted programs been terminated?

Reply by the Secretary of State for External Affairs:

Insofar as the Canadian International Development Agency is concerned, the answer is as follows:

1. In response to Cuban adventurism in Africa, the Government decided in reviewing overall Canadian relations with the Republic of Cuba in 1978 that the $14.4 million CIDA bilateral aid program would not be renewed when the projects terminated but that support funding for the CUSO projects could continue. Last September, the Government decided that continued support of CUSO operations in Cuba was not deemed appropriate in view of the previous decisions. Canadian Official Development Assistance in support of the CUSO projects in Cuba would therefore not be made available after fiscal year 1980-1981.

2. CIDA only has information about the two organizations whose programs in Cuba it has supported, namely, (a) CUSO and (b) Cystic Fibrosis Association.

3. (a) *CUSO*

CUSO has since 1971 conducted a small and highly specialized program in the agricultural and health fields which comprised short-term technical assistance visits using personnel recruited in cooperation with Agriculture Canaada, the New Brunswick and Ontario Departments of Agriculture and several Canadian universities and hospitals. This program offered reciprocal benefits to Canada in that it provided Canadians with knowledge of areas such as waste-recycling for the porcine industry. The amounts of funding provided for this program averaged $70,000 annually over the 10-year period.

(b) *Canadian Cystic Fibrosis Association*

This project was to assist the Cuban medical profession to develop a diagnostic and treatment program for cystic fibrosis patients. CIDA provided a total of $22,500 in 1974-1975.

4. CIDA is no longer supporting either of the above programs.

5. CIDA is no longer assisting projects or programs in six countries, viz. Laos, Vietnam, Afghanistan, Kampuchea, Iran and Libya.

As for countries where CUSO has terminated its program, it can be said that due to the changing nature of requests made by developing countries and the evolution of CUSO's own programming priorities, there have been a number of cases in which CUSO, not CIDA, decided to close down its regular volunteer program in certain countries, e.g. India, Tonga.

CANADA ELECTIONS ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Austin, seconded by the Honourable Senator Goldenberg, for the second reading of the Bill S-11, entituled: "An Act to amend the Canada Elections Act".—(*Honourable Senator Macquarrie*).

Hon. Heath Macquarrie: Honourable senators, although I am vicariously ennobled by the elevation of the mover, nevertheless, I would ask that this order stand.

Order stands.

LABOUR RELATIONS

MOTION TO APPOINT SPECIAL SENATE COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Deschatelets, P.C., seconded by the Honourable Senator McIlraith, P.C.:

That a special committee of the Senate, to be composed of seven members, be appointed to inquire into and report upon

(a) any matter relating to labour relations in Canada with particular reference to problems concerning the free collective bargaining process and the constructive settlement of disputes; and

(b) any proposals for a more orderly and less disruptive exercise of the right to strike;

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

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time, and to print such papers and evidence from day to day as may be ordered by the Committee.—(*Honourable Senator Macdonald*).

Hon. Jean-Paul Deschatelets: Honourable senators, I believe that this motion is more justified today than it was a few months ago. However, if honourable senators do not agree with some of its terms—for example, the limitation of the committee to seven members—it is not important to me if they are amended. What is important, in my view, is that a committee be formed to look into labour relations.

I will accept any amendment concerning the details of my motion, and if either the government leader or the deputy government leader wishes to introduce a motion which respects the principles of my motion, I shall be glad to withdraw my motion, with the permission of the Senate. I hope I have made myself clear, so that all honourable senators who wish to participate in this debate may do so, having in mind the fact that I shall agree to any amendment.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I think that we should thank Senator Deschatelets for that suggestion and its manifestation of flexibility. But, speaking objectively, if I understand correctly, Senator Lawson has already intervened on this order, and he took issue with the principle of the motion and as to whether or not it would be helpful. He did not speak against an interest of the Senate in labour relations, but he felt that a Senate committee study at this time would not be helpful.

Senator Deschatelets: Honourable senators, if I may correct my honourable friend, I do not think that what he described was the case at all. If I remember correctly, Senator Lawson said that he had some doubts about the motion and as to whether a committee investigating this topic would arrive at any useful solutions. I believe that at the time Senator Lawson was not opposed to the principle.

Senator Frith: Then, perhaps, the word is not "opposed". Perhaps it is appropriate to say that his reservations related to the principle of the motion, not its wording. For that reason, I think that we should take notice of what Senator Deschatelets has suggested and await the reaction of other senators. I believe there are some senators who share Senator Lawson's reservations. Senator Deschatelets has offered to change the wording of his motion, if the changes relate only to wording as opposed to principle. We should await the reaction of honourable senators after they have had a chance to consider what Senator Deschatelets has said.

On motion of Senator Macdonald, debate adjourned.

LAW OF THE SEA

THIRD CONFERENCE—REVISION OF DRAFT CONVENTION—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Thériault, seconded by the Honourable Senator Marshall:

That the Senate reaffirm the support given by the Canadian people to the basic objectives of the Third Conference on the Law of the Sea and urge the United States administration to undertake forthwith the revision of the draft Convention in order to increase the chances of concluding the work of the Conference when the Tenth Session resumes in Geneva in August, 1981.—(*Honourable Senator Marshall*).

Hon. Jack Marshall: Honourable senators, in view of the fact that the Tenth Session of the Third Law of the Sea Conference took place in Geneva in August, which was during the summer recess, and notwithstanding the fact that I fully support the motion of my good friend, Senator Thériault, I feel that it would be superfluous to speak to this motion at this time. I wish to withdraw, but I would like the Senate to affirm its support of the motion put by Senator Thériault.

On motion of Senator Thériault, debate adjourned.

CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUR

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on Health, Welfare and Science, entitled: "Child at Risk", tabled in the Senate on 16th October, 1980.—(*Honourable Senator Bell*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, as I recall the situation before we adjourned, Senator Bell wanted to hold this matter open for debate by other honourable senators who may wish to speak. Perhaps the order should stand for the time being.

Hon. Senators: Agreed.

Order stands.

BUSINESS OF THE SENATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, on a point of order, would the deputy leader indicate at this time what is in store for us tomorrow?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, we do not expect to have any legislation from the other place. Therefore, tomorrow we shall have the Question Period, and perhaps debate on some of the items on the Order Paper if the corresponding senators wish to proceed.

Hon. G. I. Smith: There is Senator Riley's motion.

Senator Frith: Yes, Senator Riley will be moving a motion in which, of course, Senator Smith, as chairman of the committee to which Senator Riley wishes the matter referred, is particularly interested.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, October 15, 1981

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

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Reports of expenditures and administration in connection with the *Unemployment Assistance Act* for the fiscal years ended March 31, 1979, 1980 and 1981, pursuant to section 8 of the said Act, Chapter U-1, R.S.C., 1970.

Report of the President of the Social Sciences and Humanities Research Council of Canada for the fiscal year ended March 31, 1981, pursuant to section 21 of the *Social Sciences and Humanities Research Council Act*, Part I of Chapter 24, Statutes of Canada, 1976-77.

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTY-SECOND MEETING—REPORT OF CANADIAN DELEGATION PRINTED AS AN APPENDIX

Hon. Hartland de M. Molson: Honourable senators, I give notice that on Tuesday next, the 20th of October, 1981, I will call the attention of the Senate to the twenty-second meeting of the Canada-United States Inter-Parliamentary Group held at Halifax, Nova Scotia, from the 22nd to the 26th of May, 1981.

Honourable senators, I should like to ask that the report of the Canadian delegation on the twenty-second meeting of the Canada-United States Inter-Parliamentary Group held at Halifax, Nova Scotia, from the 22nd to the 26th of May, 1981, be printed as an appendix to the *Minutes of the Proceedings of the Senate* and the *Debates of the Senate* of this day and form part of the permanent records of this house.

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

Hon. Senators: Agreed.

(*For text of report see appendix, p. 2808.*)

REGULATION OF OIL AND GAS INTERESTS

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. Salter A. Hayden: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the subject matter of the Bill C-48, intituled: "An Act to regulate oil and gas interests in Canada lands and to amend the Oil and Gas Production and Conservation Act," in advance of the said bill coming before the Senate, or any matter relating thereto.

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

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

BUSINESS OF THE SENATE

ADJOURNMENT MOTION

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move that when the Senate adjourns today, it do stand adjourned until Tuesday next, October 20, 1981, at 8 o'clock in the evening.

Hon. Jacques Flynn (Leader of the Opposition): Just for the record, could the deputy leader tell us why we are coming back next week?

Senator Frith: With pleasure, honourable senators. We do not expect to receive many bills next week from the other place, although some have reached a fairly advanced stage. As a matter of fact, perhaps I should use the singular, because we expect to receive only one. A number of committee meetings are also scheduled for next week. Some inquiries and other orders will probably be ready, so that we are, so to speak, clearing the deck in anticipation of the work we will be expecting concerning the Constitution and the budget.

Senator Flynn: You sound very convincing!

Motion agreed to.

QUESTION PERIOD

[*Translation*]

THE CONSTITUTION

PROPOSED FEDERAL-PROVINCIAL CONFERENCE—POSSIBLE IMPLICATION OF NATIVE GROUPS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the leader of the Government concerning precisely the constitutional issue. Could the leader advise us whether a final date has been set for the federal-provincial meeting or conference after the dissenting provincial premiers get together next week? The Prime Minister said that it might be held on the 25th, 26th or 27th of

October; has a decision now been made concerning one of these dates?

● (1410)

[*English*]

Hon. Raymond J. Perrault: Honourable senators, as of this morning the date of a possible meeting between the Prime Minister and the first ministers was still a matter of negotiation. As soon as a date has been established, that information will be brought to the Senate.

[*Translation*]

Senator Flynn: Honourable senators, on a supplementary. Has the Prime Minister considered involving native groups in these discussions? I am given to understand that these groups have made representations to the effect that they should be involved in some way, perhaps not in the same way as the premiers, but they would like to have the opportunity to express their views. Has their request been considered? Has a decision been taken? If not, will the Prime Minister give it special attention?

[*English*]

Senator Perrault: Honourable senators, at this time I am not in a position to delineate the subjects and the initiatives which have been proposed for the meeting involving the Right Honourable the Prime Minister and the premiers.

INDIAN ACT

PROPOSED AMENDMENT—CONSULTATION BETWEEN FEDERAL GOVERNMENT AND INDIAN ORGANIZATIONS

Hon. Jacques Flynn (Leader of the Opposition): I would like to direct a question to the new Minister of State, who has said that he is responsible for constitutional discussions concerning the rights of the aboriginal peoples. Would the minister inform us as to whether the government is committed to submitting proposed changes in the Indian Act to the people they affect, and to full consultation with Indian organizations prior to the introduction of those changes in Parliament?

Hon. Jack Austin (Minister of State): Honourable senators, the government is maintaining an ongoing dialogue with major groups representing native peoples in Canada, but I shall have to obtain more specific information before I can respond to the rest of the honourable senator's question.

● (1415)

Senator Flynn: Is the minister now involved in these discussions and consultations? Has he already started something?

Senator Austin: I am being briefed about the constitutional role of natives and I have met, in an introductory way, with some of the native groups.

YUKON TERRITORY

BILL C-48—CONCERNS OF TERRITORIAL GOVERNMENT AND NATIVE PEOPLES

Hon. R. James Balfour: I have a question for Senator Austin. I am sure the minister is aware that both the Yukon government and the northern aboriginal peoples have expressed deep concerns with respect to the various provisions of Bill C-48.

Will the minister undertake to meet forthwith with both the Yukon government and the representatives of the northern aboriginal peoples, and thereafter undertake to introduce amendments to Bill C-48 designed to meet the concerns which these groups have expressed?

Hon. Jack Austin (Minister of State): In response to Senator Balfour, I want to emphasize what I said yesterday about my responsibilities to back up the Minister of Indian Affairs and Northern Development in terms of his roles relating to governmental evolution in the Yukon and Northwest Territories and with respect to the constitutional role of the native peoples.

I give no undertaking of any kind to Senator Balfour during this Question Period, but I would advise him that the Honourable John Munro, Minister of Indian Affairs and Northern Development, is having talks in Whitehorse at this moment.

Hon. Jacques Flynn (Leader of the Opposition): He does not need any back-up at this time.

AGRICULTURE

IMPACT OF HIGH INTEREST RATES ON FARMERS—ROLE OF FARM CREDIT CORPORATION

Hon. Cyril B. Sherwood: Honourable senators, I have a question for the Minister of State for Economic Development. The Minister of Agriculture has said that if he cannot get low-interest loans for financially-troubled farmers he will resign "within a few weeks", to use his words.

Would the minister inform farmers, through the Senate, what is the government's definition of "within a few weeks"? Would he also tell those farmers if he agrees with the Minister of Agriculture that, at this time, financial assistance to farmers is of secondary importance to the constitutional package?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will convey that inquiry to the Minister of Agriculture who may or may not wish to furnish a clearer and more specific explanation of what is meant by "a few weeks."

I can tell the honourable senator now that the Canadian government regards the difficulties of many Canadians, not only those in the agricultural sector, as a result of high interest rates, to be a matter of primary importance, and it is not fair or accurate for him to indicate that we can only do one thing at a time on this side. We can address the constitutional problem and some of the economic problems at the same time.

Hon. G. I. Smith: One thing at a time seems to be one too many.

Senator Sherwood: I have a supplementary question, honourable senators. While Mr. Whelan was making either this threat or promise to resign—

Hon. Jacques Flynn (Leader of the Opposition): Promise.

Senator Sherwood: —the Farm Credit Corporation raised its interest rate from 14 per cent to 16.75 per cent. Does the government intend to encourage the Farm Credit Corporation to borrow on the international market in the hope that, as a result, it may be able to offer lower interest rates?

Senator Olson: Honourable senators, I think Senator Sherwood will understand that the procedure followed by the Farm Credit Corporation is in accordance with the law passed by the Parliament of Canada. One of the regulations affecting the rate at which the Farm Credit Corporation lends money is based on the six-month average on medium-term Canadian bonds. Therefore, until the regulations are changed, that, of course, is what is required. The interest rate of 16.75 per cent is the calculated average return on that type of bond between April and October.

● (1420)

The next question is whether or not the Farm Credit Corporation will have an opportunity to obtain funding other than that provided for in the act now. Of course, it is up to Parliament to pass an amendment to the act. I can say that at the moment the Farm Credit Corporation receives all of its primary funding from the Minister of Finance.

Senator Sherwood: Honourable senators, I was pleased to detect a measure of concern regarding the urgency of this matter, especially as it has to do with the financing of so many of our farms.

I know what hardship these high interest rates are imposing upon many farmers who are locked into Farm Credit Corporation loans. I am sure Senator Olson is also aware of that. I know that in my own community there is a danger that farms, which have been in the same families for five, six or seven generations, might be lost through bankruptcy. So, it is indeed a matter of great urgency.

I was reading just this morning that the budget of the Farm Credit Corporation for Ontario is $25 million less than what it was a year ago. I am wondering whether the government is going to increase the amount of money it will make available to the Farm Credit Corporation as a consequence of its high interest rate policy.

Senator Olson: Honourable senators, while I am looking up these figures I can tell the honourable senator that he is using the wrong description when he calls it the "high interest rate policy of the government." I explained that to him yesterday in some detail.

Senator Smith: That was no explanation.

Senator Olson: If I was unable to convey the message, I will probably have to go through it again so that there will be no misunderstanding.

Senator Smith: You had better straighten it up, then.

Senator Olson: For 1981-82, the Farm Credit Corporation budgeted for $405.8 million in net loan commitments. This amount includes, by the way, $302.8 million on the allocation, if you want to call it that, from the Minister of Finance, and $103 million of projected repayments by farmers. So, the amount of $405.8 million translates into something like $463.5 million in gross loan approvals. Of course, there is some refinancing of some of the loans, and this causes overlaps from one year to the next.

This, in total, is somewhat below the total amount of new loans that the Farm Credit Corporation was able to make because there was, for example, a slowdown in repayments due to a number of factors. As a matter of fact, there were fewer repayments of loans. That was the practice in the past. The reason for that is very obvious—the rate of 14 per cent is substantially lower than that which could be obtained on any term deposit or almost all other financial instruments.

I think all of those things have to be taken into account. It is not accurate to say that there has been a reduction in the financial commitment by the government to the Farm Credit Corporation. In fact, that went up from about $279 million for the previous fiscal year to $302.8 million for this fiscal year, if my memory serves me correctly.

Senator Sherwood: Honourable senators, my question was whether there would be a further increase in the amount of money made available through the Farm Credit Corporation by the government.

Senator Olson: That, of course, is a decision that must be made by the cabinet as a whole. I alone cannot answer that question.

Senator Flynn: I have a supplementary question. The minister said that we should not speak of the high interest rate policy of the government.

Senator Olson: That is the wrong description.

● (1425)

Senator Flynn: Did I understand the minister to say that the rate of interest charged by the Farm Credit Corporation is determined by the regulations? Couldn't those regulations be changed by the government to meet the special circumstances of the day? If the government does not change the regulations, can it not be said to approve of the high rate of interest?

Senator Olson: The Leader of the Opposition has to understand that what I was giving was the fact.

Senator Smith: For a change.

Senator Olson: The fact is that the rate at which the Farm Credit Corporation lends is determined on the basis of the average rate of return on medium-term government bonds for the immediately preceding six months, and that is what that percentage is.

Senator Flynn: The government could change the regulations.

Senator Olson: That is another matter.

Hon. Orville H. Phillips: Honourable senators, I have a question arising out of the answer given by Senator Olson. I understood him to say that the Farm Credit Corporation was looking to foreign countries and other sources for additional funds. Has the Farm Credit Corporation had a look at Petro-

Can, a crown corporation, which seems to have an excessive amount of money and is passing it out interest-free to certain individuals? Perhaps then the farmers could receive a lower rate of interest, probably on the same terms as the executive assistants?

Senator Olson: Honourable senators, at the present time, and until the Farm Credit Act is amended by Parliament, I think it accurate to say that the funding for the Farm Credit Corporation must come from the Minister of Finance.

CANADA POST CORPORATION

BOARD OF DIRECTORS—REGIONAL REPRESENTATION

Hon. Jack Marshall: Honourable senators, my question is to the Leader of the Government and has to do with the release from the office of the Prime Minister announcing the appointment of a ten-member board of directors to the new Canada Post Corporation. Of the ten appointments, three are from Ontario, two are from Quebec, one is from British Columbia, one is from Saskatchewan, one is from New Brunswick, one is from the Northwest Territories, and one is from Nova Scotia; but none is from Newfoundland, Prince Edward Island, Manitoba or Alberta. Why is there not representation from across the country?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, if the honourable senator has a name or names to propose, I would be glad to convey those suggestions to the office of the Prime Minister. Certainly, the honourable senator's representations will be made known to the Prime Minister.

Senator Marshall: I would not put anybody in Newfoundland to the chore of sitting on a board having anything to do with the Post Office.

Hon. H. A. Olson (Minister of State for Economic Development): That answers your question.

Senator Perrault: There may be others who disagree with you.

Hon. Royce Frith (Deputy Leader of the Government): Maybe you could give us a list of your enemies.

Senator Marshall: I understand that, to mark the transformation of the Post Office into a crown corporation, two letters are going to be mailed to the Prime Minister tomorrow, one from the Honourable Mr. Ouellet and one from the new president, Mr. Warren. For the historical record, if the letters do arrive, may we be told how long they take to arrive and which of the two arrives first?

Senator Perrault: I am certain honourable senators can anticipate both letters arriving with blinding speed.

Senator Flynn: As usual.

[Senator Phillips.]

INTERNATIONAL TRADE

PROPOSED MULTILATERAL TRADE TALKS—INCLUSION OF CANADA

Hon. R. James Balfour: Honourable senators, may I direct a question to the Minister of State for Economic Development? Is it correct that the minister's colleague, Mr. Herb Gray, at his recent meeting with United States Commerce Secretary Baldridge, requested that Canada be included in U.S. proposed trade talks with other major industrial countries, and, if so, what was the response of the U.S. officials?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I want to check that more carefully because I am not sure that I was informed directly of the number of things that the Honourable Herb Gray put on the agenda, but I will ask him. Generally, it seems to me that there was in fact a press conference after the meeting at which that was indicated.

Senator Balfour: I have a supplementary, in light of the minister's response. Can we assume that published reports, to the effect that Mr. Gray's request was rebuffed by the officials, are incorrect?

Senator Olson: No, I do not think you should assume that or anything else until I receive a more direct report.

GRAIN

CROWSNEST RATES—EXPANSION OF RAIL TRANSPORTATION IN WESTERN CANADA

Hon. Martha P. Bielish: Honourable senators, I have a question for Senator Olson, in the hope that in his position as a non-protagonist he will be able to enlighten us on the government's current thinking with regard to the Crow rate and rail expansion in the west.

● (1430)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there has been a good deal of debate, and we are now nearer to a consensus than we were six months or a year ago. The problem concerning Crow rates is a contentious one, as I am sure the honourable senator appreciates, and it would be well for us to do what the Prime Minister indicated some months ago, namely, to have a consensus and agreement by those who are directly affected before any overt action is taken.

I do not believe that the honourable senator should assume, as some people have, that we will be unable to provide sufficient railway capacity until and unless we settle the so-called Crow rate issue.

Senator Bielish: Honourable senators, I have a supplementary. I agree that discussions have been proceeding at great length. However, a great deal of dissension has developed over this matter. Would the minister clear the air by at least telling us if and when the government expects to arrive at a consensus, or should farmers and the railways prepare themselves for a further period of this circus?

Senator Olson: Honourable senators, I am sure the honourable senator understands clearly the pitfalls of attempting to predict when people will agree with each other.

Senator Bielish: I have a further supplementary. Will that agreement take one year, two years or 10 years, while the grain remains in railway cars, elevators and grain bins?

Senator Olson: I am sure the honourable senator recognizes that during the crop year that closed July 31, 1981, there was provided an opportunity for almost every grain producer in western Canada to sell all the grain that he or she wanted to deliver to the elevator. I know there were many delivery points where there was space left at the end of the year, and, indeed, the total delivery at the end of the year was higher than in any previous year. Therefore, it is not fair to say that there is any pile-up or build-up.

The projections are that during the 1981-82 crop year we shall again be in a position to have an all-time record delivery through the system. Therefore, the assumption contained in the question is not only incorrect but is, to a certain extent, irresponsible because it does not comply with the facts.

We should also take into account what is currently being done to increase the capacity of the railway system serving the grain-producing areas and to improve the export position.

If the honourable senator looks into the situation, as I am sure she has, she will find that there has been a great deal done to increase the capacity, particularly on the CN line passing through the central part of Canada to both Prince Rupert and the lower mainland. Indeed, there has been substantial improvement made to the Canadian Pacific line farther south, although we are aware of the bottleneck respecting the Beaver Tunnel.

Therefore, it is unfair to say that nothing is being done, because a great deal is being done and is projected to be done from now until the time when additional tonnages in grain, coal, potash, sulphur and other products, will be offered to the railways.

FOREIGN AFFAIRS

REFUGEES FROM EASTERN EUROPE—ADMISSION TO CANADA—POSSIBLE INCREASE IN QUOTA—ECONOMIC AID TO POLAND

Hon. Stanley Haidasz: Honourable senators, would the Leader of the Government inform us whether the 1981 quota of 5,000 will be increased for refugees and self-exiles from eastern Europe? I ask this question because in Austria alone there are at present an estimated 21,000 refugees, mostly from Poland, and the Austrian government has appealed to the international community to relieve it of its burden.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, it is anticipated that in 1981 Canada will admit from Austria approximately 3,000 eastern European refugees, which is three times the number originally planned. Eighty per cent of the refugees now in Austria are, of course, from Poland, attempting to leave the difficult situation there.

The increase is mainly due to a special task force sent to Vienna in mid-September for one month. This substantial response reflects our traditional humanitarian concern for refugees, and, in this case, eastern European refugees. The overall Canadian intake of eastern European refugees in 1981 will be about 5,000. The government will give full and sympathetic consideration to this situation in setting its 1982 levels.

As far as another aspect of immigration is concerned, since the government began a concerted effort in the 1970s to deal with the serious humanitarian problem of the reunification of families considerable progress has been achieved. Most of the old backlog of cases has been cleared up so that representation lists submitted to eastern European governments have been reduced from the hundreds of cases that were outstanding a few years ago to just a few dozen in the Soviet Union, Romania and Poland, together with an occasional new case in the other countries of eastern Europe. This does not mean, of course, that the basic problem has been resolved. The government is continuing to direct its efforts at Madrid towards finding a satisfactory solution, in the spirit of the Helsinki Final Act, to this problem and to other humanitarian problems that are of particular concern to Canada.

The general question of aid for Poland has occupied a good deal of the attention of the government in recent weeks and months, and quite properly so. There may indeed be additional initiatives in the near future, but I think it will be of interest to honourable senators to know the present facts. Canada has provided the following official economic assistance to Poland.

There will be a postponement for five months of 70 per cent of the principal amounts due to the Canadian Wheat Board in the period March 15 to June 30, 1981, which amount to approximately Cdn $25 million.

Canada has assured Poland that it will continue to be a major source of grain under the provisions of an agreement which provides for the supply of 1.5 million tonnes of grain annually during the period 1980 to 1982. Barring any dramatic deterioration in the Polish situation, Canada will continue to provide the credit necessary to finance these shipments. This will require approximately Cdn $400 million in 1981.

The Export Development Corporation has extended an additional $7 million of industrial credits in connection with the Kwidzyn pulp and paper project. It will also disburse $42.2 million of previously agreed Kwidzyn project credits.

Canada is a party to the multilateral rescheduling agreement concluded in Paris on April 27 between Poland and 15 western creditor states. The agreement provides for the rescheduling of 90 per cent of the principal and interest maturing between May 1 and December 3, 1981. The repayment will be rescheduled over eight years including a four-year grace period. In Canada's case this will mean the rescheduling of approximately $105 million in the last eight months of 1981. The agreement also stipulates that the rescheduling of Poland's 1982 and 1983 debt service will be considered sympathetically.

The Department of Fisheries has agreed to reduce the level of Poland's fish purchase commitments—that is, obligations to purchase Canadian fish products in return for fishing rights in Canadian waters—from $8 million to $5 million for both 1980 and 1981.

We have also granted Poland a special fish allocation of 8,000 metric tonnes in addition to the 12,000 metric tonnes already allotted for 1981.

The Treasury Board has agreed to grant $100,000 to Poland.

● (1440)

These are facts, honourable senators, which should be put on the record because they are of interest to all Canadians, particularly to those of Polish descent or those with a special interest in Poland. They do provide rather convincing proof of the government's very positive efforts to assist this nation at a time of great trial and vicissitude.

Senator Haidasz: Honourable senators, I thank the government leader for this information and I thank the government for this economic assistance to Poland. I should like, however, to ask the government leader: What is the government's response to requests from many quarters to waive the existing onerous regulation requiring Polish exiles already in Canada to make the long and costly trip to Vienna just to formally present themselves to a Canadian immigration official when they have already filled out an application in Canada and have undergone a medical examination here?

Senator Perrault: Honourable senators, that information will be sought in more detailed form from the Minister of Immigration. However, the adjudication of immigration cases has been a continuing problem, not only during the life of this government but during that of the preceding government. If Canada were to admit all of those who wish to come to this country without establishing some rules for the admission of these people, many of whom claim to be refugees, our whole immigration system could break down.

Honourable senators will recall that a few years ago there were serious abuses of the system whereby, for example, certain charter flights from various countries would land in Canada's principal cities, ostensibly with groups of vacationers. I recall one group which came into the country. Some of its members said that they had come to attend one of our leading national fairs. Yet when the charter flight was ready to leave Canada many of them were not at the airport; they had decided to remain in Canada. Clearly, there was an attempt by some of them to circumvent existing immigration regulations.

Some of these immigration decisions are agonizing; some of these decisions are very difficult to make. One question on the west coast, for example, now involves approximately 100 sailors from Poland. They arrived in the port of Vancouver, and they decided to remain when their ships departed. Now several of them seek refugee status; others, political asylum.

Some cases are obviously deserving ones. Yet traditional government policy—which goes beyond the life of this government—requires an obligation on the part of such people to demonstrate that they are truly refugees or that they will, in fact, suffer political persecution if they return to their homes.

If we were to allow entry to all of those who come to our ports on ships and who claim to be refugees, and if there were no admittance requirements applied, the whole immigration system could be threatened.

Obviously, honourable senators, these are difficult decisions for the minister and his officials to make. I believe that most Canadians are supportive of a policy which does require certain obligations on the part of those seeking entry into this country as landed immigrants.

Hon. Jack Marshall: I have a supplementary question for the government leader. Could he state whether different rules apply when the National Hockey League wants to bring a foreign hockey player into our country? Does it have to abide by the same rules and regulations as are applied to these poor refugees?

Hon. Martial Asselin: A good question.

Senator Perrault: Honourable senators, of course, good government policy should be even-handed, regardless of the economic background of the people who wish to obtain entry into this country. That is the only way I will reply to that question.

Hon. Henry D. Hicks: Honourable senators, may I ask a supplementary question of the government leader? Admitting, as I do, the difficulties attendant upon questions of immigration and the procedures which he has just described to us, I do not see how it helps the situation at all to require people to go out of the country in order to have a decision made when ultimately the decisions are made here. Why is it necessary, as Senator Haidasz has said, that these persons return to their country of origin, or some consulate or embassy of Canada in another country, in order to have their applications considered?

I could cite many examples where this has caused undue hardship; where the situation was straightforward, where the entry into Canada was almost an automatic requirement, but still these people were put to the expense and time loss of absenting themselves from Canada to go to Boston or some other place for a number of days, and sometimes to be kept waiting by officers whose attitude, perhaps, was more arbitrary than it ought to have been.

Therefore, I ask the minister, when he seeks the information in relation to the Polish refugees requested by Senator Haidasz, to broaden his search by including a question relating to this whole matter, which seems to me to contribute nothing to the efficiency of our immigration procedure.

Senator Perrault: Honourable senators, let me provide an analogy for you. We will say that there is a queue for a bus. We will say there are 100 people in that queue and somebody at the very end of the queue states, "Look, I just want to go on the bus for a few minutes to say goodbye to my maiden aunt." He says to the bus driver, "Just let me on briefly. I want to say goodbye and I will get off the bus immediately." But he refuses to leave that bus, and takes a seat, which could be

occupied by someone in the queue. That is comparable, in a sense, to the situation of somebody who comes to Canada saying, "I want to visit the Canadian National Exhibition," or, "I want to visit a relative," or, "I am coming into the country for a wedding." Yet after they arrive, some say, in effect, "I like it here and I want to stay. It makes no sense at all for me to have to go back to Europe or Asia, or to another continent, to apply through normal and established channels." Honourable senators, when you have a situation where the government gives its legal blessing and actual priority to somebody who moves well ahead of the "queue," in this fashion, ahead of all the people who have gone through all of the official procedures, who have been waiting, whose files have been processed through the system, who follow the rules established by Parliament, then I think a strong case could be made by those people at the back of the "queue." That case is: "Why are these visitors, these new arrivals, being given priority over me? I have obeyed all of the laws. I am waiting patiently for my turn. I have followed all of the obligations established by Parliament, yet"—to return to the analogy—"this person who hopped to the front of the queue to say goodbye to his maiden aunt is allowed to take a seat on that bus and I must lose my place to him and am left waiting."

That is a little simplistic, but it is the essential nature of one problem relating to immigration. Do we have procedures or do we not have procedures? Are we going to have a system whereby everyone who can afford to get to the shores of this country is allowed to remain, yet those people who apply, go through the proper procedures, are interviewed and have a determination made with respect to the skills they may bring to this country, are accorded second-class status? Yes, these are tough decisions which must be made by the Minister of Immigration.

Hon. John M. Godfrey: Honourable senators, I have a supplementary question. First, I should like to say that when I was on the Immigration Committee we spent five months looking into the situation which had existed before, when immigrants were allowed to apply here. We saw how much that system was abused—terribly abused—for years. We appreciated why the government was therefore forced to bring in these other rules. I should like to ask the leader, when he is looking into this entire question, to look into that aspect of it, too.

Senator Perrault: Yes, and I very much appreciate the intervention made by Senator Godfrey. The situation was utterly chaotic before Parliament, in its wisdom, suggested that there had to be some minimum rules established in order to bring order out of that chaos.

INTERNATIONAL TRADE

SALE OF CANDU REACTORS TO KOREA

Hon. Robert Muir: Honourable senators, I would like to pose a question to the brilliant Leader of the Government in the Senate. I realize he has a computerized memory bank, yet I would not expect him to have the answer to this question today. Would he, at his convenience—which may be the first time we sit next week—bring in a report on the Prime Minister's visit to Korea and the negotiations relating to the possible sale of another one or two Candu reactors? What does the problem seem to be? What are the difficulties in this regard?

I am sure the leader knows that it would mean a great deal to Canada if these sales could be made. We know only what we read in the papers, but even the *Globe and Mail*—which seems to be the Koran, the Talmud and the Bible to a lot of illiterates in this country—does not always write the entire truth or set out the real facts on everything. I would appreciate having a report.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I shall be pleased to request that report. It will be presented as soon as it arrives.

THE ECONOMY

INFLATION—INTEREST RATES

Hon. Guy Charbonneau: Honourable senators, I should like to address a question to the Minister of State for Economic Development. Yesterday, in answer to my quoting OECD figures showing that the per capita income of Canadians had gone from second highest in the world in 1969 to twelfth in 1980, the minister mentioned something about the criteria used to arrive at such figures. Would he explain, then, which criteria were used by the OECD to arrive at such figures and, if he is not satisfied with them, which criteria he thinks should be used to evaluate the per capita income of the country?

• (1450)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I was not dissatisfied with the assumptions made by the OECD in arriving at those figures. The reason for that is simple. I did not know what they were. I am looking into it, however. But I was dissatisfied with the assumption made by the honourable senator that this had automatically changed the standard of living, which is really the important thing with respect to what income is used for by the average citizen of any country.

I will have that looked into and perhaps I will be able to give him a more elaborate reply. But I am sure he knows very well, for example, that there are some small countries that have benefited greatly from the activities of OPEC, which may have changed the income of those particular countries. However, when that income is divided by the population and a high per capita amount obtained, that does not necessarily reflect an increase in the standard of living in those countries. That is why I was concerned. However, perhaps I shall have a more complete reply to that analysis early next week.

Senator Charbonneau: I might add that most of the countries which have passed Canada in terms of income are western European countries. I can name Denmark, France and quite a few others. They are not necessarily OPEC countries.

Senator Olson: My honourable friend would also have to take into account the CPI in those countries related to that income in order to get to the standard of living based on it.

SMALL BUSINESS DEVELOPMENT BONDS—EVALUATION OF PROGRAM

Hon. Peter Bosa: Honourable senators, I have a question for the Minister of State for Economic Development. Has an evaluation recently been made of the performance and effectiveness of the small business development bond program? If not, would the minister consider having such an evaluation made and report on it to the Senate?

Hon. H. A. Olson (Minister of State for Economic Development): I think we could have some investigation—I guess "discussion" is a better word than "investigation"—as to the effectiveness of those bonds.

I am advised by the honourable leader, who has these things right at hand, that they will more than double the lending under the small business development bond program, from approximately $800 million at the present time to $1.6 billion by the end of the year. I am further advised that there are a number of other advantages that could be spelled out.

I would be the first to acknowledge, of course, that there are some complaints from some communities to the effect that they do not believe that both the intent and the spirit—or spirit and intent, whichever way you wish to put it—of those are being carried out in those communities. We should have some reports about that, and I am sure that the Minister of Finance will be only too happy to have any individual incidents checked out to determine the reasons.

Senator Bosa: My question was prompted by some statistics recently made available attesting to the fact that the banks have experienced practically no losses in lending these moneys, a fact which would indicate to me that they are not lending to the most needy but only to the most financially viable small businesses. I can only conclude that that is not the intent of the act.

Senator Olson: Well, I guess you can make that argument. One could also make the argument that it was intended to make small businesses viable, and, if that in fact has been the result, then, of course, there would not be any great losses.

ENERGY

QUEBEC AND MARITIMES PIPELINE—REVERSIBILITY

Hon. G. I. Smith: Honourable senators, I should like to address a question to the Minister of State for Economic Development. Perhaps he would permit a preliminary observation to the effect that we in the Atlantic provinces were very pleased that he found time to visit us a little over a month ago.

Hon. Jack Marshall: That is why you won the election.

Senator Smith: That is an interesting thought, but whatever the reason was, the honourable gentleman knows that the Conservative government there was returned with an increased majority. However, that was not the observation I intended to make. The observation was that we were very glad that the minister found time to come and see what we are like down there.

[Senator Olson.]

Those of us from Nova Scotia who are interested in the proposed gas pipeline and in the potential of offshore gas in Nova Scotia were pleased to know that the minister expressed the opinion that he thought the proposed gas pipeline ought to be reversible. At least, that is what he is reported as having said, and since such an opinion very much coincides with what we would like to hear him say, we tend to believe the report. But I would like to have his assurance now that, in fact, he did express that opinion and that it is still his opinion, namely, that the pipeline proposed to be built through the maritime provinces ought to be reversible.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I want to say, first, that I enjoyed my visit to the maritime provinces a little over a month ago. I regret that I was unable to visit more places than Cape Breton and Saint John, New Brunswick.

Hon. Robert Muir: You were in the best spot, anyhow.

Senator Olson: Yes, I could go on for a long while describing the pleasant and favourable impressions I received from being in the part of Cape Breton Island I visited; but I should also say how impressed I was with the economic activity taking place in and around Saint John, which was the other place I had an opportunity to visit briefly.

With respect to the substantive part of the question, I have always been of the view that the distribution system of the pipeline ought to take into account the possibility of some Sable Island gas, for example. There might also be some other discoveries to be found in the maritime provinces which would be put into that distribution system.

However, I must advise my honourable friend that I am not the one who will make the decision on the economic cost and, therefore, the viability of the initial installation. There are, of course, some costs involved in the telescoping nature of a pipeline, whichever way the gas flows. But it seems to me that the position of the companies and, indeed, the position of the financial support from the federal government for that line must be taken into account as well, and, obviously, that also has to correspond with the time frame in which it could reasonably be predicted that some of that gas will be brought on shore.

Senator Smith: Perhaps the honourable gentleman will permit me to observe that he seems to be doing his best to decrease the satisfaction with which the people in our area heard, or heard of, his previous comment. May I ask if he is of the opinion now that it would be desirable and proper, from his point of view, to have that pipeline built as a reversible pipeline?

Senator Olson: Well, honourable senators, I don't think I should add anything. I gave an explanation just a minute ago that seemed clear to me. I am sure that Senator Smith will find, on reflection, when he reads the reply in detail tomorrow, that what I have said does not require repeating. I said that some accommodation ought to be made, but that there are some cost factors that have to be taken into account too.

Senator Smith: I take it, then, that the honourable gentleman is saying that, if he expressed an opinion such as I indicated he was reported as having expressed, he was simply speaking for himself and not pronouncing on government policy.

Senator Olson: And the reason for that is quite simple. Neither I nor any other single person has that decision to make. It has to be taken into account as well as the costs that are related to it, but I believe that the prospects of significant commercial quantities of gas being available within the reasonably near future are such that it ought to be considered. I hope that is helpful to my honourable friend.

• (1500)

Senator Smith: Certainly, it is helpful to know that one who has been described in the glowing terms in which the honourable gentleman has had the good fortune to be described, as to his influence upon government policy, thinks in those terms. I am glad to be assured that he does, and I trust that he will do his best to cause those views to be accepted by his colleagues as a whole and the decision to be made accordingly.

HEALTH AND WELFARE

THE BUDGET—IMPACT ON LOW INCOME FAMILIES

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have an answer to a question put by Senator Marshall on November 18, 1980, almost one year ago. There is an explanation as to why it has taken so long to produce this answer, but I cannot guarantee that it will be accepted as completely adequate. The question can be found in Senate *Hansard* at page 1245, and it asks for clarification of a statement that I made on November 18, which can be found at page 1240 and which reads in part:

> —over the next several years, expenditures on social development and social support by the government will increase to $33 billion.

Senator Marshall then asked for a breakdown of the number of years involved and the definitive departmental headings involved. The latter aspect took some time because a large number of departments were involved.

Rather than take the time to read the answer, which includes mathematical tables—it also took some time to collate them because they were furnished to us separately and I wanted them included so that anyone reading this information would not have to refer to supplementary documents—I ask that the answer be taken as read. The answer and the tables may then be studied, and that may lead to supplementary questions.

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

Hon. Senators: Agreed.

(*The answer follows:*)

In the document entitled *The Government Expenditure Plan, Part I 1981-82 Estimates*, tabled in the House of Commons on February 26, 1981 and the Senate on March 2, 1981, at pages 22 and 27, tables 3.5 and 3.7 outline the figures for the expenditure plans for the Social Affairs envelope and for the Justice and Legal envelope, respectively, in the years 1980-81 through 1983-84.

TABLE 3.5

EXPENDITURE PLAN: SOCIAL AFFAIRS

($ millions)

	1979-80	1980-81	1981-82	1982-83	1983-84
Total envelope	22,690	24,825	27,545	29,435	31,556
Less: Reserves	N/A	-276	-225		
Total Main Estimates	N/A	24,549	27,320		

TABLE 3.7

EXPENDITURE PLAN: JUSTICE AND LEGAL

($ millions)

	1979-80	1980-81	1981-82	1982-83	1983-84
Total envelope	1,037	1,225	1,399	1,469	1,620
Less: Reserves	N/A	-19	-5		
Total Main Estimates	N/A	1,206	1,394		

The expenditure plan figures indicate that "over the next several years, expenditures on social development and social support by the government will increase to $33 billion," as I stated at page 1240 of Senate *Hansard* of November 18, 1980, in 1983-84 the expenditure plan for Social Affairs, in table 3.5, being $31,556 million, plus Justice and Legal, in table 3.7, being $1,620 million, for a total of $33,176 million.

In 1980-81, the expenditure plan for Social Affairs plus Justice and Legal totals $26,050 million.

In 1981-82, the expenditure plan for Social Affairs plus Justice and Legal totals $28,944 million.

To achieve a further breakdown of these figures, for 1983-84, the expenditure plan amounts are projected figures and therefore a further breakdown is not available at this time.

However, for the years 1980-81 and 1981-82, tables 3.6 and 3.8 give detailed breakdowns of the portions of the expenditure plans included in the main estimates for Social Affairs and for Justice and Legal, respectively.

TABLE 3.6

MAIN ESTIMATES: SOCIAL AFFAIRS

($ millions)

	1980-81 Main Estimates	1981-82 Main Estimates	Increase or decrease
Communications: Arts and Culture	20.6	29.9	9.3
Canada Council	44.6	49.9	5.3
Canadian Broadcasting Corporation	577.5	649.4	71.9
Canadian Film Development Corporation	4.1	4.2	0.1
Canadian Radio-television and Telecommunications Commission	17.7	19.3	1.6
National Arts Centre Corporation	10.9	11.9	1.0
National Film Board	40.3	46.4	6.1
National Library	17.2	21.6	4.4
National Museums of Canada	52.5	56.1	3.6
Public Archives	23.9	29.1	5.2
Social Sciences and Humanities Research Council	41.7	45.6	3.9
Employment and Immigration	3.2	4.8	1.6
Canada Employment and Immigration Commission	2,006.5	2,265.8	259.3
Advisory Council on the Status of Women	1.4	1.6	0.2
Immigration Appeal Board	2.2	2.9	0.7
Status of Women — Office of the Co-ordinator	1.1	1.1	.....
Environment: Environment Programs	482.1	540.8	58.7
Indian Affairs and Northern Development	1,218.5	1,414.2	195.7
Northern Canada Power Commission	9.5	16.6	7.1
Labour: Fitness and Amateur Sport	28.5	43.8	15.3
Canadian Centre for Occupational Health and Safety	2.0	2.2	0.2
National Health and Welfare	15,523.1	17,497.8	1,974.7
Medical Research Council	80.0	88.6	8.6
Canada Mortgage and Housing Corporation: excluding Canadian Home Insulation Program	1,159.6	1,130.4	-29.2
Secretary of State	2,088.2	2,314.3	226.1
Social Development, Ministry of State for	3.7	3.8	0.1
Treasury Board: Student, Youth and Other Employment	120.2	120.2	.....
Veterans Affairs	1,019.6	1,137.5	117.9
Sub-total	24,600.4	27,549.8	2,949.4
Plus: Repayments of previous years' loans	-51.9	-229.8	-177.9
Total	24,548.5	27,320.0	2,771.5

TABLE 3.8

MAIN ESTIMATES: JUSTICE AND LEGAL
($ millions)

	1980-81 Main Estimates	1981-82 Main Estimates	Increase or decrease
Justice	82.5	105.5	23.0
Canadian Human Rights Commission	4.8	5.8	1.0
Commissioner for Federal Judicial Affairs	58.0	69.6	11.6
Law Reform Commission of Canada	2.8	3.3	0.5
Supreme Court of Canada	3.9	4.5	0.6
Tax Review Board	1.5	1.9	0.4
Solicitor General	14.7	15.9	1.2
Correctional Services	426.4	477.6	51.2
National Parole Board	9.1	10.6	1.5
Royal Canadian Mounted Police	602.6	699.6	97.0
Total	1,206.3	1,394.3	188.0

Honourable senators, I also point out that in answer to the requests by Senator Marshall on November 19, 1980, as indicated in *Debates of the Senate* at page 1245, and by Senator Balfour on November 20, 1980, at pages 1252 and 1253, for clarification of my statement of November 18, 1980, at page 1240, concerning the details of the calculation to arrive at the differential of $40 billion between the cost of oil and gas to consumers under the National Energy Program and under the Conservative budget, the answer was given by Senator Perrault and can be found in the *Debates of the Senate* of July 10, 1981, at page 2778. I make that reference in case either Senator Balfour or Senator Marshall would like to check back to determine whether or not I am correct that that response answers the question they had asked earlier.

CANADA ELECTIONS ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Austin, seconded by the Honourable Senator Goldenberg, for the second reading of the Bill S-11, entitled: "An Act to amend the Canada Elections Act".—(*Honourable Senator Macquarrie*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with the permission of Senator Macquarrie, may this order stand until November 17, 1981?

Hon. Heath Macquarrie: That is quite agreeable.

Order stands.

VIA RAIL CANADA INC.

MOTION TO INSTRUCT TRANSPORT AND COMMUNICATIONS COMMITTEE TO MAKE STUDY—DEBATE ADJOURNED

Hon. Daniel Riley, pursuant to notice, moved:

That the Standing Senate Committee on Transport and Communications be instructed to inquire into and report upon the national rail passenger service provided to Canadians by VIA Rail Canada Inc. and, in particular, to examine

(a) the Federal Government's plans for reorganizing Canada's passenger train services announced by Transport Minister Jean-Luc Pepin on July 27, 1981;

(b) the changes in passenger train services effected by Order in Council P.C. 1981-2171, dated August 6, 1981, made pursuant to subsection 64(1) of the *National Transportation Act*; and

(c) the procedure followed by way of Order in Council P.C. 1981-2171 in varying the Canadian Transport Commission's Orders and Decisions respecting Canada's passenger train services.

He said: Honourable senators, it is not my intention at this time to elaborate in great detail upon the reasons for this motion. I think that most honourable senators are aware of its significance and its necessity. Nor shall I go into the structure

of the establishment of the Senate, other than to say that, as we all know, the Senate was structured in order to give the then four regions of Canada sufficient representation in this house to protect the rights of the public in those regions. Since that time, with the coming into effect of Confederation with Newfoundland and, of course, with the addition of senators from the Yukon and the Northwest Territories, the number of senators has increased.

I only want to point out that Order in Council P.C. 1981-2171, dated August 6, 1981, was received by the public—and I refer particularly to the region of Canada which I represent as a senator, the maritime provinces—first with disbelief, then with resentment, and finally with growing outrage. Numerous are the representations being received by members of the other place and by us here in the Senate vigorously protesting the method used to implement, or intending to implement, the discontinuance and abandonment of certain rail passenger services.

Not only is the general public incensed—and, once again, I refer particularly to my region—but, in particular, so are thousands of senior citizens who neither wish nor can afford to use the air services as an alternative means of transportation. I would refer also to students, many of whom cannot afford the higher cost of air travel between their homes and the universities in the maritimes or to take advantage of travelling during their mid-term breaks, and also to those students in the lower grades who rely on rail passenger service during their mid-term breaks.

● (1510)

It is significant that the order in council in question was passed just a short time after the summer adjournment of Parliament, despite the fact that it is quite obvious, from its make-up and content, that it was carefully prepared and planned long before the adjournment. Passed pursuant to subsection 64(1) of the National Transportation Act, there is some question, in legal circles as to the validity of this order in council.

After serious consideration by the Railway Committee of the Canadian Transport Commission, most of the routes were confirmed or extended. These decisions were accepted by the public and resulted in the increased use of this means of transportation. We are now told that the losses incurred by VIA Rail Canada Inc. require the discontinuance and abandonment of many of these routes.

My concern lies more particularly with the Atlantic route. I know others are concerned with routes in eastern and western Canada, but I am particularly interested in the so-called "Atlantic run" from Halifax to Montreal. Since its establishment, this run has brought in increased revenues and has enjoyed increased passenger use.

It is quite obvious from the last figure I received that there may be some truth to the allegations of mismanagement by, or inefficiency of, senior officials of VIA Rail in not curtailing annual losses.

[Senator Riley.]

I would refer to the revenues for the month of September at the Saint John railway ticket office. In planning for its 1981-82 budget, that ticket office set a figure of $85,000 as of September 30, 1981. The actual sales amounted to $96,582. The goal was exceeded by $11,582. In percentage figures, there was an excess over the 1980 revenue for the same period of 37 per cent and the monthly goal was exceeded by 13 per cent.

This hardly indicates that VIA Rail is losing much money on the Atlantic run. In fact, it indicates increased passenger usage of this run from Halifax, resulting in increased revenues. In September 1980 the net revenue for sales from the Saint John ticket office was $70,484 compared to $96,582 in September 1981. This indicates that people are increasing their use of this service.

I would point out that the train which leaves Saint John station at 7.05 in the evening is usually fully occupied. As a matter of fact, Mr. Harry Bruce, in a recent article in *Maclean's* magazine, stated that the overall operation between Halifax and Montreal had an average occupancy rate of 75 per cent. Since the train is usually filled, it requires two sittings in the dining car. I am aware of this since I have used the service quite frequently. The train arrives in Montreal at 7 o'clock in the morning, giving passengers a full day in Montreal in order to conduct business. Returning to Saint John, passengers board the train at 6.30 in the evening and arrive at their destination at around 8 o'clock in the morning.

Restricting my comments to the problems of New Brunswick, as a senator representing that province, I should like to point out that Fredericton, the capital of the province of New Brunswick, will not have this service to Montreal. Saint John, the industrial centre of the maritime provinces is going to lose its service.

It is true that one can go to Moncton and pick up the Ocean Limited. By that route, passengers would lose five to six hours along the circuitous route to Montreal. Lord knows what the time schedules will be. The Ocean Limited out of Halifax is usually pretty fully occupied by passengers year round.

As set down by the Canadian Transport Commission, the "Ocean Limited" engine is allowed to haul only so many cars, perhaps 12 or 16. If the "Atlantic" run is abandoned, then the "Ocean Limited" will have to increase its car-carrying capacity, since the "Atlantic" run normally had the capacity to carry between 12 and 16 cars. To the "Ocean Limited" this would mean an extra run between Halifax and Montreal which, to me, seems ridiculous, having regard to the elimination of the convenience of the service to the people of not only Saint John, the industrial centre of the maritimes, but Fredericton, the capital of the province of New Brunswick. It would also affect passengers boarding at intermediate stops along the way. The town of McAdam will be killed since it relies almost completely on the passenger rail service.

● (1520)

I am not going to go into great detail at the moment, but I do think that this is an urgent matter and that it should be studied by the Standing Senate Committee on Transport and Communications. If the Senate decides to refer this matter to that committee, then I think our speeches should be restricted to save time so that witnesses may be heard before that committee.

On motion of Senator Charbonneau, debate adjourned.

The Senate adjourned until Tuesday, October 20, 1981, at 8 p.m.

APPENDIX

(*See p. 2795*)

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTY-SECOND MEETING, HALIFAX, NOVA SCOTIA
MAY 22-26, 1981
REPORT OF THE CANADIAN DELEGATION

Delegations to the 1981 annual meeting of the Canada-United States Inter-parliamentary Group, held in Halifax, Nova Scotia, included Canadian Senators and M.P.s and Members of the US House of Representatives and the U.S. Senate. Proceedings began with an opening plenary, after which delegates dispersed into three Committees for discussions organized as follows:

Committee I —Trade and economics
Committee II —Energy
Committee III—Environment and fisheries

At the conclusion of the Committee discussions, the Group resumed plenary session for two multilateral questions and comments on the North American 'accord'.

The list of delegates was as follows:

The United States Delegation:

The Senate: Hon. Ted Stevens (Rep., Alaska), Co-Chairman
Hon. Edward Zorinsky (Dem., Nebraska)
Hon. James McClure (Rep., Idaho)
Hon. Mark Andrews (Rep., North Dakota)

The House of Representatives:
Hon. Dante B. Fascell (Dem., Florida), Co-Chairman
Hon. Sam Gibbons (Dem., Florida)
Hon. James L. Oberstar (Dem., Minnesota)
Hon. Michael D. Barnes (Dem., Maryland)
Hon. Dennis E. Eckart (Dem., Ohio)
Hon. Larry Winn, Jr. (Rep., Kansas)
Hon. Bill Frenzel (Rep., Minnesota)
Hon. Donald J. Mitchell (Rep., New York)
Hon. David Martin (Rep., New York)
Hon. Robert Davis (Rep., Michigan)
Hon. James Scheurer (Dem., New York)

The Canadian Delegation:

The Senate: Hon. Hartland de M. Molson (Ind., Quebec) Co-Chairman
Hon. Guy Charbonneau (P.C., Quebec)
Hon. Paul Lafond (Lib., Quebec)
Hon. Daniel Lang (Lib., Ontario)
Hon. Charles McElman (Lib., New Brunswick)
Hon. Duff Roblin, P.C. (P.C., Manitoba)
Hon. George van Roggen (Lib., British Columbia)

The House of Commons:
Mr. Ian Watson (Lib., Quebec) Co-Chairman
Hon. Walter Baker, P.C. (P.C., Ontario)
Mr. Herb Breau (Lib., New Brunswick)
Miss Coline Campbell (Lib., Nova Scotia)
Mr. Howard Crosby (P.C., Nova Scotia)
Mr. Ian Deans (NDP, Ontario)
Mr. Jim Fulton (NDP, British Columbia)
Mr. Fred McCain (P.C., New Brunswick)
Mr. Jack Murta (P.C., Manitoba)
Mr. Frank Oberle (P.C., British Columbia)
Hon. John Reid, P.C. (Lib.-Labour, Ontario)
Mr. John Thomson (P.C., Alberta)
Mr. Henri Tousignant (Lib., Quebec)
Mr. David Weatherhead (Lib., Ontario)
Hon. Michael Wilson P.C. (P.C., Ontario)

Opening Plenary

At the request of the American delegation, the opening plenary was devoted to the Canadian Constitutional situation. A Canadian Senator and an M.P. reviewed for the Americans the key elements of the problem from an historical perspective and from the point of view of more recent political developments. A number of U.S. participants asked questions and several Canadian delegates added comments. The Members of the Group then began discussions in the three separate Committees.

COMMITTEE I—TRADE AND ECONOMICS

AGENDA

1. Appropriate monetary and fiscal policies for current economic conditions in Canada and the United States.
2. Problems of the North American auto industry.
3. National preferential arrangements in Canada and the United States; 'Buy national' policies and legislation; trade and investment aspects of Canada's proposed National Energy Program, Canada's proposed new import policy; restrictions on foreign investment.
4. The tax treaty; border broadcasting issues including possible "mirror" legislation.

5. Exporter co-operation in grain sales.
6. Specific trade problems
   (a) Canadian potato exports to Maine
   (b) UPS
   (c) Cross-border cement trade
   (d) Canadian surcharge on U.S. tomato imports.

Appropriate monetary and fiscal policies

The discussions on the appropriate monetary and fiscal policies for the current economic conditions in Canada and the United States revealed some similarities of approach as well as certain differences. Topics discussed included the causes of the high inflation rates, reactions to President Reagan's economic policies, the efficacy of wage and price controls, the compatability of increased military expenditures with social program cutbacks and the impact of the U.S. monetary policies and interest rates on Canada and on the Canadian exchange rate. In general, an underlying optimism was expressed by American delegates that the current situation was manageable and would show improvement due to the basic strength of the U.S. economy and the consensus of support behind the Reagan measures.

Introducing the subject, a Canadian delegate outlined the current inflationary situation. In Canada, the sudden surge in growth rates, of 8 percent in the fourth quarter of 1980 and from 4 to 6 percent in the first quarter of 1981, had resulted in a strong demand for credit which in turn had put upward pressure on interest rates. The rates, which now reached 19½ percent for prime rates and over 18 percent for mortgage rates, could go even higher, this spokesman predicted. Assessing the measures taken to fight the inflation, he was critical that there had been too great a reliance on monetarism coupled with an inadequate commitment to fiscal restraint in Canada. Pressure had been added by an overcrowding by governments in the financial markets and "somewhat erratic policy changes" in the United States had also caused problems for Canada.

In addition, inflationary pressures were being increased by higher wage settlements which, at 14 to 15 percent, were in excess of the current inflation rate. The prevalence of an inflationary psychology with its attendant doubts of the government's ability to control the inflation was also having an unfortunate impact. In major Canadian centres there had been an enormous 25 to 50 percent increase in housing prices in the year and food prices were moving ahead of the inflation rate.

This spokesman considered that prices and income controls were a real possibility in Canada as a political response to public pressure for some action. Another possible policy reaction could be a wholesale reliance on indexing such as was happening in South American countries. This he characterized as a "throwing in the towel" reaction, an admission by governments of inability to control inflation.

The approach to the problem of inflation by the American delegates, several of whom were members of the House Ways and Means Committee, was generally optimistic and nonpartisan. The first spokesman underlined the stronger-than-expected-position of the U.S. economy. He thought that even with an inflation rate of 11 to 12 percent, the U.S. economic problems were being overstated and he believed the Reagan economic policies would work. There was a broad consensus in the country for cuts in government expenditures. While the cuts in social programs (probably amounting to $9 billion) would be particularly difficult, this delegate predicted that Reagan's popular image would see him through. He acknowledged that the proposed tax cuts (up to $60 billion for 1982) could also cause difficulties by creating high demand in capital markets. In respect to unemployment he remarked that the fast rising fuel costs and the consequences of the baby boom had had a direct impact in the past decade on capital expenditures and he predicted that since the population is now levelling off, unemployment will begin to drop. By the year 2000 there could be an insufficient work force.

Another U.S. participant agreed that there was a consensus both in the country and in Congress supporting the Reagan program. The United States has been alarmed at the decline of its productivity and has had to make changes in order to stimulate the economy. The tax cuts were designed to encourage savings and investment although there was some concern that these cuts could put pressure on the monetarist lever attempting to control inflation.

In response to a Canadian query as to how the tax cuts would be implemented and how the funds thereby released could be enticed into savings, the American side outlined the President's "market" approach which was essentially to reduce gradually the high (70 percent) tax bracket to 50 percent believing this would go into investment or savings and not into stronger consumer demand. There were others in the United States, however, who advocated immediate tax reductions, as well as the elimination of the "tax shelter game" which this spokesman described as being not only costly and unproductive but the cause of bad economic decisions. There was also an advocacy for reducing the marriage "tax penalty" whereby married working couples are penalized about $3,000 to $4,000 a year. It was recognized that there could be problems in rebuilding capital in the United States where the savings rate was currently only one-half that in Canada. U.S. delegates predicted the budget bill when finally passed would include some incentives for savings—such measures as encouragements to purchase tax-exempt certificates issued by banks and credit unions which would pay interest at a rate of 70 percent of the U.S. bill rate; interest retirement funds schemes similar to the Canadian RRSP's; and the insuring of all savings accounts up to $100,000.

Referring to the earlier suggestion of the possible imposition of a wage and price control program in Canada, a U.S. participant commented that this was a crude set of instruments for inflation-fighting. In the United States, the post-control

period had resulted in a big jump in inflation. What had happened in Canada? The Canadian spokesman replied that by the time the Canadian wage and price control program was instituted, the situation had already begun to improve although the control program may have hastened the process. Controls had resulted in inadequate investment and in inefficiencies in running businesses and he tended to view such controls as a crutch to allow the government to say they had acted. He observed that the Canadian federal deficit had deepened gradually from $3½ billion in 1975 to over $10 billion at present. The Canadian spokesman then inquired how the Reagan cutbacks in social programs will be accepted in the United States and how they could be reconciled with the simultaneous large increase in military expenditures.

On the subject of social programs cutbacks, some differences of opinion were evident on the U.S. side. Problems were foreseen in the dropping of the school lunch program, in the handling by the state legislatures of the reduced funding and in the possibility that the cuts might need to be very much deeper than predicted in order to reach the desired 1983 budget objectives. On the other hand, other delegates defended the cuts for social programs on the grounds that they involved a slowing down of the increase of spending rather than sudden, drastic slashes; that social-oriented organizations at the district level would be able to keep their programs alive while they regrouped; and that the dispersal of funds direct to state governments would result in needed spending economies.

Regarding the proposed increases in military expenditures, one U.S. participant suggested that such spending, while assisting unemployment, could put pressure on prices which would rise as a result of procurement programs and ensuing shortages. Another delegate added that he doubted that President Reagan would permit his budgetary program to be undermined by the military expenditure program. A third delegate explained the need for such expenditures on the basis that the United States had fallen behind in its military weaponry and in essential defence-based R & D.

A brief discussion of the huge cost increases in housing in both the United States and Canada drew observations from both sides on the distorting effect of the present generation's inflated expectations for large, luxurious housing on large suburban lots.

Several delegates challenged the earlier statement by a U.S. Congressman that by the year 2000 there would be a scarcity of labour. They asked how this could be so in the face of the growing trend to robotics which would produce more goods with less people and in the face of the ever-growing flow of illegal immigrants into American cities. The American spokesman held his ground asserting that demographic studies showed workers would be in short supply despite robotics. For one thing the United States was becoming increasingly a service-oriented rather than a manufacturing society. Furthermore, there was a maturing of the population and a drop-off in the birth rate.

A Canadian participant described the impact which the American inflationary, high-interest-rate situation had on Canada, citing in particular the immediate effect of U.S. interest rates. He explained that in order to encourage capital inflows, Canada was obliged to sustain higher short and long term interest rates than those of the United States. If Canada lowered its interest rates, there would be an immediate capital outflow resulting in a 75-cent dollar. Inflation rates would mount swiftly, although he acknowledged that Canadian exports would have an advantage in selling to the U.S. market. Canada, he concluded, was obliged to respond on a weekly basis to the Federal Reserve interest rate policies.

A U.S. delegate spokesman endorsed the floating exchange rate and said that it should involve no capacity to devalue. Already the 83-cent Canadian dollar was causing some concern but a 75-cent Canadian dollar, would cause consternation in the United States and would probably elicit U.S. protectionist moves, including an increase in Buy American measures of which he himself disapproved. He said Canada should not intervene to manipulate the exchange rate or to cause the dollar to drop but should allow a free float. In reply, the Canadian delegate pointed out that the Canadian dollar could drop further by itself. Another Canadian wondered what a free float really was. He said he took seriously the warning that competitive devaluation by Canada would cause problems in the United States, but he asserted that a widening inflation rate differential between the two countries could cause a sliding Canadian dollar. He asserted that the United States should not look only at the dollar levels but other economic factors as well.

The answer, concluded several U.S. delegates, was increased Canada-United States consultations in the area of monetary policies.

Problems in the North American auto industry

Noting the highly integrated structure of the Canadian and U.S. auto industry, the first Canadian spokesman pointed to the attitude of the Japanese auto industry which was reluctant to establish plants outside of Japan. On the other hand, Canada and U.S. car manufacturers made no commitment to source parts in North America and in fact seemed keen to source transmissions in Japan. This delegate emphasized the benefits of the Canada-U.S. auto pact to each country but wondered whether the pact would withstand the strains of the necessary massive reinvestment problems and technological changes. The large imbalance in parts trade with Canada was also noted. This delegate inquired about the recent agreement between the United States and Japan whereby the Japanese agreed to cut back car exports in the face of U.S. pressure.

The U.S. spokesman was strongly critical of the American car manufacturers. Both workers and executives have been

overpaid; they have produced inferior, sloppy products; they have put their prices up much too high and now they are "reaping what they have sowed". With the current move to world-wide sourcing and world cars, he predicted only 4 or 5 major car manufacturers would exist world-wide within 10 years, with perhaps some electric cars. General Motors would survive, Ford might survive due to its overseas operations, but Chrysler would disappear or merge, another delegate added. Neither side expressed support for the governmental loan guarantees provided to Chrysler.

U.S. participants made it clear that the restraint agreement with Japan had been important in heading off much more drastic trade restrictive measures in Congress. While several delegates regretted even this departure from market discipline, they explained that the President needed Congressional support for his budget proposals. He will continue to have to resist increased protectionist pressures, it was predicted.

A mid-West Senator stated that in general the public is in favour of the Japanese small car imports and the only complaints in his district had been from the dealers, and even they were broadening their franchises. However, because of the Japanese non-tariff barrier restrictions in other areas, including against agricultural products, there was a certain support for the restraints.

A Canadian Senator said he was relieved there had been no stronger U.S. legislative action. Western Canada with its favourable trade balance with Japan disapproved of restrictions on Japanese car imports and did not want to expose Canada to Japanese retaliatory measures. However he considered that the Japanese should be non-discriminatory in their restraint so there would not be an unfairly heavy surge of cars into Canada. Another Canadian participant noted the psychological impact on purchasing patterns of the public's perception that U.S. and Canadian cars were not as good as Japanese cars.

Several U.S. delegates voiced concern that the Japanese, in the wake of the restraints agreement, will now unnecessarily upgrade their cars, putting on more value-added, increasing prices but exporting fewer cars. The public will continue to buy them and the Japanese will look as if they are doing something. A 7.7 per cent decline in Japanese imports into the United States is predicted for 1981.

In the discussion as to what could be done to revive the North American industry, some delegates noted the irresponsible approach of labour which was described as ranging from happy-go-lucky attitudes to outright vandalism on the assembly lines. Incentives were needed to correct this situation, and a Congressman said that the current U.S. tax bill would incorporate this idea.

The suggestion for increased labour participation in industry drew varying reactions with some delegates supporting the employee-stock ownership programs and incentive measures leading to voluntary wage restraints and productivity increases while other participants were dubious that such programs would measure up to expectations or would be viable except in high technology growth industries.

The Canadian spokesman also raised the problem of the competitive bidding for location of new plants between the two countries involving both state, provincial and federal governments. A U.S. delegate deplored this situation which he said, distorted the market and simply moved jobs from one place to another without counting the huge infrastructure costs of new schools, roads and services or the increased unemployment insurance required in the abandoned location. Congress could control the situation but lacked sufficient intestinal fortitude to do so.

National preferential arrangements

Three U.S. delegates began the discussions on this topic with strongly worded criticisms of what they perceived to be an escalation of Canadian preferential arrangements which restricted trade or investment and distorted the free workings of the market. Each said he was reflecting U.S. concerns on these issues.

Fundamentally differing approaches were evident in the two sides during the discussions with the U.S. delegation arguing on economic grounds for the principles of the free enterprise system and governmental non-intervention while the Canadian delegates frequently defended the Canadian position in terms of a commitment to equalization principles and to the protection of "have-not" areas of the country. In general, the U.S. delegates complained that Canadian preferences were not as transparent as those of the United States and that they involved too much Ministerial discretion or not enough "due process", situations which left the United States unsure of what the Canadian rules actually were.

Specifically the first U.S. spokesman expressed the United States' concern that Canadian regulations under the Foreign Investment Review Agency (FIRA) were becoming increasingly stringent and that the Canadian content requirement in government procurement was mounting, becoming a new and sophisticated non-tariff barrier of a type being imitated by such countries as Mexico and Brazil and resulting in further restrictions of trade. A second U.S. delegate said the United States was very concerned about the "basic price system" in Canada's proposed new import policy which would result in an aborting of regular anti-dumping procedure. Based solely on bureaucratic decisions as opposed to the normal quasi-judicial anti-dumping process, he said there was not enough "due process" in the procedure. Provisional duties could be imposed after as little as 90 days with no right of appeal. Other GATT partners were equally disturbed by the Canadian proposals.

A third U.S. delegate said the United States took a very serious view of the national preferential aspects of Canada's

National Energy Program (NEP). In its approach to investment and procurement, Canada was implementing policies of national treatment and intervening directly in acquisitions, actions which amounted to nationalization. While there had been a recent positive modification of the policy providing for compensation for past exploration costs in the government's retroactive claim in companies' oil and gas rights on Canada lands, there was still the major problem of $15 billion in procurement which was being withheld from fair competitive bidding by U.S. traditional suppliers he said.

Replying to the three critics, a Canadian spokesman gave what he termed a philosophical rather than an economic defence of the Canadian position. With its small economy, Canada was vulnerable because 25 per cent of its GNP involved trade and 65 per cent of this trade was with the United States. Most sectors of its economy were dominated by U.S. investments. Moreover, there was in Canada support for the idea of equalization, in contrast to the more rigorous free market, non-interventionist approach of the United States.

From Canada's perspective, he countered, it was increasing U.S. protectionism which was worrying Canadians, particularly the proliferation of federal and state procurement restrictions. For example, New York was dealing with a potentially damaging new bill restricting foreign steel while the Buy America regulations now applied to the Surface Transportation Assistance Act meant that Canadian firms could only sell urban transit equipment to state or municipal authorities if they established plants within the United States. While he acknowledged Canada's procurement restrictions, this spokesman pointed out that a recent study had shown that 30 percent of purchases by the Canadian federal government were made in the United States and he doubted the U.S. government could match that.

In respect to the sale of urban mass transit vehicles to the United States, another Canadian member added that the Buy America regulations now required not only 50 percent U.S. content but that final assembly be done within the U.S.A. Canadian manufacturers of these products already start with about 75 percent U.S. content in the components of their products and the additional requirement to assemble in the United States means that the Canadian operation is eliminated. This is a case where Canada is unfairly and inadvertently hit by U.S. protectionist moves against European and other producers. Specialty steels regulations aimed primarily at the Japanese were another case in point. He asked how could such restrictions be made fairer as far as Canada was concerned. Several American delegates responded that the Buy America provisions applying to urban mass transit projects were indeed unfortunate and they themselves had lobbied and voted against this development which they viewed as a mistaken initiative by a fellow Congressman.

As for FIRA, the first Canadian spokesman continued, far from being a vicious watchdog, it has allowed 92 percent of all the American applications for new businesses as well as 89 percent of U.S. takeover applications. While he acknowledged the United States would have some cause for concern regarding additional restrictive measures proposed by the government, these appeared to be in limbo at the moment. He himself considered that while there had been possible defence for Canada's foreign direct investment restrictions vis-à-vis the strong U.S. economy, he wondered if they were needed any longer and certainly he doubted that new more stringent rules were required.

As for the NEP, the Canadian spokesman made the point that the program involved Canadianization of the oil and gas industry, not nationalization as had been mentioned earlier by the American Congressman. In fact, he continued there is a strong opinion in Canada in support of reducing the percentage of foreign ownership and control in this industry which until recently had been as high as 90 percent. While he understood that the program was bound to be perceived in the United States as discriminatory, this participant thought that the Canadian government would be well advised to proceed by suasion to encourage Canadian investors and purchasers to increase the Canadian share of the oil and gas sector, rather than by measures to discourage U.S. corporations or by intervening itself. In respect to the Buy Canada aspects of the NEP, he explained that the Energy Minister's latest modifications were designed to ensure that a "fair but competitive" opportunity was provided for Canadian companies to be considered as possible sources of the necessary components for Canada's energy megaprojects whose managers automatically tended to source their goods from U.S. firms. The change should ensure there would be no discrimination against non-Canadian suppliers.

As for the "basic price system" of the proposed Canadian import policy, it was likened by the Canadian participant to the U.S. trigger price mechanism for steel. This statement drew an immediate criticism of the U.S. mechanism from a Congressman who described it as costly and unnecessary, and predicted that it would be eliminated. Another Canadian delegate acknowledged that the Canadian proposed import legislation has been criticized as overly protectionist by some GATT trading partners, but he maintained that it was not contrary to the GATT code. Under the new proposals, Canadian authorities were seeking to speed up procedures dealing with injurious imports and the major change involved would be that no material injury need be shown before establishing basic prices against which dumping is assessed. This delegate agreed that there was not enough "due process" in the procedure in dealing with possible dumped imports. However he stated that the Canadian government was now taking a close second look at this proposal. As evidence he quoted a recent ministerial statement in committee which cautioned that "careful consideration will need to be given as to whether it is advisable to implement such a proposal". The proposal and similar schemes had been the subject of recent GATT discussions which had

focused on whether an understanding should be reached to limit or eliminate altogether the use of all such measures. The Minister's statement recognized the danger that other trading partners might respond with similar protective mechanisms, a fact which had resulted in reconsideration of the policy.

On this point, two of the U.S. participants, both members of the House Ways and Means Committee said that they had been responsible for insisting that the United States remove from the table the proposal to legitimize the basic price system when Canada, the European Community and the United States had been discussing it at the GATT. Such a device would, in their view, only produce a "protectionist cabal" and lead to a lower standing of living for consumers.

A U.S. delegate also criticized the slowness of Canada's adherence to the GATT system of customs valuation procedures. Canada should not make any changes in bound tariffs he said and should move to the transactional value system as a basis for duty rather than the traditional Canadian system.

In response a Canadian spokesman said that because full adherence to the GATT agreement will require major changes in Canadian legislation and regulations, the responsible Minister had asked the opinion of the Tariff Board as to the suitability of proposed legislation as well as for an assessment of the impact of such legislation on Canadian industry. The Board had already reported and had generally accepted the draft legislation, an indication that Canada is moving forward on this matter.

A Canadian member stated that in understanding FIRA, the NEP and the import policy proposals, it was important that the Americans take into account the very worrying trade deficit of about $18 billion which Canada was running currently in manufactured products trade. Consequently, in respect to the sourcing of high technology goods under the NEP, all Canadian political parties agreed that it was necessary to give a little push to the companies involved to look beyond their traditional suppliers in the United States and to help broaden the Canadian industrial base in such products. As far as FIRA was concerned it was important to remember that the book value of U.S. controlled investment in Canada in 1977 was over $37 billion, whereas Canadian controlled investment in the United States amounted to $7 billion. While he was not in favour of the proposed new FIRA measures which would involve monitoring all foreign investment in the country, this delegate said there would be a public outcry in Canada if the present regulations were diminished.

A Congressman retorted that in his view FIRA regulations left would-be U.S. investors "uncertain and confused"; that they went far beyond the screening process; and that the high number of allowed applications did not include those applications which were not made or were withdrawn in face of a too-costly or too-time-consuming procedure. He urged Canadians not to prop up dying industries and gave the illustration of Massachusetts' textile factories which had moved to the sun belt but were now being supplanted, to Massachusetts' benefit, by an influx of highly skilled electronics industries. Several Canadian delegates raised the question of where textile, shoe or furniture plants or workers could go in Canada. Unlike the United States, there was no sun belt so there had to be some propping up. DREE assistance to Nova Scotia firms was given as an example. Another Canadian member pointed out that in terms of GATT concessions, Canada had already gone a long way and many Canadian industries were now calling for the sort of protection the proposed import policy was contemplating.

A Canadian delegate remarked that there were differing perceptions within Canada of the protectionist measures of FIRA, NEP and the proposed import policy, and internal discussions were currently going on. Certainly Western Canada was anti-protectionist and that region was going to become increasingly dominant as the centre of economic power was moving quickly westward. Further, anti-protectionist viewpoints were in evidence in a report of a committee of the Canadian Senate which had recommended free trade with the United States. This participant mentioned the recent modifications of the Bank Act in Canada which permitted the entry of foreign banks. He expressed the hope there would be no retaliatory U.S. moves to Canadian measures perceived as protectionist. This would only serve to nullify GATT and would have an enormous economic impact on Canada.

Another aspect of foreign direct investment in Canada was raised by a Canadian participant who described the move to global product mandating. In the post-GATT trading environment, small foreign-owned subsidiaries, originally established behind high tariff walls to produce for the Canadian domestic market, could no longer compete efficiently with lower cost imports. Current economic conditions called for cross-border plant rationalization by the U.S. multinationals, giving the subsidiary sole rights to specialize in a product from the R & D stage right through its marketing on world markets. As a recent study and existing examples have shown, such mandating results in longer, efficient, lower-cost production runs and benefits the U.S. multinational as well as the Canadian subsidiary.

U.S. delegates concluded the discussions on this topic on a strong free trade, non-interventionist note by commenting that measures and barriers such as Canada was using would only lead to more inflation and a lower standard of living. One Congressman referred to certain South American countries which had distorted their economies by propping up everything. Several Americans remarked that they had found it interesting that there was a strong emotional commitment by all the Canadian delegates on the Committee to the principle of equalization, of support for the less well-off regions of the country and of the necessity for some degree of governmental intervention.

The tax treaty and border broadcasting issues

A U.S. Senator reported to the Committee that just prior to his departure from Washington, Senator Percy, the Chairman of the Senate Foreign Relations Committee had spoken to him concerning the Canada-U.S. tax treaty which required Senate approval for ratification. Senator Percy said he intended to bring the treaty before the Committee as soon as possible after the recess. A Congressman added that as the Administration was very anxious to have it passed, he foresaw no difficulties. A Canadian member of the Committee outlined the objectives of the treaty and the Canadian side expressed its approval of the U.S. intentions to expedite the matter in Congress.

A brief discussion on border broadcasting issues was opened by a Canadian participant who reviewed briefly the problems for Canada. He drew attention to the disproportionate size of the markets and the revenues generated on either side of the border. He expressed Canada's satisfaction that the earlier linkage of this issue with the deduction of convention expenses was no longer an irritant due to passage of U.S. legislation. He noted the powerful border broadcasting lobby in the United States which is not only seeking "mirror" legislation to prevent U.S. advertisers from making use of Canadian border TV stations to beam messages back to large U.S. border cities, but may seek to link their complaint to trade sanctions in other fields as well. While Canada could not legitimately complain of the "mirror" legislation, the spokesman urged that linkage should not extend to other areas. U.S. participants commented that the broadcasters were indeed a powerful and persistent lobby group and they tended to try to link issues. The "mirror" legislation might be the easiest way to "get the issue off the table", delegates concluded.

Exporter co-operation in grain sales

To a certain extent, discussions under this topic were a continuation of a one-day meeting on grain marketing held in Ottawa in July 1980 between delegations from the U.S. Congress and the Canadian Parliament under the auspices of the Canada-United States Inter-parliamentary Group. The Halifax discussions covered not only the question of exporter co-operation—short and long-term-demand outlook, the increased costs of production, the role of reserves, and the development of export markets—but also involved a philosophical dialogue, mainly within one delegation, as to whether the agricultural sector should not face the same non-intervention, free market disciplines which were advocated for the manufacturing sector.

Opening the discussions, a U.S. Senator urged greater co-operation between Canada and the United States in grain sales even though the two countries had quite different marketing systems. In the face of rising production costs, measures should be taken to raise prices. He mentioned an expanded grain reserve program by Canada as a possible mechanism as well as greater co-operation in developing export markets. A second U.S. Senator agreed that Canada, Australia and Argentina should establish large reserve stocks and not leave the United States as the only major stock-holder. In making the case for higher grain prices, this delegate outlined the current high production costs for agricultural products. The farmer was faced with inflation on all sides resulting in large debt loads and serious cash flow problems. He was the largest user of energy. Fertilizer, fuel and machinery prices had all risen sharply. Yet the net return on his investment was pitifully low at about 3 per cent. The U.S. delegate said that the Canadian and American people needed to be re-educated away from the "cheap food policy" of the past. Whereas the U.S. deficit on oil imports used to be about equal to its surplus on agricultural exports, now the current $80 billion oil deficit was more than double the almost $40 billion agricultural trade surplus. This delegate said he had been against the USSR embargo and suggested that the loan rates to farmers should have been increased instead and everyone would have benefitted. New export markets should be developed. He supported the case for increased farm assistance by pointing to the large farm subsidies given by European governments which considered that their whole economy was the beneficiary. Moreover, both the Japanese and shipping ports such as Rotterdam were profiting from low-priced North American wheat by adding their own surcharges. Japan makes a profit of $21 a bushel on American wheat. The USSR, he maintained, was buying North American wheat at below the cost of production. There needed to be some price protection plans.

A Canadian delegate, speaking of the proposals made at the July 1980 meeting for a joint Canadian-American Wheat Export Co-ordinating Commission, reported that the responsible Canadian Minister was in general agreement with the thrust of the proposals which could become the basis for a working document. Of particular interest to Canada was the proposal for co-operation in developing markets and sharing the cost. Australia and Argentina would like to be included in any agreement reached, he said.

Speaking of the short-term outlook for prices this delegate predicted they could be somewhat depressed due to the likely build-up of stocks from the sizeable winter wheat sowings. It was particularly important for exporting countries to come to an agreement not to undercut each other's markets at such a time, he urged. This applied also to Argentina and Australia. However for the longer term, the demand outlook for the 1980s was very favourable and Canadian exports of $35 billion were predicted by 1985. A large grain sale was currently under negotiation with the Soviet Union.

It was at this point that proponents of non-intervention by governments in the workings of the market place challenged the arguments of those who were pressing for measures to bring about higher grain prices. One U.S. delegate, while acknowledging that an artificially cheap food policy was not good, asked why the free enterprise system should not work in

the agricultural sector. Suggestions to raise grain prices through controlling production or supply sounded like a cartel to him, he said. Further, he was nervous of subsidizing farm production and the effect it might have on entrepreneurship. Commenting on the rising farm production costs he questioned the requirement for the enormously costly but under-utilized farm machinery which added so much to production costs.

A U.S. Senator emphasized the importance of the agricultural sector to the U.S. economy. Over 65 percent of production is exported; the farmers with their utilization of farm machinery are major consumers of steel; for every billion tons of wheat exported, 50,000 jobs are created off the farm in other sectors of the economy. The U.S. farm employs few workers and requires a high degree of mechanization. Despite agriculture's central role and rising production costs, prices remain too low.

A Canadian delegate said that when costs go up but prices do not, farmers have only one alternative, that is to produce more. He noted that even though the agricultural segment of the population in the two countries was very small, there had been remarkable increases in efficiency and quantity of production. Another Canadian answering the earlier question of why the free market mechanism did not produce an adequate price level in agriculture said it was excess grain supplies on the margin ("slop-over supply" an American delegate called it) which created the price fluctuations. He noted that the United States had been increasing its share of the world market while Canada's share had been static—probably its own fault, he said. In respect to production controls, they were probably not suitable to the U.S. system. In Canada, however, some control already existed in that the Wheat Board could forward only that amount which it could sell. Production controls meant market sharing and this could bring forth surprising amounts of grain from unexpected sources. In such cases, how could the price be controlled, this delegate asked.

Specific trade problems

a) Canadian potato exports to the United States

This topic had been originally suggested for discussion by a delegate from Maine who was subsequently unable to attend. However a Canadian delegate from the area most concerned explained the problems involved and the Canadian viewpoint. In potato trade Canada suffered from a major disadvantage—the fact that the United States with an earlier crop enjoyed a seasonal advantage, given the consumer preference for 'new' potatoes. The Maine/New Brunswick border was a particularly 'tender' spot, along the border. The U.S. producers are complaining that after the U.S. tariff rate quota for table potatoes is filled, Canadian seed potatoes come in under the larger seed quota but are eaten as table potatoes. The Canadian delegate maintained that Canadian seed potatoes are of a superior grade to their U.S. counterparts. It was noted that, by 1987, under the terms of the GATT Tokyo Round, quotas on potatoes would be phased out and the tariffs of the two countries would be harmonized. The Canadian delegate pointed out that due to the later growing season, other fruit and vegetable crops in Canada are just coming to maturity as the U.S. producers are anxious to get rid of the last of their crop, often at reduced prices. For this reason a special seasonal fruit and vegetable tariff is required to protect Canadian growers.

b) U.P.S. (United Parcel Service)

An American delegate explained that this large private parcel delivery company is having serious difficulties in providing prompt service to Canadian consignees because of procedures in Canadian Customs clearance which can delay shipments for up to three days instead of allowing same-day service which the company would like to offer. The problem appears to stem from the Canadian Customs regulations which require that before shipments can be cleared, a Customs broker acting with a power of attorney from the importer must submit the required entry form. In contrast, Canadian parcels entering the United States are granted immediate release by U.S. Customs with the proviso that an entry form be submitted later within a specified time period. The Canadian regulations were severely constraining the company's Canadian operations, the U.S. delegate said.

In reply the Canadian spokesman predicted that if the U.P.S. were able to obtain the Customs release for shipments within one day, it would soon be carrying 8,000 shipments a day into Canada.

However, until new legislation is passed, the power of attorney requirement for the Customs broker cannot be changed. The draft legislation includes administrative relief in this respect but it has been delayed for other reasons including a controversial mail-opening issue, which will have to be settled first. If the Act passes, it will open the private parcel market up for air carriers as well. However, a lengthy Committee study of this legislation was predicted. The spokesman undertook to make inquiries on the situation and to report back to the concerned U.S. delegate.

A remark by an American delegate on the value of encouraging competition in order to improve the postal service led to a brief discussion of the two countries' postal services and how the often-unreliable and lengthy service could be corrected.

c) Cross-border cement trade

The inability of a large U.S. cement firm to compete with a low-priced Canadian competitor crossing the border into his State was raised by a border-state Congressman. Although he thought that dumping was probably not involved, he wondered what was causing this situation. A request had been made to the U.S. authorities to reinstate the tariff on cement, he said.

A Canadian spokesman said that as Canada had duty-free entry for cement, the Canadian industry was not operating behind a protective tariff wall. In the free trade situation it appeared that the exchange rate, favourable for Canadian

exports, was the important factor in the Canadian firm's ability to compete with the local U.S. firm. Delegates remarked on the degree of cross-border purchasing which exists both ways across the border. Currently the gas retail outlets on the Canadian side were doing a booming business but for years it has been the normal practice for Canadians to make shopping forays to nearby U.S. cities. Probably the Canadian cement company used U.S.-made trucks and perhaps the competing U.S. company should buy its rock for cement in Canada to increase its competitiveness, it was suggested.

d) Canadian surcharge on U.S. tomato imports

A U.S. delegate raised the issue of a new Canadian surcharge which was hitting Florida tomatoes and which would double the price to Canadians. This was a major trading barrier for U.S. growers. In reply a Canadian delegate said that the new charge, 15 percent up to 2½¢, was directed against Mexican tomatoes which were coming into Canada at extremely low prices and threatening to wipe out the Canadian hothouse tomato industry. The U.S. delegate said that U.S. growers too were threatened by the Mexican growers, but as a proponent of free trade he thought no country should support industries it cannot compete in, even food industries, although he recognized there was an emotional attachment here. Another Canadian spoke of the importance of protecting the Canadian fruit and vegetable industry. Already the tomato processing industry had been wiped out. Questioned as to whether he would agree to Taiwan wiping out the U.S. textile industry, the American delegate responded that it would mostly disappear with the United States retaining only the fibre industry. The Canadian side then asked whether the United States would let its shipbuilding industry decline, but U.S. participants admitted this was classed as a 'national security' industry. A Canadian member said this could apply to other products as well, even textiles if trouble with Taiwan developed. This delegate spoke of the social costs of not taking certain protective action.

Several members of the United States side reiterated their strong bias in favour of the free competitive workings of the market and the inadvisability of propping up weak industries. The American worker, they maintained, is not in favour of subsidizing the Chrysler worker at 2½ times his own salary, for example. They drew attention to the poor economic situation in the European Community which was constantly subsidizing inefficient industries and which was now running a huge trade deficit with the United States and other major Western trading nations.

COMMITTEE II—ENERGY

AGENDA

1. Impact of national energy programs
   (a) Impact of United States' deregulation policy on supply, pricing, coal conversion
   (b) Canada's proposed National Energy Program—policies on Canadianization and incentives; Canadian pricing policy for oil and gas
2. Bilateral energy co-operation
   (a) natural gas—prospects for additional Canadian supply and sales
   —Alaska Highway Gas Pipeline situation
   —LNG—future prospects
   (b) oil—transportation of Alaska oil
   (c) electricity questions
   (i) hydro
   (ii) nuclear
3. International oil question—IEA commitments, Persian Gulf supply; USSR and Eastern bloc position; North-South implications

Even though the agenda for Committee II was limited to energy questions, the time available was taken up fully with discussion of recent developments and bilateral problems in the energy field. There was insufficient time to consider international energy issues.

Impact of De-regulation in the United States

Noting that oil consumption in 1981 was running 7 per cent less than the previous year, and imports of oil were down by 20 per cent, United States speakers gave some credit to deregulation of oil prices and controls, including the advancing of the final stage by President Reagan on assuming office. The price of gasoline had gone up in January and February by 10 cents a gallon, but this increase represented in some part a reaction to reduced Iranian and Iraqi exports. However, with large inventories in the United States and abroad and demand remaining low, the market, in fact, caused some subsequent reduction in the price of gasoline in the spring. Inventories were continuing to grow and the Administration was also purchasing oil to add to the strategic reserve.

Then there was some difference of emphasis among United States participants with regard to future oil production. One delegate thought that within five years, the United States would no longer be vulnerable to OPEC action as a result of several developments: Mr. Anschutz's new discoveries in Wyoming in very deep new structures, good prospects in Alaska east of Prudhoe Bay and in states adjacent to Wyoming, and progress likely to be made in securing oil from oil shale. Other United States participants were more sceptical of the prospects for oil shale conversion, and one delegate doubted that production of synthetic fuels would exceed two million barrels a day by the year 2000, because of the very high costs involved.

While U.S. participants generally supported de-regulation, or as a minimum, were prepared to acquiesce in it, there was a feeling that future improvements in domestic oil production would to some degree affect factors other than price: more

drilling rigs available because of the Canadian National Energy Program; increased federal leasing of lands; the exemption from the windfall profits tax of synthetic fuels and of oil produced from new North Slope drilling; and some imaginative new drilling projects, a couple of which had produced encouraging results. In the field of synthetic conversion, the United States side acknowledged that there was a need for government-financed enticements, including direct federal investment.

On windfall profits, it was indicated that large United States oil companies had not been unhappy to see their profits limited. The multinationals had profitable distribution systems which were still bringing significant revenue. These were being amplified by the condemnation prices received for the takeover facilities abroad. As a result, there was no pressure from industry for relief from the windfall profits tax.

There was evidence of different party positions on the principle of de-regulation. A Democrat stated that a majority of his party remained opposed to decontrol. But he acknowledged that his party was on the defensive and there was no question of trying to turn the clock back. All U.S. participants were agreed that natural gas de-regulation would not be speeded up. Current plans called for that process to be completed by 1985, but the rate of inflation and prices cited in the authorizing legislation were being overtaken by events. As a result, Congress would, in due course, have to make a further determination in this matter. The Reagan Administration was unlikely to move to de-regulate faster until after the 1982 election, in part because the Democratic party retained the power in the House to block action, and in part because the Administration did not want to be vulnerable in the 1982 election to the charge that it was responsible for raising the price of natural gas. There was, in fact, no political pressure to act so as to raise the price of natural gas. Income from gas was currently not subject to the windfall profits tax, and the pipeline transmission companies shared the interest of the consumer in keeping prices down.

The prevailing view among U.S. participants was that the gas bubble which now existed in the United States was not easily explained, but had not been much affected by the movement toward de-regulation. Its existence was, in fact, exerting some downward pressure on the price of natural gas.

One United States participant expressed concern about the price impact of competitive bidding for offshore leases. Such leases were now costing industry $6 billion a year. These expenses were being treated as a budgeted item and would inevitably be reflected in the price of oil produced.

A Canadian participant expressed a personal worry about the lack of action by the Administration on programs to reduce United States dependence on foreign supply, in particular through the development of synthetic fuels. It was acknowledged from this perspective that Canada's success in developing oil sands and heavy oil deposits was superior to that of the United States.

Canada's National Energy Program

The Canadian spokesman asked the U.S. participants to take account of several special factors relating to energy policy:

(a) Canada faces a revenue-sharing problem, since almost all hydrocabon production is concentrated in one province and the province's own natural resources. Under the revenue-sharing arrangement which has prevailed in recent years, Alberta gains 45 per cent of the price of a barrel of oil, while the federal government receives only 10 per cent. If the price were raised without a new agreement on revenue sharing, the discrepancy would be further magnified.

(b) About 70 per cent of oil and gas production in Canada is controlled by foreign-owned companies. Energy is the dynamic sector of the economy and most likely to grow.

(c) Canada is in the overall a net exporter of energy.

(d) Alberta's production of converted oil was declining and might fall to 100,000 barrels a day by the year 2,000, and perhaps earlier.

Alberta and the federal government had failed to reach a new agreement on oil prices. This stand-off had tragic consequences, with the federal government forced to import more oil to compensate for production cut-backs by Alberta and with major oil sands and heavy oil projects delayed. As a result, Canada was actually losing ground in the effort to achieve self-sufficiency in oil production. In spite of some encouraging prospects, frontier oil from the North or from off the East Coast was unlikely before the end of the decade.

Nor was it possible to hold out early hope for a resolution of the pricing dispute with Alberta. Alberta believed that the OPEC price represented a true world price and considered that it had already subsidized Canadian consumers in the amount of some thirty billion dollars. Moreover, Ontario would derive more revenue from its new oil tax from a gallon of gasoline sold at the pump than Alberta did. Although Alberta had been ready to accept 75 per cent of the world price in the last negotiations, the government claimed it was no longer bound by its offer. Much would depend on the outcome of provincial court challenges to some new taxes levied in the federal budget last autumn.

Several Canadian speakers asked the U.S. participants to think how they would feel if the level of foreign ownership in the United States was as high as it was in Canada. Canada was not opposed to foreign ownership in other areas; it has just opened the banking system to foreign competition and FIRA approved most applications by foreign firms. But the government considered it important to set a target of 50 per cent foreign control in the oil and gas industry by 1990, and had adopted some specific programs to promote this objective.

U.S. speakers did show understanding of the underlying Canadian concern and acknowledged that there was increasing worry in the United States regarding acquisitions by certain foreign nationals. However, they were also worried about the

general thrust of Canadian policy, fearing that it could lead to pressure for reciprocal action in the United States. In the case of the Mineral Leasing Act of 1920, the conditions for reciprocal treatment were already spelled out in law. More serious, however, was the risk of pressure for minor legislation in other areas in this broad field, and in other areas ranging from real estate development through new mining ventures to fisheries regulations.

The basic Canadian argument regarding ownership was challenged by one Canadian participant, who claimed that ownership was of little importance in an industry which was totally regulated in Canada and where the rate of return to some foreign-owned companies had been very low. Other Canadians reacted by warning U.S. participants that the policy of Canadianization had strong support in most regions of the country, and noted as evidence for this opinion that the expressed intent of the Clark Conservative government to sell off Petro-Canada had cost numerous votes in the 1980 election.

A United States spokesman reviewed the U.S. objections to the National Energy Program in familiar terms, objecting to the violation of the OECD declaration on national treatment, the maintenance of an unfair competitive advantage through the artificially low price of oil and the actual retreat from the Summit commitment to seek maximum self-sufficiency.

Specifically in terms of policies under the National Energy Program, the principal U.S. objection was to the provision for a back-in by Petro-Canada to successful discoveries in the Canada lands. While it was appreciated that the principle of compensation had been accepted by the Canadian government in its recent amendments, objections were raised, first, that the federal government had no obligation to share the cost of unsuccessful exploration, secondly that the right to back-in remained retroactive, and thirdly, that the federal government might in cases of significant discovery acquire a large equity interest for modest compensation.

By contrast, the issue relating tax incentives to the extent of Canadian ownership did not arouse nearly as much objection. The principal complaint was that earlier discoveries under incentive programs introduced in the mid-1970's to encourage drilling in Canada might now be subject retroactively to a federal back-in, on terms different from those accepted when the exploration program was initiated.

Discussion of provisions relating to the purchase of goods and services, as clarified in the Minister's statement of May 14, was opened by a Canadian participant. He pointed out that all parties were agreed on regulation to ensure that Canadian manufacturers and suppliers had a fair competitive opportunity to bid, especially in areas which would require new technology to cope with northern conditions and ice-infested waters. The U.S. participants seemed to be satisfied that the Minister's clarification will not exclude them or place them at a disadvantage in this important $450,000,000 market in Canada.

U.S. participants listened carefully to Canadian accounts of special features affecting policy development in Canada. They did not raise objections to the Petro-Canada acquisition of Petrofina. They did, however, warn Canadians that they expected U.S. companies would be more careful about investing in Canada in future. And they encouraged the Canadian authorities to move cautiously to avoid generating pressures for reciprocal action by the United States.

Natural Gas and LNG

A Canadian spokesman reported that the supply situation in Canada with regard to natural gas would be clarified when the National Energy Board completed its current review. The expectation was for an exportable surplus to remain for one or two decades, and there were several applications for export permits pending. When frontier oil and gas was connected to the distribution system, Canada might agree to longer-term contracts than it now did.

Price was discussed. It was noted that applying the BTU equivalent for oil would lead to a price of about $6 a thousand cubic feet for natural gas, whereas the current price was $4.94. Even at this price, demand in the United States fell to 50 per cent of permitted volumes in 1980, and had risen only to 70 per cent in 1981. In future, the preferred market for Canadian gas was likely to be the mid-Western states and perhaps the north-Eastern states. There were complaints by some United States participants that Canada should charge the cost of production for natural gas, but other American participants asked why Canada should subsidize U.S. consumers.

In a discussion on the export price of gas, U.S. participants were surprised to learn that the U.S. side was resisting efforts by Canada to vary the price charged according to demand in regional markets in the United States. It was agreed to seek more information on this situation.

An American participant wondered whether the gas bubble in the United States was slowing down the conversion of power companies to coal. He commented that the volume and availability of Canadian gas would also influence the debate on coal conversion.

A Canadian spokesman described briefly the principal projects for moving northern natural gas by reinforced tankers or barges to southern markets. The most advanced proposal involved moving liquefied natural gas (LNG) down the east coast of Canada by ship. Although one or two ports in Eastern Canada were being considered for overland transmission by pipeline to Canadian markets and on to the United States, the alternative of shipping LNG to Western Europe was also being considered.

The United States had negotiated a right of first refusal on any northern LNG available from this project which was available for export. It was acknowledged that the price for

this gas would be high (a price of $7.00 a thousand cubic feet was mentioned), and if sold in the United States, the price would have to be blended with domestic supplies. A U.S. participant thought that it would be in the interest of the West to see this LNG shipped to Europe, since it would help to reduce Europe's dependence on OPEC oil.

In the brief discussion of a more remote project for shipping Canadian northern LNG to Japan, it was noted that the United States might also be receiving LNG from Indonesia. Rather than paying the cost of LNG tankers travelling both ways across the Pacific, it was suggested that the alternative of Indonesian LNG going to Japan and Canadian LNG going to the Western United States should be examined.

Alaska Highway Gas Pipeline

A United States spokesman reported on the agreement reached among concerned companies on a package of proposals for the Alaska portion of the pipeline. A total of $30 billion needs to be raised, $21 billion for the pipeline, $6 billion for the conditioning plant and $3 billion as a contingency pool. $7.5 billion is in the form of equity and already committed, 30 per cent by the producing companies and 70 per cent by the transmitting companies. The pipeline should carry sufficient gas to displace 400,000 barrels of oil daily and could be in operation by 1986. All prices have been calculated in terms of 1986 dollars, with the gas to be delivered at a cost of between $11 and $13 a thousand cubic feet to the "lower 48". This price would be higher than conventional gas and would have to be rolled in.

The success of the proposal would depend initially on the response of the financial community. The proposal assumed a number of legislative waivers from requirements of U.S. federal law. While the spokesman expected some grumbling from the financial community and possibly an attempt to secure a federal financial guarantee which would not be forthcoming, he expected the first funds to fall in line by the early autumn. The critical threshold was the first $5 billion.

Several waivers were required and they would probably be presented jointly to the Congress by the President. They included permitting (1) the producing companies to own equity in the pipeline, and (2) recovery of the cost of gas conditioning from the consumer. While U.S. participants anticipated resistance in the Congress to these waivers, they expected to secure Congressional approval. The principal argument would be that the Prudhoe Bay gas pool represented a unique situation because of the distance from the market, and the fact that the pipeline was not a common carrier in the conventional sense of the word. Opponents could not delay Congressional consideration. However, such consideration would not begin until the financial community had found the necessary funds.

A question was asked regarding the reluctance of the provincial government of British Columbia to give a formal undertaking not to tax the construction of the pipeline. Canadian participants acknowledged the problem but assured the Americans that the federal government would do whatever was necessary to protect the pipeline from B.C. action should this be necessary.

Canadian participants wondered, in the event of an earlier completion and certification of the Canadian section of the line, whether payment to investors would begin before the gas started to flow. United States participants observed that this would require legislation, and implied that this would not be forthcoming. The possibility of pre-delivery of Alberta gas in this case was raised, paid for through subsequent swapping of Alaskan gas. While the idea was not rejected, past difficulties were referred to.

The U.S. Senators on the Committee reported that they had interceded with the White House, following the election of President Reagan, to argue for an exception to be made and for the Federal Inspector, Jack Rhett, to be retained in office. They thought that Mr. Rhett would remain in office until final approval and the beginning of construction. At that stage, they suggested that different skills would be required and that perhaps more than one person might be appointed in Mr. Rhett's place.

Transportation of Alaskan Oil

A Canadian participant summarized the current state of play in regard to the application of the two major contenders for shipping the residual Alaska oil which is now being transshipped across Panama to the Gulf of Mexico at some additional cost. While recognizing that the Northern Tier application was on a "fast track" as a result of President Carter's approval and therefore in a priority position, he wondered whether it was the best choice for the United States. The Northern Tier pipeline would require, in addition to the Alaskan surplus, some 500,000 barrels per day of imported oil from overseas, in order to be viable. From this perspective the Transmountain proposal looked more suitable since it was much less costly and required only about 300,000 barrels per day, which was approximately the current surplus of Alaska oil. From Canada's perspective, there was an additional environmental benefit, in that the pipeline would follow the shoreline of Puget Sound and could pick up the four U.S. Puget Sound refineries, reducing tanker traffic in those sensitive waters.

United States participants questioned this analysis. They were all agreed that, should the state of Washington approve the Northern Tier application, that pipeline would probably be built. They acknowledged the cogency of the Transmountain case, but pointed to the political power of the landlocked northern tier refineries, some of which are owned by farmer-owned co-operatives. To Canadian comments that adequate arrangements have been made to supply these refineries, they replied that the refineries are seeking diversified sources, and

could only be reassured with feedstock guaranteed even in times of international shortage. Canadian participants pointed out in rebuttal that, should international developments cause some curtailment of offshore shipments, the land-locked refineries would be no less vulnerable if they were being supplied through the Northern Tier line than under the present swap arrangements.

The U.S. participants recognized that should the Northern Tier pipeline be built, the through-put would exceed the needs of the landlocked great plains refineries. They assumed that, in consequence, the Northern Tier pipeline might be extended as far east as Minneapolis.

The general impression conveyed by the U.S. side was that the political pressures generated by the Northern Tier promoters, supplemented by manufacturers of pipe and by the northern tier refineries, were such that the Northern Tier pipeline would be built, in spite of the excessive volume of oil which it would deliver and need and the higher cost involved. Only if supply from Canada could, in some way, be assured might this pressure be contained.

Electricity Exchanges

A United States participant from a region which buys substantial quantities of electricity from Canada voiced concern that the price is not calculated on the basis of the cost of production. A Canadian spokesman explained the criteria established by the National Energy Board for establishing price. Other Americans argued that from the United States perspective, the major problem is the lack of an assured price over time to permit long-term planning by U.S. utilities.

A Canadian participant claimed that it was in the national interest to export energy which was available in good supply. There was, in fact, competition among Canadian utilities for the U.S. market. He noted that British Columbia would soon have a source of cheap power in the form of a large volume of poor-quality coal which would have to be removed to expose fording coal for export to Japan and which could only be burned economically *in situ*.

There was some discussion over the benefit to Canada and the United States of building nuclear plants in Canada near the border with production dedicated to the United States. A Canadian advocate of this approach suggested that it might be necessary to provide assurances of an uninterrupted supply and a predictable price through a treaty between the two countries. Another Canadian participant strongly questioned whether Canadian provinces would accept federal involvement in this area of provincial jurisdiction. For his part, he was satisfied that competition among provincial utilities would assure U.S. purchasers a reliable supply.

International Energy Questions

There was no time to discuss issues under this topic.

COMMITTEE III—ENVIRONMENT AND FISHERIES

AGENDA

1. East coast fisheries and boundary issues
2. Water quality and toxic waste problems
   (a) Great Lakes water pollution clean-up programs
   (b) Toxic waste in the Niagara River including the Love Canal
   (c) Problems facing authorities in the regulation and control of dumping sites for toxic wastes; transborder disposal siting questions
3. Air quality
   (a) Impact of coal combustion on transboundary air pollution, especially acid rain
   (b) Negotiation of a bilateral air quality agreement
4. Transborder environmental issues
   (a) Garrison Diversion Unit
   (b) Eastport Oil Refinery
   (c) Poplar River
   (d) Skagit Valley
   (e) The closing of border crossing points—Quetico Park
5. Prospects for the Law of the Sea Treaty.

East Coast boundaries and fisheries

The Canadian side opened the discussion by reviewing in capsule form the years of negotiation leading to an agreement with the Carter Administration on East Coast boundaries and fisheries, the sending of the Treaty to the Senate for ratification, the failure of the Senate to ratify. Note was made of the decision of the Reagan Administration to withdraw the Treaty from Senate consideration, in order to pursue the matter as two separate questions: (1) boundaries, which would be referred to a third party; and (2) management of fish stocks. The U.S. delegation was informed that Canada had yet to decide upon its reaction to the idea of third party arbitration, but that a decision would be forthcoming in two to four weeks.

The Canadian side drew attention to the fact that the interim fisheries management arrangement had ceased to be applied over the whole range of stocks for the past two seasons, entailing some danger to the fishery. The Canadian position was stated as being that, with the failure of the United States to ratify the Treaty, there was no point in continuing management on one side if there was no management on the other—since the fish do not respect international boundaries.

The Canadian delegation asserted that the Agreement was well balanced and that both sides lost and gained. Canadian fishermen were circumscribed in their exploitation of scallops, squid, groundfish and lobster. It took considerable effort to persuade Canadian fishermen to accept these restrictions in

return for a better managed fishery and, ultimately, higher yields. The failure of the United States to ratify the Treaty had meant that the offsetting benefits promised Canadian fishermen do not apply, resulting in great disappointment and massive frustration. It seems a shame, the spokesperson argued, to compromise the long-term viability of the entire fishery and to jeopardize the good relations between the two countries for the sake, in reality of one scallop bed (presently located off Flemish Cap). Scallop beds move, and scallops are even now being over-fished.

The U.S. spokesperson, in reply, expressed the great concern of American fishermen that the Canadians had received "too good a deal". The position of the United States government is that the boundary issue should first be settled because management issues are subordinate to boundary concerns. The United States believes that we should first learn in which countries fishing zone resources are located before deciding on how they should be managed. The spokesperson noted, with respect to who gained and who lost, that the U.S. fishermen would be forced to reduce their scallop take by 35 percent while Canada only suffered a 17 percent reduction, and that Canada could receive up to 73 percent of the scallop take on Georges Bank and never less than 50 percent. This, in the spokesperson's words, represents simply "too great a concession".

Nonetheless, the U.S. side indicated that they share with Canadians disappointment at the collapse of the agreement, and expressed the view that the best way to get back on track was to pursue the Reagan Administration's approach of first settling the boundary issues, while at the same time undertaking discussions with a view to developing an interim management arrangement. The spokesperson noted that the United States had adopted a number of steps to indicate their good intent, in a concrete fashion, such as instructing the U.S. Coast Guard not to enforce the 200-mile limit in disputed territory. The spokesperson concluded by saying: "Our fishermen feel, as yours do, that too much was given to the other side".

The Canadian side, in reply, disputed the statistics cited in the United States opening statement. It was claimed that Canadian fishermen historically accounted for 90 percent of the scallop take, and the Treaty reduced this to a maximum of 73 percent. It was also claimed that the Treaty reduced the historical percentage of the groundfish take accessible to Canadians. It was important, said a Canadian speaker, to decide whether the valid starting point for a statistical base should be founded on the last five years (when over-fishing had become a problem), or on the patterns established over the last 100 years.

In scallops, the U.S. catch had recently moved from 10 percent of the total, to 50 percent, while at the same time Canadian fishermen had become heavily regulated by their own government as to the size of the take. It was noted that licences are extremely hard to come by in Canada.

The Americans asked what the Canadians considered to be the maximum sustainable yield, and asked if both nations agreed on statistics with respect to maximum sustainable yield and share of take for scallops, haddock, halibut, redfish and other species.

The Canadian side replied that there probably was not complete agreement on statistics respecting share of take because each country was operating from a different set of premises with Canada looking at a different and longer time frame than the United States. As to the sustainable yield, the Canadian delegation did not have the figures on hand, but said they are available. The point, the Canadian side said, was that Canada had established quotas, and that the quotas accorded with both ICNAF and NAFO international quotas—quotas which, it was asserted, the United States is not respecting. While Canada enforces restrictions on her own fishermen, the U.S. effort has been growing, for the reason that the price has increased four to five-fold over the past 15 years, a Canadian speaker said. There is now some evidence that the stocks are decreasing.

A member of the American delegation confirmed that the period of time on which the statistics relating to the catch are based was in dispute, with Canada insisting on an historical base while the United States emphasized recent developments, and that there was danger that the sustainable yield concept would be lost by virtue of this argument. The question of the scallop fisheries, the Americans said, was the key. U.S. fishermen claim, the spokesperson said, that Canada subsidizes its scallop fishermen; has illegally imposed laws on U.S. territory, and that Canadian fishermen have moved into areas they have never before fished.

The Canadian side flatly denied that Canadian fishermen have moved into new areas, while admitting that there were subsidies of a sort to Canadian fishermen. A Canadian speaker noted that subsidies are simply a reflection of the fact that the fishery is much more important to Canada's GNP than it is to the United States'. Fifteen to twenty percent of the gross provincial product of Nova Scotia and New Brunswick, for example, is fisheries-related it was argued. With respect to Canada enforcing its laws on U.S. territory, the Canadian side noted that the boundaries were in dispute. However, the area in dispute was fairly limited, and was related to Georges Bank. Canada has preferred to attempt to manage the resources, dispute notwithstanding, in the belief, that since scallop beds move, location is less important than the idea of the total catch and the percentage of that catch allocated to the fishermen of each nation. Despite the disadvantages, Canada has preferred to manage a resource "that dies periodically", and has actually reduced its scallop fleet on Georges Bank.

The Canadian side re-emphasized that Canadian fishermen had lost in the area of herring fishery; that Canadian fishermen had previously been commissioned by the United States to supply the U.S. herring industry, and would have lost that right, as well as others, under the Treaty; that Canada has

given up some rights on squid, reduced its lobster catch and given up rights to some other stocks. Despite the demise of the Treaty permitting Canada to claim higher stocks, Canada continues to manage the fishery, a speaker said. Nonetheless, it was noted, the Canadian government is experiencing increasing pressure from East Coast fishermen who, seeing U.S. counterparts increasing their efforts, are becoming increasingly restive under Canadian quota restrictions. They are asking why they should be restricted in their take if U.S. fishermen are not.

A Canadian delegate from the West Coast suggested that the failure to ratify the Treaty could have a terribly adverse affect on the prospects for a treaty on the West Coast. Canadian fishermen there, he said, are frightened of getting into a process wherein Canada would make concessions only to have the United States abrogate the agreement. For example, Canada is already moving out of the West Coast halibut fishery. In light of the East Coast experience, can our negotiators now persuade Canadian fishermen to maintain that consideration and contemplate others, he asked.

The speaker also noted that if it took too long to reach agreements on both coasts, there would be nothing left for anyone to fish.

The U.S. side asked if there were any prospects of negotiating an interim management agreement while the boundary issue was being settled. The Canadians said that it would probably be wise, but there was no longer any assurance that Canadian fishermen could be persuaded to want one.

Another Canadian delegate suggested that focussing on the boundary issue could ultimately produce a fish war and that the management approach avoided boundary questions.

In an exchange on the boundary question itself, the Canadian side said Canada advocated an equidistant line, but in that regard the starting point for the line was in dispute. Is Machias Island Canadian or American? On the other hand, the Canadian side claimed the United States was arguing that boundaries should follow value, and suggested that Senator Pell's plan involved a zigzag line which took into account a single scallop bed.

The Canadian side warned that if the boundary agreement was settled prior to the management issues, and that if Canada won the boundary decision, there could be a reduced chance of the United States gaining concessions on the management side. A Canadian delegate said that the current situation had "dismayed" Canadians, and that Canadians have re-learned "something we knew but forgot—your (U.S.) system gives you two bites at the apple. This has resulted in some bitterness, and if we (Canada) have to re-negotiate, we are now re-educated and will quite likely adopt a different approach", he concluded.

The Garrison Diversion

The Canadian side represented the Garrison diversion as being a project for providing additional water for use in irrigation in North Dakota through the transfer of water from the Missouri system into the Hudson Bay watershed. Canadian concern about the scheme, it was explained, centred on the possibility of the transfer of foreign biota into Canadian waters with potential dangers to native species and consequential damage to the freshwater fishery in Canada.

Reference was made to the ruling of the U.S. Federal District Court on May 6 (Audubon Society vs. Department of the Interior) that no construction could proceed on the Garrison project until a new environmental impact statement had been prepared and Congress had re-authorized the plan. The Canadian side suggested that the decision seemed to leave the project in limbo and asked the American side for its impressions of the significance of the court decision.

In concluding the initial statement, the Canadian spokesperson emphasized that Canada had no objection to North Dakota making provision for irrigation and other demands on water supply so long as plans did not affect the Hudson's Bay watershed. It was noted that suggestions had been advanced for modifications to the project, such as scaling it down, which would accomplish this purpose and the hope was expressed that the suggestions could be pursued.

The American side drew to the attention of the Committee that the Governor of North Dakota and the Premier of Manitoba were meeting to attempt to achieve some resolution of the problem.

The May 6 court decision was classified by the American speaker as "a piece of nonsense". The implications of the decision were that every major project undertaken by the United States would have to be re-examined by each succeeding Congress—a patently unworkable prospect. Confidence was expressed that the decision would be reversed on appeal.

The problem, from the perspective of the American side, was that discussions were not taking place in a reasonable and calm atmosphere. Canadians, it was claimed, had been misguided by misinformation supplied by "professional troublemakers" and U.S. interests opposed to the project. Garrison is not just an irrigation project. There are four or five cities in North Dakota which simply cannot survive without it. Some cities in North Dakota are now having to consider using tertiary sewage output as water supply. Future industrial growth is dependent upon improvements. The two major reasons for the project are, the spokesperson said:

1) to overcome chronic water supply shortages for both agricultural areas and cities; and

2) to improve water fowl stocks.

The project tends to be described largely in terms of its irrigation aspects because idiosyncracies in U.S. legislation

governing the funding of the project make it necessary to talk in such terms. All of these considerations have been obscured by "a well-oiled propaganda machine".

The American spokesperson went on to say that the water to be used in the Garrison project comes from the Rocky Mountain trout streams of Montana and that it is better water than is now to be found in the Souris and the Red. As for biota transfer between the two systems, it has been going on for millenia, occurring "every time a duck moves".

The State of North Dakota, it was advanced, was also, at one time, worried about the implications of the project. The result was that the State began funding studies of the implications, setting up test areas, and now has the benefit of twenty-five years accumulated research and experience. The result is that the State is convinced that there will be no harmful side effects—a conclusion which the technical report of the I.J.C. supports, the speaker said.

Moreover, the U.S. side went on, the next stage of the project will not involve transfer of water into the Hudson's Bay watershed. Any irrigation will drain back into the Missouri system. The plan provides for a period of three to four years before the final stage of the project, which would drain into the Red and Souris, gets under way during which time Canadians and Americans can examine the results of the completed portions of the project. If there are no problems the project can then carry on to completion. There are eight or nine years grace before the Hudson's Bay watershed is affected. "Remember", the spokesperson said, "this water is to supply our own cities. Why would we poison our own people? Remember also that the Souris flows through the United States".

Concluding, the spokesperson said that at this point the United States only wished to proceed with those parts of the project where the return flow would stay in the United States but that in candour the most important part of the project was that which involved use of the Hudson's Bay watershed. Canadians are protected in that event by an international treaty of 1909 which prohibits the degradation of water quality to a point where it may be injurious when it flows across borders.

In reply, the Canadian side reiterated that it was hoped that the benefits of the project could be derived in significant measure without the implication of Canadian waters. Fears were expressed that so much money had already been spent on Garrison and so much projected that if it advanced any further towards completion it would become impossible to stop even if there were adverse findings. It would become "a self-fulfilling prophecy".

The American side stated that the cost benefit ratio for the project was very good and invited Canadian experts to study the effects of the Oaks area (the next stage) over the next four or five years and to examine existing reservoirs—"inspect them for dread disease". It was acknowledged that "propaganda" had convinced a majority of Manitobans that there would be deterioration of water quality and asserted that it was a "good faith effort" on the part of the United States to build the project in sections—concentrating first on those which would drain back into the United States—and to invite Canadians to inspect the results. Confidence was expressed that examination would show that no problem existed. Important measures (such as installing fish screens and providing for sand filtration and sewage treatment) have been adopted to mitigate any possible adverse effects, the spokesperson said. It was further noted that irrigation is not an irreversible process. It can be stopped if it is causing harm.

The Canadian side pressed for a response to the question: "If Canada does conduct studies and determines there is a problem, will the U.S. stop the project?" The U.S. side responded that the question was hypothetical; that they were convinced that studies would not reach such conclusions but that in such an unlikely event, yes, the United States would stop. After all, a twenty million acre project, about one-third of the total project, would be better than nothing.

Water Quality and Toxic Waste Problems

The Canadian spokesperson in introducing the subject expressed an intention to avoid focussing on specifics and, rather, to concentrate and advancing the principle that the introduction of new chemicals, materials and new processes should not be permitted until an acceptable means of disposing of their consequences had been demonstrated to be available.

The American respondant said that in this he and the Canadian speaker were "spiritually one" and that it was a splendid way to begin the discussion. The purpose of the Great Lakes Water Quality Agreement was that of finding common ground. The questions are: "how?" and "what are we doing?". The history of the attempt to control phosphate pollution was reviewed in the course of which the American side noted that there was a divergence of opinion over each nation's share of acceptable phosphate loading, with Canadians claiming the split should be 50-50 and the Americans 85-15 because 50-50 implies markedly higher expenditures for the United States. The U.S. side conceded that Canada was doing a better job of complying with the terms of the Water Quality Agreement than was the United States with 89% of Canadian municipalities now in compliance and only 63% of those in the United States.

The Canadian side defended the Canadian position by pointing out that Canada possessed an equal amount of shoreline and that the adverse effects of pollution were not proportional to population distributions.

A discussion of United States' intentions ensued. The U.S. side pointed to the continuing existence of the "superfund" with $78 million available for 1981 and $200 million for 1982 (down $50 million from the Carter Administration's proposals). Beyond this, the U.S. side said there was no clear

knowledge of the implications of the budget-cutting exercise for the superfund. In illustration it was observed that funds to be devoted to environmental matters generally would be reduced, it appeared, although increased amounts would be devoted to controlling acid rain. Depending upon circumstances, funding available for sewage clean-up could be $2.4 billion or nothing.

In a general exchange respecting where emphasis should be placed in the future, delegates from both sides advanced ideas without firm positions being adopted or conclusions reached. Three distinct problem areas were identified:

1) cleaning up the backlog of accumulated pollutants

2) reducing current pollution

3) anticipating and avoiding future additions.

During the exchange reference was made to the Love Canal situation. The U.S. informed Canadians that total costs for the clean-up were variously estimated at between $12 and $40 billion with industry being assessed about $300 million of the total. One bit of good, it was suggested, had been a product of the tragic situation in that it provided the catalyst for taking the first step in resolving the problem of Federal-State co-operation in such activities.

The Canadian side pointed out that Love Canal had demonstrated the need for the provision of proper and safe dumping sites, transportation for toxic wastes, and means of disposal—but that no one wanted a dump site for toxic wastes, however safe, located near them. U.S. delegates confirmed that experience in the United States was similar and that the average American "doesn't understand the problem, doesn't believe in the need and certainly doesn't want to be anywhere near one (dump site)".

There was general agreement that more media exposure of the issues was required in order to provoke and permit governments to allocate the resources necessary to resolve this set of problems.

Acid Rain

The spokesman for the Canadian side defined acid rain as being caused by emissions of sulphur dioxide and oxides of nitrogen which are released into the atmosphere, chiefly by thermal generating plants and smelters, but also by vehicles and other sources. The chemicals go far aloft, undergo chemical changes and come down hundreds or thousands of miles away in the form of sulphate or nitrate, both of which are highly acidic. (Ironically, earlier efforts to clean up the local consequences of industrial emissions by building higher stacks, it was later discovered, exacerbated the problems of acid rain.) Falling in areas such as the Canadian Shield which are not naturally buffered against the effects of acid, the cumulative effects are devastating, the speaker said. Hundreds of Canadian lakes are now demonstrably "dead". In the neighbourhood of 40,000 more stand in risk of dying. In addition, there has been a 3 to 4 per cent reduction of forest growth. As ten per cent of the Canadian labour force is employed in forest related industries, this single factor provides adequate cause for concern, he added.

The Canadian side indicated its awareness that revisions to the U.S. Clean Air Act were under consideration and expressed no intention to make suggestions as to its ideal form and content beyond saying that it should ensure no adverse impacts on Canada.

That Canada has been making substantial contributions to its own problems was readily admitted. However, it was noted, Canada has already introduced several reform measures. Among them are:

1) The recent amendment of the Clean Air Act by unanimous vote in both the Senate and the House of Commons to ensure that the authority exists to deal with the problem;

2) The single largest emitter of sulphur dioxide, the INCO smelter in Sudbury, has been served with a non-appealable Ontario government order which will result in significant reduction in emissions;

3) Ontario Hydro will reduce emission, notwithstanding increased generation of electricity, by over 40% by 1990;

4) Plans for converting oil generating plants to coal in Eastern Canada are predicated on a firm policy decision that these conversions will be carried out in such a way that there will be no increase in pollution.

The Canadian spokesperson urged that the United States take more action to control emissions from old plants. New plants seemed to be fairly satisfactory. He noted that in the absence of effective action in the United States, "Canadian forests, tourism and fisheries will, effectively, be subsidizing the production of U.S. electricity". Canada was very pleased, he added, that President Reagan had said in Parliament and before the members of both Houses that he would live up to his obligations. Parliament, the spokesperson said, "will hold the President to this promise".

In opening, the American spokesperson quoted at length from the transcript of a hearing at which, he said in summary, U.S. electrical companies had admitted the problem but not the causes. The companies claimed it would take eight to twelve years to definitively determine the cause of lake acidification.

Use was made of the transcript, he said, because it was important for Canadians to understand the issue as it is being presented to Americans. The American delegate identified himself as an environmentalist, although he represented a state not generally considered to be overly sympathetic to environmental concerns. He had written to Secretary of State Haig in order to ascertain what steps would be taken pursuant to the memorandum of intent. While no reply had been received, it

did seem likely that the United States would be slightly behind schedule in some parts of the study and negotiations. He indicated uncertainty about the vigour with which the U.S. Administration would pursue its undertakings.

A Canadian delegate expressed concern about the prospect of electrical plants being converted to coal under less stringent emissions requirements, and that equipment such as scrubbers would not form part of the conversion plans.

The American spokesperson replied by noting that even in oil-fired plants there were significant SO_2 emissions, and that the economic consequences of not employing high sulphur coal would be disastrous for the Eastern U.S.A. He claimed that there was "a loophole" in U.S. legislation through which the electrical companies were moving by rebuilding old plants which entailed less stringent environmental protection measures than did building new ones.

A second American delegate confirmed "the bleak outlook" for the United States doing more "with a sense of shame" and attempted to explain why this should be the case. He cited several reasons:

1) The "due process clause" prevented the U.S. government from forcing retrofitting—this being the loophole to which the previous American speaker had referred.

2) The attitude of industry is that they do not want the costs of a risk-free society imposed on them, and that a cause and effect relationship had not been proved. (At this point, he drew a slightly sardonic analogy to the tobacco industry's response to evidence that smoking and cancer are related.)

3) The United States is experiencing "tough times" economically;

4) The Reagan administration is committed to giving more responsibility to local authorities, even though the Swedish situation offered conclusive evidence that acid rain is a transborder problem.

5) Localism and the divergent interests of the Mid-west and North-east make the problem more intractable.

6) The U.S. is experiencing "the wrenching process of taking apart, brick by brick, the social structure built since 1932" and, in consequence, is having difficulty in focussing public opinion on other issues.

7) The present Congress is the most conservative since the New Deal. It is very locally oriented. The interest of the U.S. delegation at the Halifax meeting in acid rain is not at all representative of Congress as a whole.

He concluded by acknowledging the damage which would be done to the Canadian environment should the U.S. not act vigorously, and the damage to the relations between the countries which could occur.

A Canadian delegate said that he had proposed that literature on acid rain be distributed at border crossing points to American tourists. The idea has been accepted and was implemented. He is now prepared, he said, to propose the imposition of an acid rain tax on the thirty-eight million American tourists entering and leaving Canada each year. He said that support was developing because Canadians were starting to become bitter. Acid rain "is the hottest environmental issue in the country," he said. Even the opposition's traditional insulation from criticism by virtue of not being in power was crumbling and opposition members were beginning to be attacked for not doing enough. He said the message the Americans should take home with them is that "the EPA must at least be seen to move".

The U.S. side pointed out that damage was not being done to Canada alone and that in Adirondack Park it was beginning to affect the quality of drinking water and the productivity of agricultural land.

The Canadian side re-emphasized that both awareness of, and irritation about the issue were high in Canada. The irritation level was high because the public knows that the technology to control is available and the costs of using it are known so they are simply unwilling to accept inaction or slowness. Acid rain, it was claimed, is a case where politicians had failed to lead when they should. Both Canada and the United States have to spend social money to deal with the problem. Neither country can afford to play with a known hazard, a Canadian speaker said.

Another Canadian speaker introduced the idea of the formation of a sub-committee of the Canada-United States Interparliamentary Group to follow closely the work on acid rain of officials and the administrations on both sides of the border in the hope that it might accelerate action. The sub-committee might meet formally twice a year. There was general agreement with the idea. Other suggestions designed to further a resolution of the problem, were advanced:

1) A Congressman suggested that two or more Congressmen might introduce a special order on acid rain in the House of Representatives;

2) A Canadian asked if Americans could address the issue in their district mailings, and was informed that it was already being done.

3) A U.S. delegate raised the possibility of a Canadian Parliamentary delegation going to Washington to meet with Committees dealing with the Clean Air Act in order to exchange views and generate some publicity. There would be time to do so since no final action on the Act would be taken before the end of August.

4) It was suggested that the Halifax meeting issue a press release on the subject. Some doubts were expressed about

the advisability of this course of action, but most seemed to favour it.

The Chair gave an undertaking to raise the idea of both the formation of a sub-committee and the issuing of a press release at the co-chairmen's meeting, and undertook to consult further with members of Committee III on the question of a sub-committee before the end of June.

In concluding the discussion an American speaker said that perhaps a North American Air Quality Commission, similar in nature to the I.J.C., was required. A draft bill to that effect was distributed to members of the committee. The speaker said that the two countries now had the unique opportunity to prevent environmental damage and not just "roll it back" since they had for once received early warning of the problem. Acid rain has not "sneaked up on us like water pollution". We are common citizens of a common continent and must act in accordance with this fact, he said.

Eastport Oil Refinery

The Canadian side opened the discussion by affirming its continuing opposition to the plans for the construction of an oil refinery and tanker unloading facility at Eastport. The spokesperson claimed that the company involved had attempted to locate in "at least a dozen" other sites further south and had been consistently turned down. Finally, the location of the project at Eastport was determined upon—the worst possible location in terms of navigational hazards of any of those examined.

The Canadian side emphasized that its opposition to the project was not based upon the construction of a refinery as such but rather upon the arrangements for handling tankers. It was suggested that if the plan were modified to include offshore unloading arrangements, Canadians might look upon the project with less disfavour. The arrangements at Saint John, New Brunswick, were cited as an example. As it stands, however, the navigational hazards are simply too great to countenance. The narrow passage and strong currents make an accident, with resulting damage to fish stocks and beaches in Canada (as well as the United States), a virtual certainty the Canadian spokesperson said. In concluding, the spokesperson claimed that Canada may well be forced to "explore the correlation between innocent passage and environmental hazard."

The U.S. respondent reminded the meeting that in 1971 the Environmental Protection Agency turned down the project. In 1981 a judge had overturned the decision but that final approval by Maine may well be subject to Canadian concurrence. The American spokesperson went on to suggest that there is still plenty of time to force a halt, or modification, to the project and that there were more hurdles and consequent delays to be met before the project could proceed.

A member of the Canadian delegation interjected at this point and quoted from a recent newspaper article which claimed that all obstacles to the project had now been overcome and that construction could proceed.

The American side countered that such did not accord with their information (but said that checks would be made) and reiterated the belief that it was unlikely the project, as presently envisaged, would proceed.

Prospects for the Law of the Sea Treaty

The U.S. side began the discussion of the Law of the Sea Treaty by emphasizing that the United States saw mining the seabed as the way to achieve self-sufficiency in a number of strategic materials such as manganese. National security dictates, the spokesperson went on, that the United States should move ahead to exploit the potential of the seabed while leaving the door open for further negotiations.

The spokesperson noted that when negotiations began, seventy-seven nations were involved, but that now the number had doubled. The whole world was "intruding". The United States, he said, was worried about aspects of the proposed Treaty involving the transfer of technology developed in the United States, and worried also about land-locked mineral-producing nations placing road blocks in the way of the United States' search for self-sufficiency.

The second U.S. speaker said that the new Administration in the United States represented a "revolution in attitudes". The new Administration, he went on, is moving slowly on the Law of the Sea so as to ensure: (1) that the Treaty incorporates "its philosophy of government"; (2) that Congress would ultimately endorse the Treaty; and, (3) that current U.N. voting patterns that the United States "mistrusts" would not apply.

For all of the above reasons, the speaker did not view it as being likely that the August conference would produce any results.

A United States Senator bluntly stated that the Treaty in its current form would not have been ratified by the Senate. He implied that this stand could not with justice be attributed to greed, since the United States had shown a great restraint in other areas. For example, the United States' two hundred mile limit applied only to fish, and was not considered by the United States as an economic zone as many other countries considered the two hundred mile limit to be.

The Senator continued saying that the Senate had substantial philosophical objections to the Treaty. He said there was "no way" that it would agree to enter into such a long-term commitment. The Treaty would place the United States "completely at the mercy of the rest of the world" for its supplies of strategic materials. Recent experience with OPEC had made such a situation unacceptable. The PLO (Palestinian Liberation Organization) would be eligible for revenues under the terms of the Treaty and that is unacceptable. The United States would be obliged to transfer the technology it had developed at no charge to other nations, who would then be free to compete with the United States.

The Senator said that he could not understand any nation in the free world supporting the organizational arrangements in the Treaty. The Soviet Bloc (and thus, the Soviet Union) would be guaranteed three seats on the governing council, while the United States would have to compete with its allies to get one. Moreover, he said, the Treaty arrangements would abrogate the Truman doctrine on hydrocarbons. He concluded by saying he had "never seen the Senate so united in opposition to a piece of administration negotiation".

In responding, the Canadian spokesperson reminded the meeting of the 1958 and 1960 Law of the Sea agreements and the U.S. limited convention on territorial waters. The spokesperson noted that 160 nations were involved and emphasized Canada's heavy commitment to the negotiations since 1967. It is hoped that a draft convention will be signed this year, he continued, but recently expressed United States concerns go to the very heart of the negotiations. He suggested that insistence upon this approach would make the United States very much odd man out. The two hundred mile economic zone incorporated in the Treaty is already an accepted and adopted feature of international behaviour, the Canadian speaker continued. It was worthy of note, he added, that both the United States and Soviet military had been supportive of the Treaty throughout.

The Canadian spokesperson emphasized the importance of U.S. participation at Geneva, if only to use it as a forum for the articulation of its concerns, because what is at stake is international peace and security. The collapse of the negotiations after thirteen years of effort, he said, would be a severe blow to multilateralism, to the development of international law and to the stability of international ocean affairs. It would heighten North-South tensions and could be viewed by the developing countries as a frontal attack on the idea of a new international economic order as embodied in the concept that the resources of the international seabed area are the common heritage of mankind. The U.S.S.R. would not be slow to exploit such a rift and many nations could be delivered into Soviet hands as a result, he claimed. After all, he said, many nations "have nothing and are aware of the seabed potential".

The Canadian side indicated that some of the specific objections to the Treaty outlined by Assistant Secretary of State Malone in testimony before Congressional Committees were not without other supports and might form the basis for constructive and productive United States participation at the Geneva Conference.

The second Canadian speaker posed a series of questions: How do we salvage this document? Is there no middle ground for the Senate? Would more status for the United States on the governing body satisfy objections? "Are you really engaged in re-evaluating the United Nations' systems?"

The American side replied that they were becoming concerned by the Law of the Sea in the context of holding suspect any kind of government regulation, especially that of a world organization. It was asserted that: "You can't have a nation which is shouldering forty percent of the defence burden of the free world, and almost all the costs of the exploitation of space, assume the additional burdens represented by the Treaty. If you impose more, it will collapse." Resistance to the Treaty, the speaker said, was but another manifestation of the perception of the economic reality of the United States which has led to such general support of President Reagan's economic policies.

A member of the Canadian delegation said that the United States position as stated would be understandable if the Treaty were going to tie its hands completely, but that the Treaty only called for a seven percent contribution and, moreover, it gives greater surety with respect to exploitation of hydrocarbons from the ocean than does the 1958 agreement.

The U.S. side replied that hydrocarbons should not be in the Treaty in the first place, and referred to the governing body as "a floating pagoda". The Canadian side suggested that a failure on the part of the United States to adhere to the Treaty might very well lead to nations in the Third World and elsewhere making use of national courts in an attempt to seize U.S. assets to compensate for a failure to comply with the terms of the Treaty. An American speaker replied that, as the national survival of the United States was at risk, the United States would do it anyway.

The question was asked of the U.S. side, "Are you really prepared to risk the creation of one thousand more trouble spots?". The Treaty, the Canadian speaker went on, does in fact provide a means of clearing up a number of potential trouble spots such as enclosed passages, and for that reason the United States military had consistently supported the Treaty.

In reply, a United States delegate said that military concerns about rights of passage were over-stated. The speaker said force would ensure passage in the event of a conflict, and that if there were no conflict, the Treaty provisions probably were not needed.

Another American speaker identified himself as being a liberal Democrat since the New Deal, who had gone through a 180 degree turn in respect of foreign aid over the past fifteen years. He said he was not willing any longer to submit to "the demagoguery and arrogance of the Third World" as it exercised its control of the General Assembly. The United States, the speaker said, could not be made to submit itself to that kind of control in an area of strategic interest.

This same speaker went on to say that "the Third World countries were contemptuous of human rights and women, and were authoritarian and regressive in their domestic policies". He did not favour giving un-tied aid to countries where the elites "ran around in Mercedes" and the rest of the country starved. He said he was willing "to aid redress but would not finance the development of high technology simply to benefit their elites". The speaker said he had less and less confidence in multinational institutions and while he continued to favour aid, he wanted to know what it was for and who would benefit.

The Canadian side asked if the United States would consider earmarking seven per cent of the revenue from the exploitation of the seabed for the purpose of aid and setting up its own regime to distribute it. It was suggested that this would be a practical way around some of the difficulties the United States saw in the Treaty. It was asked whether the United States was looking for practical ways of overcoming their objections or whether its stance was ideological in nature. "Are you simply arguing that an international authority is bad?"

A Canadian speaker said that there had to be some agreement as to how to distribute costs which the exploitation of the seabed would impose on land-based production. In reply, an American speaker said that there was protectionism built into the Treaty on nickel, which benefited Canada and disadvantaged the United States, and protectionism in fisheries which benefited Canada and the United States, but hurts their allies and Japan (implying that the protectionism was objectionable).

An exchange amongst the U.S. delegates took place, in which one speaker stated that the respect which the United States does have in the world is based upon the right decisions it has taken, rather than upon military might, and asked whether the mood in the Senate was to reject the Treaty on principle or on the basis of specifics which could be changed. The speaker asked if it was thought incumbent upon the United States to come forward with a new proposal. Another American speaker replied in the negative, and said that this summer would be devoted to attacks on the United States, but that "we'll be back in Geneva or Caracas nine months later with a new draft".

A Canadian inquired whether a lack of a guarantee of U.S. representation on the thirty-six member Council caused the United States the most trouble in accepting the Treaty, or whether the concept of a sharing was being rejected.

In reply, an American said that the United States definitely did not reject the concept of sharing, and drew an analogy with the U.S. space effort where benefits were made available to the Third World at no charge. The speaker went on to say, in respect of submerged lands, those who have the technology to develop it should develop it. He said the Third World countries have no interest in exploiting this technology, and simply wished to act as a drag on those who have. The Soviet Union, it was claimed, was equally interested in slowing down seabed developments because of the huge land mass it had to exploit, and would use its position on the Council to slow down developments.

The Canadian side then urged the United States, if it was determined to back away from the Treaty, to do it in a way that would avoid giving the USSR "its greatest propaganda victory ever". In reply, the U.S. delegate said the United States was willing to lose the propaganda war if it meant that it would not lose a real one. He said that the United States had now to think in terms of survival. He analysed the growing mobilization of military forces and asserted that within the next four years the Soviet Union would move again to test the United States' will before defences were restructured. Another American added that worries about the USSR "were very real" and said the United States had been given no "brownie points" for cutting back on defence expenditures.

The Canadian side said that the single greatest Canadian concern is for the Geneva meeting, and suggested that the United States would be wise to participate actively, put its real concerns forward, and to demand changes if that was what was wanted. The Canadian side said they had received signals that any other approach by the United States might very well result in the other countries going ahead without them. The possibility of the use of national courts was again raised, and Canada's fears of the USSR gaining by a lack of U.S. participation were reiterated.

Skagit Valley Flooding

As a result of a 1942 Order by the International Joint Commission, Seattle claims the right to flood some 5,000 acres in British Columbia through increasing the height and output potential of the Ross Power Dam.

The American spokesperson opened the discussion by saying that, on the issue of the Ross Power Dam, British Columbia wished to abrogate the agreements of 1942 and 1967. The United States, he said, wants a quick ruling from the International Joint Commission because the Pacific Northwest is energy hungry and needs increased output from the Ross Dam.

The Canadian side drew to the attention of the meeting the unanimity of Canadian opposition, noting that all three Federal political parties are now formal intervenors before the I.J.C. and that the International Woodworkers of America have agreed not to log in the area even if the Ross Dam is raised. Canada would receive the entire draw down and would have a valuable wilderness area destroyed including some unique fauna, as well as making the surrounding area unuseable. Beyond that, the existing arrangements for financial compensation, $34,000 a year since 1971, are "crazy", the Canadian speaker said.

The U.S. side agreed that the amount was inadequate, but asked if environmental considerations must always and everywhere stop development.

Poplar River

The United States has in the past expressed concerns about possible adverse effects on water quality and air quality in Montana by a thermal power generating station being built in Coronach, Saskatchewan. Recently the United States and Canada reached an agreement for the establishment of a joint monitoring arrangement and the I.J.C. has issued a report on Poplar River water quality saying that the project could proceed consistent with the provisions of the Boundary Waters Treaty.

The U.S. spokesperson said that Montana was still "a bit tense" about the situation but had been mollified by the agreed information sharing arrangements. He concluded with the observation that the arrangements in respect of Poplar River could perhaps be a model for other agreements.

The Closing of Border Crossing Points in Quetico Park

This late addition to the agenda had been occasioned by the decision by Canada to close two of its border crossing points into Quetico Park. This would lead to the necessity of Americans intending to use the Park to travel through Ontario to the Park's northern entrances. The U.S. spokesperson indicated that U.S. outfitters were disturbed by this inconvenience and that they did not like the quickness and unexpectedness of the decision since it gave them no time to prepare to meet the new situation. The speaker went on to note that there would have been "signals" had the Quetico Consultative Committee still been in existence, but that it had been dissolved by the Carter Administration in "its rush to de-regulate". Concluding, the speaker thanked John Reid, M.P., for "interposing himself between the silver bullet and the victim".

The Canadian side explained that the decision had resulted from the conjuncture of three factors:

1) A desire by the Government of Canada to reduce the number of Customs Managers; and
2) The wish of the Government of Ontario to have access to the Park limited to the North so that its economy would derive some benefit from the use of the Park. (It was noted that the province controls access through the issuance of permits.); and
3) The desire of both Canadian governments to eliminate the adverse ecological impacts of the fixed border crossing points.

The economics of the situation had become extremely important, the speaker went on, since the closing of the Atikokan mines and the resulting turning towards tourism as an alternative. Nevertheless, the Canadian speaker (who represents the area in Parliament) had spoken with the Federal Minister involved and secured an unofficial agreement that only one point would be closed this year and that meetings would be sought with U.S. authorities to discuss "phasing out". Canadian government departments were now meeting to discuss the details and the decision would shortly be made official, he concluded.

An American speaker expressed gratification, but noted that the difference in regulations for the areas on either side of the border, with boat motors being permitted on the Canadian side while banned in the U.S., was causing some irritation amongst U.S. citizens.

The International Joint Committee

In response to Canadian concerns about delays in the appointment of the American Commissioners to the International Joint Commission, the U.S. side informed Canadians that the new administration was committed to the continuation of the I.J.C. and that the United States will quickly appoint its new commissioners. Two factors had slowed the process, the spokesperson said. The first was the attempted assassination of the President which had generally slowed appointments: and the second was the new requirement that the Senate ratify. Previously they had been made on Presidential authority, but in an attempt to upgrade the positions, Senate ratification had been added.

The Canadian side declared itself to be entirely satisfied.

Closing plenary

The North American 'accord'

A U.S. Co-chairman compared the new Administration's proposal for a North American 'accord' with the earlier initiative which had been firmly rejected by Canadians and which had been mainly motivated by U.S. energy supply concerns. The new approach was quite different. He pointed out that during the next year the whole question of closer North American trade relations would be given a good airing on the basis of a study mandated by the 1979 Trade Agreements Act and due for release shortly. In general, the spokesman continued, what was involved in the new concept was a focus on economic goals, on a strengthening of Canada and Mexico designed to make them less dependent partners of the United States. While energy questions could not be dismissed in any discussions of a North American 'accord', the sovereignty of the two neighbours would be recognized.

Similarly the speaker hoped Canada would be interested in the economic strength and stability of the United States and would try to understand the new Administration's economic measures. These measures involved cutbacks in federal programs, tax cuts, a new system of block grants to the states and a new non-interventionist attitude to the market place. Leading Democrats recognized the need for much of the program. It was widely supported across the country as well as in Congress where most of the cuts would be approved, he predicted.

In concluding, the spokesman re-emphasized the Administration's objective of better economic relations with Canada and Mexico. The United States recognized the impact of its economy on them and would consult them increasingly he said, including on developments within their own countries.

A Canadian Co-chairman spoke of Canada-United States relations and the usefulness of the annual meetings of the Group in promoting the better relations which Canadians understood to be the true meaning of the North American 'accord'. Canada was very appreciative that Ottawa was the first foreign capital visited by President Reagan, an important symbolic illustration of the 'accord' intentions.

The spokesman pointed out that in recent years, Congress rather than the Administration had been the source of some of

Canada's problems with the United States. Cases in point had been the blockage of the fisheries treaty and the convention tax linkage to border broadcasting. He emphasized how pleased the Canadian side was with the message, conveyed to Committee I, that Senator Percy the Chairman of the Senate Foreign Relations Committee, intended to expedite the tax treaty as soon as possible. However, the present Congressional focus may now be on reciprocal or "mirror" legislation instead of linkage. The speaker said this seemed like an improvement to him and he urged them not to look for new linkages. Further, when one of the two countries considered it must act to protect its interests, it should do so carefully and the receiving country should react cautiously since so much was at stake.

The annual meetings of the Group are an important way of learning of each other's concerns and the reasons behind certain measures. However, the spokesman said he recognized that after the present discussions, there were some U.S. concerns remaining with the proposed Canadian energy legislation, the proposed 'basic price system' of the new import policy and the possibility that FIRA's regulations might be tightened. These concerns would be relayed back to appropriate bodies in Ottawa. For its part, Canada was worried by the proliferation of U.S. procurement regulations and by the acid rain problem, the latter a source of widespread concern to Canadians but affecting few Americans. The speaker wondered if a special meeting on the subject of acid rain under the Group's auspices might be helpful in enlarging understanding.

A U.S. Senator, commenting on the U.S. electoral results, said they were more indicative of a widespread desire for a policy change than a major public endorsement of President Reagan. Nor were the Republicans in control of the Senate given a very strong mandate. He considered the President's early visits to Canada and Mexico were the result of a high priority of the Administration. He warned that Canada should not misread the intentions of the North American 'accord' initiative by thinking that the United States is seeking to dominate its neighbours.

Speaking of the current economic situation and the Reagan budget measures, he pointed out that although there were high pockets of unemployment, the U.S. economy was strong. Incentives were needed to encourage savings and investment since traditional mechanisms designed to stimulate consumption had led to low productivity and high inflation. A remarkable unanimity of support was evident behind the new directions.

A Canadian Senator referred to the idea advanced by a number of U.S. sources for a closer trilateral trading arrangement between Canada, the United States and Mexico. Both the Canadian Prime Minister and the Mexican President had formally distanced themselves from this idea he said. Instead, because the two neighbouring countries were at different stages of development, it would be preferable to consider separate bilateral trading arrangements between Canada and the United States and Mexico. He himself would like to see a preferential free trade agreement between Canada and the United States.

In response a U.S. Congressman said he would worry about a bilateral free trade agreement or a customs union. There was a danger that in widespread cross-border rationalization of production, Canada might end up with the short end of the stick which would poison the relationship. Furthermore, Mexico would seek a similar arrangement with the United States, then the Caribbean countries, then Brazil, possibly Argentina, etc. The United States, with more than one border, could not afford to enter into preferential deals he said. What must be done is to liberalize trade on a most-favoured-nation (MFN) basis.

A Canadian delegate said he too was worried about a bilateral free trade arrangement. To begin with there was in the two countries a fundamentally different approach regarding government intervention and regulation. Canada wanted to retain its full sovereignty to be free to make its own mistakes. He spoke of the branch plant viewpoint of Canada by U.S. multinationals and expressed the fear that even if the subsidiaries in Canada were more efficient, there would be a tendency in a free trade area, to relocate in the United States. When conditions were difficult, would there not be an inclination to look after U.S. interests first, he asked.

At various stages of discussion on this item, a number of delegates said that they had found this year's discussions very useful and informative.

El Salvador

A U.S. delegate, the chairman of the House Subcommittee on Inter-American Affairs, outlined the situation in El Salvador following the 1979 overthrow of the Romero government. The junta of army officers and Christian Democrats under President Duarte is presently supported by the United States in the belief that it is trying to carry out needed economic and social reforms. The junta is besieged on the left by guerrillas thought to be supported by Cuba and Honduras and on the right by the oligarcharical families and military elements. The rightists, supported by wealthy rightists in Guatemala and Miami want the reforms to fail.

Criticisms of the United States policy in El Salvador stem from those who fear another Vietnam situation and from those in the Catholic community who are lobbying against any military or economic assistance as long as the present government is associated with violence and the abuse of human rights. U.S. assistance this year, the spokesman said, will amount to $126 million in economic assistance and $35 million in military assistance with 54 military personnel. In Congress, both the Senate and the House Committees have held hearings and passed restrictions on the Administration's assistance to El Salvador. The House Committee bill provides for the con-

tinuation of assistance only under certain conditions. These conditions involve assurances that the El Salvador régime was not engaged in consistent violations of human rights; was achieving control over all its armed forces to order the end to torture and murder of its citizens; was making progress on political and land reforms; was committed to holding free elections; and was demonstrating willingness to negotiate a resolution of the conflict with opposition groups. The El Salvador government has called for free elections for 1982.

The Congressman recounted that he had found, during a recent trip to Central America, that Canada has a credibility in this area which the United States does not have. He urged Canada to assist with other countries such as Mexico in trying to solve the crisis in the area. He noted the NDP leader's presence in El Salvador and expressed the hope that other parties and the Canadian government would play an urgently needed role as soon as possible.

A Canadian participant said the Canadian approach was for a political solution rather than military intervention of support. He urged support for agrarian reforms so that the land transfers would be put to a productive use and form the basis for future exports. This delegate quoted former U.S. Ambassador White's statements on the inadvisability of military support. Canadians share the position of the Catholic church, he said. While Canada's role in influencing developments was limited by not having a resident ambassador in the country, it was possible that with its contacts in Nicaragua and its diplomatic links with Cuba it could act in a mediator capacity.

Another Canadian wondered if the fact that Canada had traditionally avoided membership in the Organization of American States (OAS) did not affect its credibility to act in this situation. While Canadians tended to view the Duarte régime as the best hope, there was concern over escalation of military assistance as could be seen in the parliamentary debate on the subject. At the same time there was apprehension over the source of support for the guerrilla forces. He doubted that Canadians widely support the Catholic Church's position. They feel too distant from this issue, but naturally they regard a political solution as preferable to a military one and hope that military interventions will not escalate. But what role specifically did the United States see Canada as being able to play, he asked.

The U.S. spokesman agreed that OAS membership could be seen as important. The United States perceived Canada as not being very interested, not involved in the situation to the same degree as Germany for example or the Socialist International. He himself would like to see Canada more closely involved in the international discussions for a negotiated settlement since the United States was often looked on with distrust. But he admitted he did not reflect the views of Congress or of the Reagan Administration which had not been encouraging the idea of a negotiated settlement because it was pinning its hopes on the Duarte commitment to free elections.

A Canadian participant doubted that the Canadian government would want to get involved unless it was within an internationally agreed formula. A Congressman responded that even if there were no direct formal participation by the Canadian government, surely the Communist presence in Central America should be a cause of concern. A strong message should be conveyed somehow to Cuba. He himself put no stock in former Ambassador White's statements he added. Another Congressman was surprised that the Trudeau government was not willing to get involved. Canada underestimated its leadership role, he said, and its mediatory role could be constructive.

A U.S. Senator defended former Ambassador White's viewpoint, saying White had become a convenient scapegoat. He warned against reliance on manufactured or unreliable information which could produce situations in which the accounts of disasters became self-fulfilling prophecies. The constructive role for the United States and Canada to play in the El Salvador mess he said, was to help erase the void causing the widespread social unrest.

North-South relations

A Canadian spokesman spoke to the plenary meeting reflecting the conclusions of a Canadian parliamentary study on North-South issues of which he was Chairman. He stressed the practical advantages for the Western world of increasing development assistance. What is at issue at the moment he said, is "process" rather than "substance". He told delegates that it is important to be present in developing countries when new political forces are erupting; to enter into a dialogue, to be partners in change. Moreover, there exists a clear mutuality of interest. If industrialized countries help these countries develop, they are going to need more goods from the "North". There is a crucial need for U.S. leadership. It is clear that the Third World wants to share power. It will be advantageous for the North to discuss such issues openly; it may find that, in what seems like a monolith of 77 countries, there will be friends and a certain convergence of interests.

An American delegate said the new policies in the United States of governmental non-intervention mean that there will be no money for North-South issues. The United States will not reach the ODA level of .5 percent of GNP. He was not optimistic that there would be significant U.S. participation or support for such a policy direction although he himself found it "an exemplary route".

Another U.S. participant noted that the countries in the developing world are currently requesting a sharing of power and a transfer to them of resources. The United States over a period of 20 to 30 years has given several hundred billion dollars in assistance but has seen little evidence that within the countries themselves there was any move by those in power to transfer resources or share power internally. These developing countries all have vast unemployment, but the United States sees its assistance continually channelled into high technology

export-oriented projects, owned by the elite, with little impact on employment levels. Similarily, U.S. grants for education found their way to graduate schools for the elite amidst seas of illiteracy. Grants for health services had no impact on the lack of basic necessities but instead ended up as graduate medical schools. The United States, he said, is waiting for the Third World countries to create the "process" in their own countries, to share the resources and the power internally. Even liberal Democrats were frustrated by the lack of such developments he said.

The Canadian spokesman retorted that there was room in his conception of development assistance for hard bargaining; aid should be used intelligently, and with conditions. Not participating in developing countries will only exacerbate the situation. The 'North' could say, for example, that food aid should be related to food production. The populations in these countries could not fight the elite on empty stomachs. He urged the United States not to turn away because of horror stories about the ruling groups. The mass of the population should not be left at their whim, he said.

THE SENATE

Tuesday, October 20, 1981

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

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Economic Council of Canada, including its financial statement and the Auditor General's report thereon, for the fiscal year ended March 31, 1981, pursuant to section 21(1) of the *Economic Council of Canada Act*, Chapter E-1, R.S.C., 1970.

Report of the Army Benevolent Fund Board, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1981, pursuant to section 13 of the *Army Benevolent Fund Board Act*, Chapter A-16, R.S.C., 1970.

Statement on operations under the *Returned Soldiers' Insurance Act* for the fiscal year ended March 31, 1981, pursuant to section 17(1) of the said Act, Chapter 59, Statutes of Canada, 1951.

Statement on operations under the *Veterans Insurance Act* for the fiscal year ended March 31, 1981, pursuant to section 18(1) of the said Act, Chapter V-3, R.S.C., 1970.

Capital Budget of the Crown Assets Disposal Corporation for the financial year ended March 31, 1982, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1981-1976, dated July 16, 1981, approving same.

Report of operations under the *Canada Water Act* for the fiscal year ended March 31, 1981, pursuant to section 36 of the said Act, Chapter 5 (1st Supplement), R.S.C., 1970.

Report of the National Arts Centre, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1981, pursuant to section 17 of the *National Arts Centre Act*, Chapter N-2, R.S.C., 1970.

Report of the Department of Transport containing Summaries of Wharf Revenue Receipts, Harbour Dues and Leases for the fiscal year ended March 31, 1981, pursuant to sections 14 and 18 of the *Government Harbours and Piers Act*, Chapter G-9, R.S.C., 1970.

THE CONSTITUTION

COMMUNICATION FROM PRIME MINISTER TO PREMIER OF BRITISH COLUMBIA

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, as I entered the chamber this evening, I received a communication from the office of the Right Honourable the Prime Minister.

This statement pertains to the constitutional negotiations under way with the premiers. With leave of the Senate, I should like to read the statement, and I now tender to the Leader of the Opposition a copy in both official languages. I have asked that copies be printed immediately for all honourable senators so that they too may study the statement.

Hon. Jacques Flynn (Leader of the Opposition): If it is not clear, we shall study it.

Senator Perrault: Honourable senators, the statement is:

> The Prime Minister today released the text of his Telex to William Bennett, Premier of British Columbia, in reply to Premier Bennett's proposal of yesterday for a First Ministers' Meeting.

The message reads as follows:

> I am writing in response to the communiqué which you and seven other premiers issued on the subject of a possible First Ministers' Meeting on the Constitution.
>
> I regret that, in spite of your repeated statements that we should meet to discuss the constitutional resolution, which—may I remind you—the Supreme Court has said is legal, you have turned down my invitation for a First Ministers' Meeting on six different dates since the Supreme Court decision.

Senator Flynn: Come to the point.

Senator Perrault: I know that most honourable senators would like to hear the statement to its conclusion. The Prime Minister continues:

> I am also disappointed at your failure when we met last week to put forward any new constitutional proposal. Indeed, although you claim that the eight premiers want a negotiated settlement of the constitutional issue you have not yet indicated even a willingness to compromise. Surely the negotiated settlement you seek requires that the provinces as well as the federal government modify their previous position.
>
> Nevertheless, despite my disappointment at your once again delaying our proposed meeting, I am prepared to meet with all the premiers one last time in an effort to reach an agreement on constitutional reform. I am also prepared to accept your proposed date of a meeting

during the first week of November, even though this will necessitate postponing the federal Budget by one week.

● (2010)

The Prime Minister continues:

I assume this postponement does not concern you, since you knew that a Budget delay would be the inevitable result of your refusal to meet next week and of your suggestion that—notwithstanding that the Budget had been announced for November 3rd—we meet on the Constitution during the first week of November. In addition, your insistence on postponing the First Ministers' Meeting will necessitate a further delay in the Federal-Provincial Finance Ministers' meeting on the Fiscal Arrangements Act which should follow the Budget and which you have been avidly seeking.

Therefore, while I regret your making it necessary for us to delay these events, I agree that we will meet in a First Ministers' meeting on Monday, November 2nd in the nation's capital.

Hon. Jack Marshall: Isn't that fantastic.

Senator Perrault: The Telex continues:

I suggest the first day of the week because I believe it is essential that, once our meeting starts on November 2nd, it should continue for as many hours or days as necessary until either we have reached a consensus on constitutional reform or until it has become clear that such a consensus is not possible. For it is now evident to all of us, and to the Canadian people, that the time has come when this issue must be settled once and for all.

Senator Frith: Hear, hear.

Senator Perrault: The Prime Minister continues:

If a consensus has been reached, we will then immediately seek all-party agreement in the House to amend the Resolution in accordance with this consensus. If a consensus is not possible, we will either proceed with the Resolution in its current form, or we will seek the consent of the House to include in the Resolution some or all of whatever modifications I may put forward at the First Ministers' Meeting.

I would appreciate receiving your reply to this telex by midnight Friday. If I have not heard by that time that you and your colleagues agree to meet at the date and place proposed, and on the clear understanding that the meeting constitutes the one final attempt to reach a consensus on this issue, and that no further delay or postponement would be accepted then I will have no choice but to proceed with the Constitutional Resolution, which the Supreme Court has said is legal, in the House next week.

The Prime Minister concludes with these paragraphs:

In view of the fact that over a year ago the constitutional issue was raised to the level of first ministers, I think that the advance meeting of ministers that you propose be held next week would be neither useful nor desirable. This issue is now clearly one with which only First Ministers can deal.

We are all totally familiar with the details of the Resolution which is now before Parliament. And we are the only people who can negotiate an agreement on behalf of our respective governments. Therefore, a ministerial meeting could not result in progress toward the desired goal of a consensus on the Constitutional Resolution.

Moreover, as I told you when we met last Tuesday, the federal government is not prepared to put forward the details of its proposals for compromise until a First Ministers' Meeting. Hence we are not in favour of a ministerial meeting "to explore areas of substance where agreement may be achieved" as you suggest. Naturally this does not mean that provincial ministers should not meet if you and your colleagues think this would be useful.

I repeat, this issue is now at the point where it must be dealt with by First Ministers themselves. In view of the number of times you and your colleagues have met on this issue, or discussed it in telephone conference calls, I assume that you know by now what your thinking is on the constitutional issue.

I hope therefore that you will sustain your offer to meet on November 2nd. I believe that if we approach our meeting in good faith, and with a determination to succeed even if it requires meeting day and night, the result will be a national consensus on a constitutional resolution.

I look forward to your reply on behalf of the Premiers before midnight on Friday.

P. E. Trudeau

Some Hon. Senators: Hear, hear.

Senator Flynn: Honourable senators, I really do not know what useful comments I could make with regard to this letter that the Prime Minister has sent to Premier Bennett. It does not appear, on the surface anyway, to suggest any disposition on the part of the Prime Minister to put forward any meaningful compromise.

● (2015)

It has been suggested by both Premier Davis and Premier Hatfield that what the Prime Minister has in mind is no compromise. It was even suggested by Premier Hatfield that a compromise solution could not be placed on the table because there was no table. In any event, we have to be optimistic. Certainly, we hope that a real compromise will flow from the meeting. I am quite sure that the premiers will not refuse to have the meeting on the date suggested, since it meets with their suggestion that a meeting be held early in November.

However, I note in the letter that the Prime Minister repeats several times that the constitutional package is legal. At no time in this letter do I find any reference to the package not being constitutional, as was stated by the Supreme Court of Canada.

Some Hon. Senators: Hear, hear.

Senator Flynn: I am not sure whether it means that the Prime Minister does not care—

An Hon. Senator: He doesn't.

Senator Flynn: —about the unconstitutional aspects of the proposal. If the Prime Minister is worried only about the possibility of finding a legal trick, then I myself am worried about the outcome of any meeting.

Senator Frith: That is not what he means, so don't worry.

Senator Flynn: Senator Frith says that is not what he means. Probably he is the only senator on that side of the house who knows what is in the mind of the Prime Minister.

Senator Frith: It is legally constitutional.

Senator Flynn: It is not legally constitutional.

Senator Frith: That is what the Supreme Court said.

Senator Flynn: Certainly not. You haven't read the decision.

Senator Frith: I most certainly have.

An Hon. Senator: Or he didn't understand it.

Senator Flynn: The Supreme Court judges said it was not illegal. It is the equivalent of a coup d'état, and the court had no power to correct it. They even suggested that the recourse would be for the Governor General to intervene, as in a situation where a Prime Minister, having been defeated in the house, would refuse to resign or call an election. There would then be no remedy other than for the Governor General to call on someone else to form a government, or to force an election, despite the advice of the Prime Minister.

The Prime Minister has to realize that if he does not worry about the unconstitutional aspect of this resolution he will be heading for trouble and Canada is likely to suffer.

In any event, getting back to the more positive aspect of the matter, the Prime Minister did not need to go into all that detail and say, "This is the last time!" He had only to say, "I am happy to have that meeting with you on November 3, and I am willing to reach a compromise with you." But he is in a fighting mood, and he has always been in a fighting mood. I hope that the warm weather of Cancun will soften his view and that he will return with a better disposition than is indicated in the communication that has just been read.

Senator Frith: And what is going to improve the disposition of the gang of eight?

Senator Perrault: Honourable senators, I feel sure that most honourable senators are deeply disappointed in the response of the Leader of the Opposition.

Some Hon. Senators: Oh, oh!

Some Hon. Senators: Not at all.

Senator Perrault: Perhaps it was too much to expect that there would be unrestrained joy demonstrated by the opposition upon hearing this important statement by the Prime Minister. For the Leader of the Opposition to say that there is no suggestion here of a compromise. I would refer him to page 3 of the telex:

> Moreover, as I told you when we met last Tuesday, the federal government is not prepared to put forward the details of its proposals for compromise until a First Ministers' Meeting.

I would only say to the Leader of the Opposition: let him judge after the historic event and not before. In the meantime, let him give his full support to this effort to achieve co-operation between the federal and provincial governments.

● (2020)

Senator Flynn: I have said all that needs to be said.

Hon. Ernest C. Manning: Honourable senators, may I ask the Leader of the Government if he can enlighten us with regard to the reason why the Prime Minister feels that the government should not proceed with the introduction of the budget in the last week of October but delay it another week, until after the constitutional conference? There would seem to be very little connection between the two things, and the last week of October was the date originally announced for the introduction of the budget. My understanding, from press statements, is that it was put over to November 3 only because there might be a constitutional conference before that date.

Can the honourable the Leader of the Government enlighten us as to why there is to be further delay in the presentation of the budget?

Senator Perrault: Honourable senators, the introduction of the budget and the subsequent debate are extremely important actions in themselves, which should command the full attention of all parliamentarians, as the Honourable Senator Manning is aware. Indeed, I think most Canadians are very much preoccupied with economic concerns these days, and the government wanted to introduce this budget as quickly as possible and to have it discussed and debated thoroughly by all parties. It was hoped that constitutional matters could have been resolved by Parliament before the budget was introduced.

Senator Flynn: Why?

Senator Perrault: The premiers were aware of the tentative parliamentary priorities which had been established by the federal government. They have said, however, for their purposes, that they would rather have this meeting in November, and the government has acted to accommodate that request, despite the fact that vital budget matters have had to be delayed.

[*Later:*]

Hon. David Walker: Honourable senators, may I revert to the discussion that the Leader of the Government introduced earlier this evening?

There is no question but that the Supreme Court of Canada has made the issue so simple that there cannot be any misunderstanding. Of course, the Prime Minister is correct when he says it is legal. We are dealing with the British North America Act and with amendments under the British North America Act which are proposed by the Joint Address. All of that is correct, but that is only half of it and is not the more important half. The more important half is what my friend

and leader has so aptly described as "the constitutional end of it." The Supreme Court of Canada—the group of six—has also made the constitutional end of it very simple. Since 1932 there has been one amendment after another, and any time such an amendment has concerned the provinces, they have been represented.

British law is splendid in the way it shapes itself and develops; it is absolutely magnificent. This particular piece of legislation concerns all of the provinces. Therefore, each province, under the conventions concerning amendments to the Constitution, has a right to be heard, to consent to or to oppose, and to be just as important as the Dominion itself. This is, after all, a federation. I repeat, this is a federation and the provinces have this right to consent to or to oppose the amendments.

We have these proposed changes in the Constitution going to Westminster. It is a farce simply to say that it is legal and therefore will be gone ahead with. When it goes to Westminster, what is going to happen? Westminster will be bound to turn it down. Westminster suggested that, before going ahead with it, Canada should refer it to the Supreme Court. Westminster knew what it was looking for, and that is what it got in reply: six judges all deciding that the constitutional conventions had not been obeyed, had not even been considered by Trudeau. If this does get as far as Westminster, I suggest that the whole thing will become a fiasco and will result in Britain offering us patriation of our Constitution with an amending formula. That is where we are headed at the present time, and that is where we will end up.

• (2030)

The Prime Minister, of course, is a half-baked lawyer anyway. He never practised a day in his life. He is half-baked in many other ways, but as a lawyer he's a dud.

An Hon. Senator: He's fully baked.

Senator Walker: He always has been. He never understood the law. They say he was a professor at the University of Montreal. He was not a professor. He was a lecturer, and a damn poor one, because he did not understand what he was talking about. He never lectured on the Canadian Constitution because he did not know a thing about the Canadian Constitution. All he knew about was the Civil Code of Quebec.

It was important that he should do that, but to have a man as prime minister, who will not take advice from anyone and who considers himself an authority on everything, come and face this house and the House of Commons and be like a spoiled little boy saying, "You do this or else!"—

Some Hon. Senators: Oh, oh!

Senator Walker: When he was down in South America he was very cocky about this matter because he thought, as the leader apparently still thinks, that because it is legal it is satisfactory and that that is all that is required. But the most important thing has been left out: the constitutional convention which requires the consent of the provinces—not of all the provinces, but of the provinces. It has never been determined how many would be satisfactory, because there has never been any trouble in the past.

Honourable senators, think of what I am saying. We are wasting a great deal of time. We have an egotistical Prime Minister who is on his last legs and will soon be out. He is a disgrace to the Dominion and a disgrace to the people of the Dominion.

Senator Frith: Oh, come on!

Senator Walker: Now, having said that I just wish to say—

Senator McElman: Baloney!

Senator Walker: And there, in the one who has just spoken, is the personification of baloney. I just wish to say thank you for your kind attention.

Senator Frith: Oh, come on. You were always abusive when you had a bad case.

Senator Perrault: Honourable senators, obviously there is a difference of opinion in this chamber.

Some Hon. Senators: Hear, hear.

An Hon. Senator: Amen.

Senator Frith: We will mark David down as "undecided."

Senator Perrault: There is an area, to quote Senator Bosa, of "partisan disputation" here. But, surely, there will be a full opportunity for all of us to present our views on this subject during the scheduled two-day debate. Also, I note on the Order Paper that Order No. 9, standing in the name of Senator Marshall, concerns certain aspects of the Canadian Constitution, providing yet another opportunity for honourable senators to set forth their views. I suggest that this is not the time to debate the Constitution.

May I conclude by saying that I resent and deeply regret, as I think most honourable senators on both sides of the house deeply regret, deplore and resent, the abusive personal remarks made by the senator about the Right Honourable the Prime Minister.

Some Hon. Senators: Hear, hear.

Senator Walker: I meant every word.

Hon. Sidney L. Buckwold: Honourable senators, just as a backbencher and one who on occasion has not been completely supportive of all the things the Prime Minister has done, I have to stand and express my opinion that a great Canadian has been seriously maligned in this chamber tonight.

Some Hon. Senators: Hear, hear.

Senator Buckwold: I must say that I am amazed at my friend Senator Walker—who, generally, is very fair in the kind of presentation he makes—describing a courageous Prime Minister in the terms he used.

Although the courts may say that it is necessary to have some consent of the provinces, I would suggest to you that the courts have also implied that you need the consent of the people; and the people are in favour of what the Prime Minister is attempting to do on behalf of this country.

Some Hon. Senators: No, no.

Some Hon. Senators: Hear, hear.

Senator Argue: That is perfectly clear.

Senator Buckwold: The people are in favour. The polls show it.

An Hon. Senator: No, they don't.

Senator Buckwold: The polls show it.

Senator Perrault: Hear, hear.

Senator Buckwold: The Charter of Rights is something that is urgently needed and earnestly desired by the people of Canada.

You can talk about provinces and you can talk about legality, but I think the Prime Minister is on very firm ground when he feels that the people of Canada want a Constitution that is amendable and that they want a Charter of Rights, and I am very proud to support it, especially when he has been so gracious in trying to meet the demands of the provinces in their various—

Some Hon. Senators: Oh, great!

Senator Buckwold: I see the claque is still over there. I thought the summer adjournment might have changed that.

• (2035)

The Prime Minister has been very gracious in meeting the demands, the sometimes very arrogant and selfish demands, of the provinces insofar as meeting dates are concerned. I believe that it should be recognized that the Prime Minister has been very generous in what he has done. I am looking forward to a meeting of minds.

I suggest that when this package finally gets to the United Kingdom, it will receive the approval of Her Majesty's government and, with that, acceptance by the people of Canada.

VETERANS AFFAIRS

RETIREMENT OF CHAIRMAN OF PENSION COMMISSION— QUESTION OF PRIVILEGE

Hon. Jack Marshall: Honourable senators, I rise on a question of privilege. I find it passing strange that over the summer adjournment the Senate was completely ignored with regard to being supplied with information by the Government of Canada relative to our duties.

I am referring to certain events, which I have been informed about third hand, which concern the Department of Veterans Affairs. It is quite ridiculous that no information was ever given to members of the Senate with regard to the retirement of the Chairman of the Canadian Pension Commission. This office is a very important and vital one, affecting some 750,000 veterans in Canada.

Another event, information regarding which came to my attention third hand also, concerned the announcement of the replacement of the gentleman I refer to, which was to the effect that a retired member of the Department of Veterans Affairs had been appointed to look into the backlog of veterans' applications. This is hypocritical, when the retiring chairman of the commission knows more about the reason for the backlog of pension applications than Mr. MacCracken or anybody else in Canada.

Furthermore, a precedent has been established as a result of a decision by the War Veterans Allowance Board and the chairman of that board, Mr. Don Thompson, in Charlottetown, P.E.I., which has to do with, and which affects, the livelihood of many thousands of Canadians, whether they be in British Columbia or Newfoundland.

I wonder why not one member of the Senate was notified through an order in council, or any announcement by the Department of Veterans Affairs with regard to these matters. This is a situation which supports my conviction that we are ignored, so that those in this chamber who have an interest in this do not know what is going on and, as a consequence, cannot try to protect an important segment of the population of Canada, namely, the veterans of Canada.

I wonder why we cannot find out through the Leader of the Government why this ignorance, this lack of communication, is allowed to go on. I think that sooner or later something has to be done, and it should be done now. Regardless of where my interests happen to lie, I am completely disgusted with the fact that I have to learn about these matters in such a fashion. Notification must have come from the Department of Veterans Affairs, yet it certainly did not reach my office or the office of any of the other 92 members of this chamber. Such a situation is absolutely ridiculous.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I will study the transcript of today's proceedings in order to understand more fully the detailed question posed by the Honourable Senator Marshall. It is certainly not the practice in the Senate to table every order in council. However, if there is information which should be brought to the attention of the Senate, an earnest effort will be made to obtain and present that information to the members of this chamber. The honourable senator might wish to submit a question inviting a detailed written answer, or he might wish to pose a question in due course during Question Period.

Senator Marshall: I say to the Leader of the Government that I will not do that any more, because I will likely get an answer six months from now. All I would ask is that the Leader of the Government contact the new Minister of Veterans Affairs and ask him to investigate within his department why this communication did not go out to everybody in Parliament—not only to the members of the other place but also to the members of the Senate, who are just as interested in the fate of the veterans of Canada as are the members of the other place.

Hon. Royce Frith (Deputy Leader of the Government): Just so that we can understand, do you know if the members of the other place received that information?

Senator Marshall: I am sure they did.

Senator Frith: But you don't know.

Senator Marshall: It appeared in the press; that is how I became aware of it. Why should it appear in the press when we don't receive it?

STATUTE LAW (MILITARY AND CIVILIAN WAR PENSIONS, COMPENSATION AND ALLOWANCES) AMENDMENT ACT, 1980

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE TABLED AND PRINTED AS APPENDIX

Hon. M. Lorne Bonnell: Honourable senators, I have the honour to table a report entitled *They Served—We Care* by the Standing Senate Committee on Health, Welfare and Science. This report is a study of the benefits for veterans and their families.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and the *Debates of the Senate* of this day and form part of the permanent records of this house.

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

Hon. Senators: Agreed.

(*For text of report see appendix, p. 2851*)

Senator Bonnell: Honourable senators, I move that this report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

THE CONSTITUTION

PUBLICITY CAMPAIGN OF FEDERAL GOVERNMENT

Hon. Jacques Flynn (Leader of the Opposition): I have a question for the Leader of the Government. We are witnessing in the province of Quebec a publicity campaign on the Prime Minister's constitutional propositions that this house has been debating for over a year now. Could the government leader tell us under which authority the government can spend money on such advertising while Parliament has not yet voted on it. I wonder if the government leader does not support the view that such publicity by the government shows its utter contempt for Parliament and also the fact that the Commons and the Senate are mere rubber stamps for this government?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I feel that the use of the word "propaganda" is unfair to the government. The government is engaged in a program of education and of providing information in the spirit of freedom of information and of access to information.

[Senator Frith.]

Hon. Richard A. Donahoe: Contempt of Parliament.

Senator Perrault: Does the Leader of the Opposition really believe that nothing at all should be done by the national government to explain to the people of Canada some of the ideas and proposals pertaining to the Constitution, and does he believe that the entire field should be left open to separatists, wherever they exist, who are engaged in the propagation of their views on a massive scale? Indeed, one of the issues this past week in one of the provinces was the allegation that anti-federal literature was being poured into the school system by a separatist government. Surely, the Leader of the Opposition, as a good federalist, should be more enthusiastic about a process which strives to inform the people of the value of the federal system and of the constitutional options which may be open to them.

• (2040)

Senator Flynn: I do not understand why the Leader of the Government says that the government feels it is necessary to educate the people when we just heard from Senator Buckwold that all Canadians favour the charter. This is a contradiction which I do not understand.

If the separatist government of Quebec does something which does not receive our approval, that should not be used as an excuse by the federal government to do likewise. The Quebec government is doing something which I do not consider to be proper, but it is equally improper for the federal government to go over my head before I have made a decision and to tell the people that it wants this to be passed by Parliament. I have a right to make my own decision. I think it is unfair to push the proposal and to spend money in this way. Would the Leader of the Government tell me under what authority or under what item in the budget these monies have been spent for that purpose?

I realize that the government can educate the people about programs that have been adopted and that are in force, but it cannot educate the people about something that is before Parliament and that Parliament has not, as yet, accepted. This is an entirely different situation. I would ask the Leader of the Government to tell me under what authority the federal government can spend money for something that has not yet been adopted by Parliament.

Some Hon. Senators: Hear, hear.

Senator Perrault: Honourable senators, the question will be taken as notice and inquiries will go forward.

I would again repeat that this government is not prepared to see the integrity and unity of this nation dismantled by those whose main political goals are the dismemberment of Canada. The massive provincial propaganda campaign, which the Leader of the Opposition well knows exists in the province of Quebec, has been initiated by the premier of that province and his colleagues. Its distortions of federal intentions and parliament's contitutional proposals should offend and be opposed by every right-thinking Canadian.

Senator Flynn: I may inform the Leader of the Government that the National Assembly of Quebec has, by a vote of 111 to

9, including members of the official opposition, the Liberal Party of Quebec, officially indicated its opposition to the proposal made by the federal government. It is the expressed opinion of the National Assembly that it opposes the constitutional package of Mr. Trudeau. This is quite different from the situation here in Ottawa, since the government has not obtained that approval.

I may say that, if the Prime Minister had not pushed his proposal in the way he did, there would be no separatist government in Quebec. If he had been wise enough to wait until after the provincial election, we would have had a federalist party in office in Quebec and we would have been able to deal with this question in a more reasonable way. The current situation is the responsibility of the present government.

Senator Perrault: Of course, the Leader of the Opposition is engaged in partisan nit-picking again.

Senator Flynn: Oh!

Senator Perrault: The parties of Canada who support the federal system and who want to preserve the integrity of this nation have a massive communications task before them at the present time.

Senator Flynn: Ask Mr. Ryan.

Senator Perrault: Regardless of what policy priorities are established by provincial parties, and regardless of those party labels, there is a responsibility for those who believe in the federal system and the integrity of this country to explain the value of unity to the people of Canada. I make no apology on behalf of the government for its efforts to make certain that the people of every province know the value of the federal system and the importance of keeping Canada united, and the constitutional options which are being advanced by Parliament to make this an even better country.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, can I believe my ears? Here is the gentleman opposite telling us that we should do our duty by the federal system, and that we would go out into the streets and proclaim the unity of Canada when the federal system has been defined for us by the Supreme Court of this country. The federal system has been defined for us, and it is not unilateral action on the part of the federal government of this country.

We take the stand that we are the true federalists in this dispute. We are the people who are saying, legalities to one side, the constitutional convention has been confirmed, and we have been told that we are violating that convention and violating the federal system and everything that has been built up over the years if we proceed in this unilateral fashion which has been threatened tonight in the statement received from the Prime Minister of Canada.

How can any gentleman opposite get up and say—and as the federal propaganda machine in Quebec has said that unilateral action on the part of the federal government is good politics, good government, good leadership and good statesmanship in Canada? It simply is not. Maybe that is what we are going to get, but we will regret it.

One thing we are doing is giving those who do not believe in the federal system—and there are some in this country—one of the most effective weapons that they could seek to beat down the federal system; that is why we are worried.

I agree with my leader. We do not want to take a partisan position on this matter although that is how it is developing in this chamber tonight, because none of us feels partisan about it. We are Canadians first, and we are seeking a way to reconcile the differences in this country in order to achieve a harmonious solution to a most difficult and perplexing problem.

We are being asked to endorse confrontationalism. I do not say that the "rights" are all on one side. I am not prepared to endorse everything that the provinces in this country want, but neither am I prepared to endorse everything that the federal government wants. I do not detect a real spirit and feeling of compromise in the atmosphere today. To say that we should regard the attitude of the federal government as consistent with federalism in this country is something which escapes me entirely, and I only hope that in the discussions to come the prudence we have heard about will, in fact, prevail and that we will decide that we will not move until we get that kind of meeting of minds which can be obtained. If some of us have to put aside some of the things we cherish, some of the things we really believe in, or some of our desires in this matter, perhaps it would be well for us to do so, because I do not think that to move in the present atmosphere is conducive to harmony towards the unity of this country.

Senator Perrault: Honourable senators, in reply to that statement made in a state of high dudgeon by the Deputy Leader of the Opposition, may I say that history will judge which party has laboured to preserve the integrity of the federal system, the integrity of this nation and the rights of all Canadians. History will judge. Leave the ultimate judgment to history. In the meantime, there will be many opportunities in this chamber and the other place to debate the Constitution and the implications of proposed changes.

Senator Roblin: Two days?

Senator Perrault: Honourable senators, consider the scenario before us: federal opposition spokesmen and certain provincial spokesmen from across the country have been asking the Prime Minister to show "flexibility." In response, he has offered a range of six dates, and now he has accepted the proposal of the premiers to meet in early November; and he has said that he will meet for as many hours and days as are required to set forth provincial and federal views. Yet, despite this conciliatory response by the government, tonight we have this astonishing and highly partisan display by the official opposition. I wonder which party is trying to keep Canada united, and which party is dividing Canadians. Does this display by the opposition tonight serve the nation or, indeed, the Senate.

Senator Flynn: Certainly not what you are saying.

Senator Perrault: If the Prime Minister had refused to have further meetings with the premiers, I suggest that this, too, would have elicited the same opposition response, because it is quite obvious that this display of pre-programmed synthetic opposition rage was orchestrated in advance of the sitting tonight. I suggest that the same words would have been spoken by Honourable Senators Flynn and Roblin, regardless of the prime minister's reply to the premiers. It did not matter what the Prime Minister was going to offer tonight, the response would have been the same.

Senator Flynn: No, sir.

Senator Perrault: May I suggest to the opposition, whose members, at times, do demonstrate a support for the letter and the spirit of the parliamentary system, that we should wait until that meeting is held; wait until the Prime Minister sits down with those premiers, and they discuss the Constitution in a spirit of co-operative provincial-federal relations. Let us wait to see what comes of this process.

Not all of those who believe in the federal system are members of only one party in this country. There are people in many parties who love Canada and who are trying to preserve this federal system, but they have differing views regarding the Constitution and the way in which to guard human rights. There are people at the provincial level who truly believe that the course of action which they advocate is the right course of action. Scripture says something about the value of sitting down and reasoning together. There is some merit to that process. This is the process in which we are engaged.

• (2050)

Are these charges against the government reasonable? Are they fair? In their own hearts, do honourable senators really believe that this or any other federal government should sit by idly while a separatist leader of one of our provinces—a leader who has re-affirmed his intention to break up the country through a second referendum—

Senator Flynn: What about the other seven premiers?

Senator Perrault: Do honourable senators truly believe that a separatist-inspired publicity campaign directed toward the young people in any of our provinces should go unanswered by the federal government? Of course not! We believe that such campaigns which distort the intentions of Parliament must be countered. All honourable senators, regardless of party, believe in the federal system, and we must be prepared to defend that system. But, as I say, let history decide whether the actions of this government have been proper and in the interests of this nation.

Senator Donahoe: Honourable senators, I should like to address a supplementary question to the Leader of the Government.

The question which was put and which we are now discussing is whether or not there is any legal authority for the federal government to spend public money to support a program of propaganda backing its position on the Constitution. That is the question.

[Senator Flynn.]

The Leader of the Government has seen fit to reply by going off on a number of irrelevancies and has attempted to say that the government is justified in spending that money because the position which is being justified is the position of the Liberal Party.

Senator Perrault: Who said that?

Senator Donahoe: My question is a simple one: Does the Leader of the Government in the Senate maintain that there is no distinction between the Liberal Party and the Government of Canada?

Senator Perrault: Let me in turn ask the honourable senator this question.

Senator Donahoe: No. I am asking the question and you should answer it.

Senator Perrault: I stated earlier that the question would be taken as notice. I do not know the source of that funding at the present time. That is a perfectly proper reply.

The honourable senator talks about the federal advertising campaign in Quebec. I wonder if the honourable senator would send me copies of the advertisements which the federal government is alleged to have circulated in the province of Quebec. Would he send them over? I suggest that the honourable senator has not seen the campaign and is commenting on something of which he has no direct knowledge. Has the honourable senator reviewed the literature which is being circulated by the federal government in the province of Quebec? Does he have copies at his desk or in his office?

Senator Flynn: Do you deny it?

Senator Donahoe: Do you deny that there is such a campaign?

Senator Perrault: I understand that there is an informational campaign in the province of Quebec with respect to the Constitution and constitutional proposals. I have promised further information, but I hardly think it advances the sum of human knowledge for any honourable senator to rise in this place and attack a campaign of which he has no direct knowledge.

Senator Flynn: It was mixed up with beer and other advertisements during the television coverage of the baseball game yesterday. It was a mixture of beer commercials, commercials by C.S.N., and commercials on the coming vote.

Hon. Daniel A. Lang: Honourable senators, may I rise just for one purpose, namely, to attempt to defuse any allegation that concern over the constitutional issues we are facing is a partisan matter. I do not think anyone can accuse me of being a partisan Tory, but I am completely in conformity with the sentiments expressed by Senator Roblin.

This matter far transcends our partisan considerations. It reaches into the very heart of the existence of our nation. My honourable leader over there says that history will judge, but history will judge us now. Now is the time. Our country is more important than the Liberal Party or the Conservative Party, and if anybody tries to impugn my Canadianism or my

large "L" or small "l" liberalism, then I do not think that we have a country. Think, honourable senators; forget your partisanship and let us try to pull this country together. It is the responsibility of all honourable senators to do that. That is our ultimate raison d'être.

Hon. Senators: Hear, hear.

Hon. Jack Marshall: They have not got the guts to do that.

Senator Lang: Why are we in this small group sitting over here? We are trying to impress on people that this issue far transcends partisan politics. Our country was built on compromise, accommodation and reasonableness. That is the nature of Canadianism. Any constitution imposed on this country that has no political legitimacy will not work. To try to impose liberty in the name of, for instance, a bill of rights, is the worst form of tyranny. Once you try to impose "liberty", you deny it.

Let us be reasonable and let us forget our partisanship. I am standing here tonight because I am a big "L" and a little "l" liberal. Let us forget any allegations and confrontations, because these issues are far too important and will require the best of everyone of us. We can make a contribution to Canada that will transcend anything that has ever occurred in this chamber. It could go down in history as being a mark of a mature nation.

Hon. Senators: Hear, hear.

INTERNATIONAL TRADE

PROTECTION OF CANADIAN URANIUM INDUSTRY

Hon. Jacques Flynn (Leader of the Opposition): I have a question to put to Senator Austin. The question is not as disruptive in nature as the previous one, but Senator Austin in a recent interview claimed that market conditions and U.S. insensitivity and negativism forced the Canadian government to seek the protection of an international cartel for the uranium industry. Could the minister tell us whether or not certain American-owned uranium producers in Canada, or, for that matter, Canadian producers in Canada, were reluctant to participate in the cartel and that they were, in effect, forced to do so by the Canadian government?

Hon. Jack Austin (Minister of State): Honourable senators, I will have to ask Senator Flynn to have that question put to the minister responsible by one of his colleagues in the other place.

Senator Flynn: As you are a minister of the Crown, you have the responsibility to reply to statements that you make outside the Senate. If you are telling me that you will not reply to the question, that is your right, but I am still entitled to put the question to you.

Senator Austin: Honourable senators, the question that Senator Flynn has put is one that seeks information other than that which I have given in the very general narrative he has regarding certain events that took place in the uranium industry.

Senator Flynn: You say that you are not responsible for the attitude of the present government toward the so-called uranium cartel. In any event, were you not invited to be a member of the cabinet in order to advise the government on that burning issue?

Senator Austin: The specific question Senator Flynn puts seeks information on detailed actions which took place in the past, and that kind of information must come from the minister responsible.

I must say, as Senator Flynn gives me the opportunity, that I think that the government followed a remarkably enlightened and intelligent program—

Hon. Richard A. Donahoe: But was it legal?

Senator Austin: —in the support of the Canadian uranium industry in the international market, which certainly was legal.

Senator Flynn: Do you, then, agree with the action of the Attorney General in prosecuting those uranium producers, and in not making any charges against the deputy minister at the time?

Senator Austin: Honourable senators, let me say that I know nothing of the contents of any report given to the Attorney General about uranium producers. I know nothing of the basis for any allegations. We can only await disclosure of such information in due course and in the proper way. I am sure that the former Minister of Justice would understand that.

● (2100)

Senator Flynn: I am sure that that type of decision of the Attorney General is made by the cabinet and all its members.

Senator Austin: He denied that. He does not disclaim responsibility as Attorney General of Canada.

FOREIGN AFFAIRS

REFUGEES FROM EASTERN EUROPE—ADMISSION TO CANADA—POSSIBLE INCREASE IN QUOTA—ECONOMIC AID TO POLAND

Hon. Jack Marshall: Honourable senators, I want to elaborate on a question posed last week by Senator Haidasz on which I asked a supplementary. It has to do with the immigration laws of our country and the fact that there are certain restrictions on refugees from other countries who are presently in Canada and those who want to enter Canada. Is there any differentiation between the qualifications of ordinary refugees under Canada's immigration laws and those that apply to foreign hockey players who wish to enter Canada? There would appear to be no restrictions when a National Hockey League team requests immigrant status for a foreign hockey player. It would seem that they do not have to abide by the law which stipulates that they cannot fill a position for which a Canadian can qualify.

Could the Leader of the Government qualify that and produce an answer in the near future?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that question was, in fact, answered, at least in part, last week. It is quite conceivable that a hockey player could be a political refugee. I believe that the Stastny brothers, who are now playing for the Quebec Nordiques with great success, left Czechoslovakia in a rather unorthodox fashion. However, I would be pleased to ascertain the facts of that case. They certainly did not leave Czechoslovakia under normal and established circumstances.

The Vancouver Canucks also have at least two Czech hockey players on their team this year. Incidentally, largely as a result of the work of the Stastny brothers, the Canucks lost 6-3 to Quebec last night.

The Czechs playing for Vancouver are not refugees. They left Czechoslovakia in a manner which was satisfactory to both the Czechoslovakian and Canadian governments. They applied, I understand, for work permits to play for the Vancouver Canucks. I suppose the case could be made: Are there other Canadian hockey players who might have qualified to play and to score goals for Vancouver as well as the Czech "imports"? I cannot answer that question. Obviously, however, there may be a difference between the Stastny brothers playing for the Quebec Nordiques and the Czechoslovakians playing for the Vancouver Canucks. I shall attempt to obtain further information for Senator Marshall.

Senator Marshall: Will the Leader of the Government assure the Senate that he will find out if hockey players have to comply with the same rules and regulations as any ordinary person who is applying for entry into Canada under our immigration laws?

Senator Perrault: I was, in a peripheral manner, involved in the case of the two players Bubla and Hlinka who came from Czechoslovakia. I want to assure Honourable Senator Marshall that as far as I know, they arrived in Canada to work here temporarily as hockey players, and all Canadian laws and regulations were observed.

TRANSPORT

THUNDER BAY—GRAIN SHIPMENTS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like to take the opportunity to elicit some information from the Minister of State for the Canadian Wheat Board. He apparently received a telegram recently from the Dominion Marine Association in what they described as:

> —a shocking waste of ship capacity in the light of the short operational period yet available . . . and the opportunities for record export shipments.

They are referring, of course, to the shipping activities in Thunder Bay at the Lakehead.

Would the minister confirm that he has received that protest? If so, has he anything to say about it?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have received a telegram protesting the situation that was stated to be existing at Thunder Bay. Mr. Radke, the Acting Grain Coordinator, has replied to a similar telegram that he received, and I do not know whether Senator Roblin would be interested in the information that is contained in it. I would be quite happy to send it to him or to relate it now in the Senate.

Senator Roblin: I would be pleased to have it, but my real point is whether the minister agrees that the protest is justified? Is there an unreasonable delay at the Lakehead? Has a delay taken place?

Senator Argue: From what I can see I do not think there has been. Perhaps I should read the reply to the telegram. It is from C. D. Radke, Acting Grain Coordinator, to Rear Admiral Timbrell, President of the Dominion Marine Association. It reads as follows:

> My telex Oct. 9 responded to yours of October 7 concerning grain vessel delays at Thunder Bay. I indicated that although any delay was unacceptable delays to that point in week 10 should probably be considered minimal as rail-ship interface returned to "SYNC" following grain handlers strike. Longer delays are now being experienced and I wish to put this in perspective in order to assure continued cooperation of all elements of transportation system.
>
> Following strike settlement September 17 remainder of week 7 saw 16 ships clear port. 21 ships cleared in each of weeks 8 and 9 with virtually no berthing delays. In week 10 from October 3 to 10, no less than 30 ships were cleared, some half million tonnes of grain. Elevator stocks fell to lowest levels since 1973, i.e. 729 thousand tonnes, and berthing delays of one and two days were not uncommon.
>
> Turning to week 11, Tuesday Oct. 14 following Thanksgiving holiday weekend 21 grain ships were in port of which seven loading. Anticipate 21 ships will clear by weekend. As of noon Oct. 16 nine are loading and six waiting. With those uncleared this week and new arrivals over weekend anticipate 20 grain ships in port to begin week 12.
>
> I would emphasize excellent job done by ships, elevators and railways since strike despite difficulties of fresh start-up of system in mid-September. There is no villain in this story covering slightly less than 2 million tonnes of grain loaded in a month, 88 ships cleared and rail unloads back to the 6,200 car level in week 10, maintaining this in short week 11. We anticipate 6,800 unloads in week 12, plateauing at 7,200 in week 13 i.e. 470 thousand tonnes per week. This should bring shipping situation back to normal in week 12 thus seeing us over the major cyclical problem of the post strike start-up.
>
> I recognize the hardship this problem has caused DMA member fleets and I am grateful for their support through it. Outlook is excellent for the rest of the season contingent of course on salty loadings in St. Lawrence and continued good weather.

The very encouraging information in this telegram is that the unloads at Thunder Bay have increased from some 5,000, or a little more, per week for a period of about three months before the strike to 6,800 unloads in week 12, and perhaps to 7,200 in week 13.

What has really happened because of the strike and the resulting settlement is that the workers went back with enthusiasm and goodwill and prepared to work as they are working beyond the five-day week, two shifts every day. The proof of the pudding is really in the eating, namely, they have increased their handling through Thunder Bay at this point by as much as 40 per cent. Therefore, we should be grateful for the very good job being done by everybody involved in Thunder Bay.

Senator Roblin: I guess Senator Godfrey would understand me when I say there is nothing like blinding the boys with science, because if you get sufficient number of minutes of bafflegab on the record it is very hard to discern the wheat from the chaff.

Hon. Royce Frith (Deputy Leader of the Government): Wouldn't you quote those figures?

Senator Roblin: They are wonderful figures. I love them. That is not my question though. I am not alleging that the grain movement has stopped at the Lakehead.

Senator Frith: You said "unreasonable delays."

Senator Roblin: No. I am asking whether the allegations made by the Dominion Marine Association are true. They have stated in their information the number of ships that were delayed and the number of days involved. I was merely wondering whether or not that was true. I do not deny the fact that the grain is moving through the port. Thank heavens for that. I want to find out whether there is any basis for the complaint. The minister can say yes or no.

● (2110)

Senator Argue: There may be some reason for the complaint. I am not trying to deny that. But I believe there is some explanation for the situation that existed immediately after the strike ended. Because of the strike, the railway companies had closed down their system of delivering grain to Thunder Bay. As soon as the strike ended the railways did their best to get the cycle moving again. However, it takes some time to get the complete system moving. I spoke to the Vice President of CNR and to officials of CPR, who told me it would take some weeks for the system to reach full operation to the point that there could be the same kind of short turnaround period that existed in the past. The telegram that Mr. Radke sent to Admiral Timbrell would indicate that the railways are now back in full operation, that the system is functioning adequately. The workers at Thunder Bay are doing a good job, although there have been some delays. The honourable senator will recall the old threshing crews who operated many years ago. Often a teamster would arrive at the threshing machine before the person in front had finished unloading his grain, and people operating the equipment were not at all embarrassed if teamsters were sitting on the rack taking it easy while someone else was unloading.

I know it is inconvenient for ships to have to wait and I am not trying to justify the situation, but we should be grateful that the markets are adequate and that the railway system is functioning to capacity. I know that some ships are waiting in port to be unloaded, but we should thank God that at times we have an excess of ships rather than few ships waiting to be unloaded.

I believe the system is working well. However, I shall be happy to provide the honourable senator with a more adequate answer. I readily agree that the official reply could not tell him whether three ships waited an extra two days or provided any detailed information. I repeat that the system is functioning well. Ship loadings have been large and the outlook generally is optimistic.

Some Hon. Senators: Hear, hear.

UNITED NATIONS

FOOD AND AGRICULTURE ORGANIZATION—WORLD FOOD DAY

Hon. Stanley Haidasz: Honourable senators, a few moments ago I was on my feet to welcome the Minister of State responsible for the Wheat Board. I understand that he was the sole Canadian representative at the FAO meeting in Rome last week. Can be confirm that, and state whether he made any official announcement at that meeting or at any other meeting in Europe?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I had the honour to represent the Prime Minister at the World Food Day, and on his behalf I read a statement that had been given to me. In the formal proceedings I was the only representative of the Canadian government. It was my first time in Rome, and my first FAO meeting. I felt proud of the role Canada has played over the years. As a matter of fact, during the period following the end of Word War II, when the FAO was first established, I was able, on behalf of the Canadian government, to detail the sort of contribution to the World Food Program that Canada is making today. But I made no new announcements recently in Rome.

TRANSPORT

WESTERN CANADA—REDUCTION OF RAIL PASSENGER SERVICE

Hon. Richard A. Donahoe: Honourable senators, I have a question for the Leader of the Government. I might say that I was in a considerable dilemma in deciding to whom I should address my question. In addressing it to the government leader, I wish to say that Senators Argue, Olson and Austin should feel that the question is addressed to them also and that they too can reply to it, because those honourable senators are all from western Canada and they have something in common in relation to my question.

The Canadian government has seen fit to make an order in council, which adopts the policy of the Honourable Jean-Luc Pepin, the Minister of Transport, regarding the elimination of rail passenger services in western Canada.

I realize, of course, that the minister has eliminated rail passenger services in a number of other places, including eastern Canada. I do not believe that central Canada has been similarly affected. My question, which really is addressed to all four honourable senators, is: Do the western ministers approve of the policy of the Minister of Transport with respect to the discontinuance of vital passenger services in western Canada?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, there is a proposal before the Senate that the subject matter of VIA Rail be referred to the Standing Senate Committee on Transport and Communications. There will therefore be an opportunity to debate VIA Rail policies during the course of the debate to refer the matter to committee, and also in committee itself.

I have before me a document which is too lengthy to be read tonight. It explains, in part, the position of the government with respect to VIA Rail. I should be pleased to incorporate the highlights of that document into today's proceedings.

The question was addressed to me as a western minister. I have made representations to the Minister of Transport concerning certain routes in western Canada. For example, Senator Bell is aware of the fact that the Esquimalt and Nanaimo Railway is still in operation, and I have made suggestions concerning other routes affecting the Province of British Columbia. I have also put forward proposals for improvements in the rail service being provided for the people of my province, and, hopefully, certain services can remain in the future.

It might be constructive to have some factual information provided for the Senate, perhaps as a basis for further questions by honourable senators in the weeks to come. I shall therefore be pleased to incorporate this material in the record of today's proceedings in a spirit of co-operation.

Senator Donahoe: I have a further question. I understand, from the answer just given, that the minister does approve of the policy of the Minister of Transport.

Senator Perrault: Honourable senators, I understand the reasons which have prompted this action by the government. May I suggest at least some of those reasons this evening, if the honourable senator wishes me to do so?

Senator Donahoe: In view of the fact that the matter is before a committee—

Senator Perrault: It is not yet before the committee. We are debating the resolution to refer the matter to committee. Knowing the honourable senator's concern for parliamentary decorum, perhaps he will permit me to make a brief statement.

Improved highways, increased use of private automobiles, expansion of bus services and extraordinary growth of air travel have all eroded rail's traditional share of the passenger market.

[Senator Donahoe.]

That has happened in connection with many routes in Canada. I recall one parliamentary committee, on which I served while in the other place, discussing the discontinuance of certain rail lines.

An Hon. Senator: The Bullet.

Senator Perrault: The so-called "Bullet" in Newfoundland was one of those services where a decline in patronage was a very real factor.

Decline in patronage is not due to downgrading of services by railways, but rather to passengers' choice of other modes.

Rail passenger services have a role to play, but not the same role as thirty years ago. Some adjustments are necessary.

It was not an easy decision for the Minister of Transport to make. Discontinuance of rail service is no way to win a political popularity contest.

The situation facing the government is as follows: mounting operating deficits; old, unreliable equipment—the average age of the equipment being 25 years; limited financial resources at government's disposal.

• (2120)

The decision was to hold operating deficits steady through reductions of under-utilized, expensive and inefficient routes; to invest substantially in new equipment for routes with good potential; to make changes now to free up money for investment and to allow VIA Rail to get on a firm footing.

With regard to budgetary considerations, and to give some idea of the financial problem facing the government—and the honourable senator has cabinet experience—the figures are as follows: 1977-78, operating costs, $209.1 millions—for a total of $209.1 million. 1980-81, operating costs, $332.1 million; capital costs, $117.5 million—for a total of $449.6 million. Going down to the projected figures for 1983-84, the details are: operating costs, $355 million; capital costs, $182 million—for a total of $537 million. These are enormous increases in costs. There is an increase of over $300 million anticipated from fiscal 1977-78.

Even with reductions in service, the government is spending more than ever before on the rail passenger service.

For the first time a three-year commitment has been given to VIA Rail to allow that entity to plan more rationally.

The average government subsidy per ticket, over the entire system, is $70 out of the taxpayers' pocket.

The honourable senator may choose to debate this matter, and perhaps the time to do so would be when we debate the reference to committee of the matter of VIA Rail.

The transcontinental service, alone, accounts for half of the total losses. The average subsidy per transcontinental ticket is $160 out of the pocket of the Canadian taxpayer. Perhaps the honourable senator will wish to dispute these figures, but I am putting them on the record as the figures which have been produced by the Minister of Transport.

The criteria for route selection are as follows: first, concentration on high-density, inter-city services; second, maintenance of single transcontinental service; third, maintenance,

with reduction in frequency, of remote services where no adequate alternative to rail exists; fourth, services dominated by commuter traffic to be offered to provinces; fifth, discontinuance of services with low load factors and low revenue/cost ratio.

The changes, as honourable senators are aware, are scheduled to take place on November 15, 1981, with the exception of commuter services, which are extended to the summer of 1982 to allow the provinces time to arrange transfer.

With regard to the reasons for not having public hearings, we will put these on the record, and then the honourable senator will be able to debate the matter at some future time.

Hearings have already been held by the CTC on virtually all routes affected in the last four to five years.

Given the ceiling on expenditures of about $500 million, the CTC would have been forced to recommend reductions even after public hearings, which could last another three or four years, with the continuance of these massive subsidies on the part of the Canadian taxpayer of the order I have described earlier. In the meantime, less and less money would be available for new equipment.

By taking a decision now, investment can begin immediately and new equipment will be operating in eastern and western Canada within two years, the amounts saved by not having hearings amounting to $100 million. This is a very controversial decision; everyone admits that. The minister said he would have preferred another route. The honourable senator is aware of that. The National Transportation Act, section 64, clearly allows government to make changes by order in council. In terms of intermodal comparisons, figures are put forward under various headings, such as the number of passengers, net government spending and the spending per passenger by the government. Without giving this whole chart, rail is $70 per passenger, bus is $5 per passenger, air is $10 per passenger.

The level of cost recovery is as follows: rail, 30 per cent; bus and car 55 per cent; air, 54 per cent. Incidentally, included in the bus figure is also the car figure. In other words, the mode of road travel includes bus and car.

I have other figures here which I will be pleased to place on the record, but which I do not propose to read now. These concern energy consumption and intermodal comparisons. I would be pleased to put that on the record of today's proceedings.

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

Hon. Senators: Agreed.

(*The table follows:*)

Intermodal comparisons

		road		
	rail	bus	car	air
number of passengers	7 m.	35 m.	480 m.*	35 m.
net government spending	$490 m.	—$2½ b.**—		$360 m.
spending per passenger	$70	$5		$10
level of cost recovery	30%	55%		54%
energy consumption:				
BTUs per pass.-mile (inter-city, existing loads)	2800	1100	5100	7000
BTUs per pass.-mile (inter-city, 100% load)	1100 (LRC: 700)	550	1500	3600

*passenger trips over 50 miles
**primarily provincial governments

Senator Perrault: Honourable senators, I have taken rather a long time to reply to the question, but the question of VIA Rail is, I know, of interest to many senators.

Senator Donahoe: Honourable senators, perhaps my final supplementary is unnecessary, but I would like to ask the minister this. Am I correct in believing that in arriving at his approval of the minister's policy, he was not in any way guided by any representations that were made at public hearings?

Senator Perrault: Honourable senators, that premise is not correct. There have been CTC hearings on virtually all of these routes over the past four or five years.

Hon. Guy Charbonneau: Honourable senators, is it not true, though, that the CTC had recommended keeping these lines alive?

Senator Perrault: Honourable senators, I will take that question as notice. I have presented the extent of the information available from the Minister of Transport, and I am going to leave it at that for this evening.

Hon. C. William Doody: Honourable senators, I have a supplementary for the Leader of the Government in the Senate.

I wonder if the honourable senator would indicate to the Senate if the appointment of a second cabinet minister from British Columbia can be construed as the first step in the double tracking that was promised?

Senator Perrault: It is better than opposition "double talking."

AIRPORTS—COST OF OPERATION

Hon. Daniel Riley: Honourable senators, I would like to direct a question to the Leader of the Government in the Senate.

Has the leader any comments to make on the $1 million per week deficit at Mirabel airport, and has he translated that deficit into the cost in respect of each passenger ticket on planes leaving Mirabel?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, it is my understanding of the intermodal comparisons I provided earlier that they do take into account the cost of providing passenger service, which in the air category would, I understand, take into account passenger costs at Mirabel airport. However, the question will be taken as notice.

Hon. Jack Marshall: Honourable senators, I wonder if the Leader of the Government would also obtain the figures as to the cost of maintaining each airport in Canada, and what those airports contribute to the cost of that maintenance, which I understand is as low as 10½ to 12 per cent. Who is paying the difference? It must be the Government of Canada.

Senator Perrault: Honourable senators, I hope that the Honourable Senator Marshall does not expect an answer at 2 o'clock tomorrow afternoon.

Senator Marshall: No. I will give you until Thursday at noon!

Senator Perrault: Well, it will be a "guestimate," if you want that.

Hon. Royce Frith (Deputy Leader of the Government): October 1983.

THE ECONOMY

INFLATION—INTEREST RATES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to respond to a question asked on October 15 by the Honourable Senator Charbonneau concerning recent OECD figures and comparisons of living standards among OECD countries.

I am informed that the OECD figures referred to by the honourable senator indeed indicate that Canada had dropped from third to twelfth place in its standard of living compared to other OECD countries. I would suggest, however, that the figures used for the study do not provide a reliable indicator of relative living standards. The comparison of absolute living standards across countries is a highly complex matter and necessitates adjustment to a common currency. The OECD, study used observed exchange rates to convert nominal per capita GNP to U.S. dollar values. This procedure is highly questionable for a number of reasons, including the fact that exchange rates can, for substantial periods of time, deviate from the values that make the purchasing power of currencies equal to each other.

I would refer the honourable senator to a more thorough and technically superior study of living standards recently completed by the United Nations. This study looked at 119 countries and concluded that Canada's living standard was lower than those of only four countries Libya, Kuwait, Saudi Arabia and the United States.

[Senator Riley.]

● (2130)

UNITED NATIONS

RELIEF AND WORKS AGENCY—POSSIBILITY OF SPECIAL CONTRIBUTION BY CANADA

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on October 14 I was asked a question by the Honourable Senator Macquarrie with regard to the United Nations Relief and Works Agency for Palestinian Refugees. I have an answer which is rather lengthy. I ask that it be incorporated in the proceedings of this day.

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

Hon. Senators: Agreed.

(*The answer follows:*)

The United Nations Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA) has demonstrated since its inception the greatest effectiveness in responding to the needs of the Palestinian people, despite the difficult conditions in the Middle East under which it has had to operate. UNRWA's accomplishments in education, health and food programs have been instrumental in ensuring that the Palestinians have received the assistance that they require. Canada has therefore been concerned over the humanitarian and political implications for the Palestinians, should programs be threatened with suspension or closure due to lack of funds.

Over the years, since the founding of UNRWA, Canada has provided both material and moral support. This has reflected a commitment to continue humanitarian assistance to Palestinians, and our assessment of UNRWA as an agency that is executing effectively its important responsibilities. In formulating the level of Canada's 1981 contribution, it was foreseen that UNRWA would have difficulty in meeting its increased financial requirements for 1981 through voluntary contributions received from donor countries. We therefore increased our 1981 contribution by 30 per cent in comparison with 1980. That includes a cash grant of 2.9 million Canadian dollars and 4.5 million Canadian dollars in wheat flour.

Canada continues to follow closely UNRWA's financial situation, and will also keep in close contact with other major donor countries concerning the problems faced by the agency. When formulating the level of our 1982 contribution, full consideration will be given to UNRWA's difficulties.

THE ENVIRONMENT

NIAGARA RIVER—DUMPING OF NOXIOUS LIQUIDS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on October 14 the Honourable Senator

Muir asked a question concerning the quality of the water in the Niagara River. On June 9, 1981, the Stony Creek Regional Office of the Ontario Ministry of the Environment released a report which stated:

> We feel that the water supply of the Niagara River is of acceptable quality.

Environment Canada concurs with that assessment of the situation. The water is safe to drink. It is not great but it is acceptable.

The deputy leader has said that he will drink to that.

However, the federal government continues to be very concerned about the situation. The Niagara River continues to be a priority area of concern for the government. We are pressing the United States to take action in a number of areas.

The Niagara Falls Waste Water Treatment Plant has not functioned properly for over three years. Canada has made numerous representations to the United States by way of diplomatic notes, bilateral meetings, and discussions between officials, to take the necessary action to bring the plant on line. However, the matter has been delayed by a U.S. domestic legal dispute over who should pay for repairs.

The United States Environmental Protection Agency has just announced that $4.4 million will be made available for the repair of the plant.

We are pleased with this development and intend to follow this matter closely. We also intend to request that interim controls be placed on chemical dischargers until these repairs are completed, in order that water quality standards are maintained.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, there is one final matter which will be of special interest to those honourable senators from Manitoba.

The U.S. Department of the Interior informs us that Secretary Watt did not announce any government commitment to the Garrison Project during a recent visit to North Dakota.

The rumours may arise from a headline in a Fargo, North Dakota newspaper, "Watt Sees More Garrison Construction". However, this headline is not substantiated by the substance of this article, which will be of some relief, I think, to Honourable Senators Guay, Roblin, and other Manitobans.

According to his office, Secretary Watt made some off-the-cuff comments to the effect that the administration was working with North Dakota to develop some kind of phased concept for construction; however, there are no firm plans at this time. He said that he had come to North Dakota to learn about the project and had flown over the area in question. Secretary Watt also stated that he had no official announcement to make about any administration position, but that he was confident that something could be worked out.

We have received the assurances of the Department of the Interior that there has been no change in their position.

The Senate Appropriations Committee will consider this week a number of proposals for the Garrison, including one from the Office of Management and Budget, to cut the Garrison appropriation from $4 million to $2.4 million.

The embassy is contacting all senators concerned to ensure that they are aware of Canadian views on this matter.

Hon. Duff Roblin (Deputy Leader of the Opposition): I should like to thank my honourable friend for his statement with regard to the Garrison Project. It does interest me because, as he says, that is not the impression that was received on the spot by the people concerned. The impression was that Mr. Watt was the first one representing the Reagan administration stating clearly and without question that the Garrison Project had the support of the administration, and that the only things standing in the way of its proceeding was the court action, which my honourable friend may know is taking place now, and the fact that money has not been appropriated. However, just so long as the policy matter stands, as I believe it still does, the position that no money is going to be appropriated still leaves the matter wide open for the future.

I want to hear from the government that the United States administration has given an assurance that it will not use the Garrison system to pollute waters in Manitoba. A positive statement like that would go a long way to make a lot of people in that province very happy. Will my honourable friend do what he can to get such a statement?

Senator Perrault: Honourable senators, it is an important matter for the entire country. I had anticipated that there would be some query in this regard from Honourable Senator Roblin and other honourable senators this evening. That is the reason I brought this information to the Senate. Certainly this situation will be monitored very closely.

Senator Roblin: I am really interested in getting a definite statement from Mr. Watt. If such a statement is made, would my honourable friend be kind enough to produce it so that we can read it for ourselves?

[*Translation*]

VIA RAIL CANADA INC.

MOTION TO INSTRUCT TRANSPORT AND COMMUNICATIONS COMMITTEE TO MAKE STUDY—POINT OF ORDER

On the Order:

> Resuming the debate on the motion of the Honourable Senator Riley, seconded by the Honourable Senator Bielish:
>
> > That the Standing Senate Committee on Transport and Communications be instructed to inquire into and report upon the national rail passenger service provided to Canadians by VIA Rail Canada Inc. and, in particular to examine

(a) the Federal Government's plans for reorganizing Canada's passenger train services announced by Transport Minister Jean-Luc Pepin on July 27, 1981;

(b) the changes in passenger train services effected by Order in Council P.C. 1981-2171, dated August 6, 1981, made pursuant to subsection 64(1) of the National Transportation Act; and

(c) the procedure followed by way of Order in Council P.C. 1981-2171 in varying the Canadian Transport Commission's Orders and Decisions respecting Canada's passenger train services.

Hon. Fernand-E. Leblanc: Honourable senators, item No. 2 of the Orders of the Day reads as follows in English:

[*English*]

15th October—Resuming the debate on the motion of the Honourable Senator Riley, seconded by the Honourable Senator Bielish:

That the Standing Senate Committee on Transport and Communications—

[*Translation*]

In French, it reads as follows: "That the Standing Senate Committee on Banking, Trade and Commerce—". If I refer to the *Rules of the Senate of Canada*, it appears that the translation of "Senate Committee on Transport and Communications" is "Comité sénatorial des transports et des communications" and that the translation of "banques et commerce" is "Banking, Trade and Commerce". I think it is important to know which Committee is being referred to.

The Hon. the Speaker: I have the assurance of the Clerk that this will be corrected before our next sitting.

[*English*]

NEWFOUNDLAND

DEVELOPMENT OF HYDRO POWER AND OFFSHORE OIL RESOURCES—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Cook calling the attention of the Senate to certain matters relating to the development of hydro power in Labrador, and to the development of the offshore oil resources of Newfoundland.—(*Honourable Senator Marshall*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have discussed this order with Senator Marshall. I believe this was originally Senator Cook's inquiry and, as I believe he knows, at some point I should like to intervene, so far as it relates to the legal aspect of offshore resources, in much the same manner as I did on the question related to Nova Scotia. The order was adjourned in Senator Marshall's name and I spoke to him about it. I believe it is reasonable for us to assume, with regard to Newfoundland, that there are negotiations going on which are somewhat similar to the negotiations that apparently were successful with Nova Scotia. Therefore, no matter what the law is, if administrative arrangements can be worked out, it is desirable for everyone. Senator Cook and I agree on that point.

With Senator Marshall's consent, then, I suggest that we stand this order for, perhaps, two weeks. If something further develops, we can always bring it forward.

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

Hon. Senators: Agreed.

Order stands.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

EIGHTH REPORT OF STANDING JOINT COMMITTEE—ORDER DISCHARGED

On the Order:

Consideration of the Eighth Report of the Standing Joint Committee on Regulations and other Statutory Instruments.—(*Honourable Senator Nurgitz*).

Hon. John M. Godfrey: Honourable senators, I ask leave of the Senate at this time to withdraw this report and let the order be discharged.

I should explain briefly that we objected to a regulation in our report. We discovered, after we had approved the report and it had been tabled in the house, that the regulation had been rescinded. Unfortunately, the letter informing us that it had been rescinded had never been received by our staff, and we were not aware of the fact.

The Hon. the Speaker: Honourable senators, is leave granted to discharge the order?

Hon. Senators: Agreed.

Order discharged.

SEVENTH REPORT OF STANDING JOINT COMMITTEE—MOTION FOR ADOPTION—DEBATE ADJOURNED

The Senate proceeded to consideration of the seventh report of the Standing Joint Committee on Regulations and other Statutory Instruments, which was presented on Tuesday, June 16, 1981.

Hon. John M. Godfrey moved that the report be adopted.

● (2140)

He said: Honourable senators, the Seventh Report of the standing joint committee appears as an appendix to the Senate *Hansard* of June 16, 1981. In this report the joint committee registers its objections to VIA Rail, and in consequence almost all of the railway passenger services of the country, being established and set up in business pursuant to an involved use of subordinate powers, a dollar vote in an Appropriation Act and three slim regulations. At no time has Parliament had the opportunity to debate and to decide on what are very significant matters.

The report explains in detail how this was done. I will not repeat those details in this speech. However, just to give some

idea of the moneys involved, the so-called one dollar vote actually authorizes the Minister of Transport subject to such terms and conditions as may be presented in regulations, to reimburse railway companies such as the CNR and CPR for certain costs incurred by them to the tune of up to $240 million annually. And we have heard tonight from Senator Perrault that that sum has since been increased very substantially.

Our committee in examining regulations operates under certain criteria approved by the Senate and House of Commons. Its principal objections to these regulations comes under its tenth criterion which is as follows:

> Whether any Regulation or other Statutory Instrument within its term of reference, in the judgment of the Committee: . . .
>
> 10. in the absence of express authority to that effect in the enabling statute or prerogative, appears to amount to the exercise of a substantive legislative power properly the subject of direct parliamentary enactment, and not merely to the formulation of subordinate provisions of the technical or administrative character properly the subject of delegated legislation;

In the opinion of the committee, it is objectionable in principle that relationships between the VIA Rail, the new public railway passenger authority and the railway companies, and the takeover of services should have been settled without parliamentary involvement. The committee delayed making this report because we had some indications from the minister that the actions taken to establish VIA Rail might be regularized by the introduction of a bill by the government. It was only when we were told that the government had decided against the introduction of a bill for a VIA Rail Canada Act that the committee decided to present this report recording in detail its objections to the procedures used.

Our committee had objected in previous reports to the type of procedures used in this instance and had particularly referred to the procedures used to set up VIA Rail.

In its report dealing with the work of the committee between January 1974, and January 27, 1977, it took objection to the making of regulations under votes and appropriation acts. The type of power to which the committee then objected arises:

> —when moneys are voted by Parliament to be disbursed for a stated purpose that all the rules governing the expenditure, the determination of eligible recipients and so on, are left to be made by a subordinate authority. Parliament simply hands a sum of money to a subordinate with authority to spend it for a particular purpose, often vaguely stated, as that authority sees fit. The authority then makes a set of rules, often very elaborate, governing the expenditure of the money and, in effect, defining the purpose and objects of Parliament's bounty. Often the financial basis which gives the legal justification for the use of a Vote in an Appropriation Act is a fiction since the money voted is only one dollar.

In its fourth report dated July 17, 1980, the committee specifically objected to the procedures used in VIA Rail Canada when it stated:

> The making of extensive subordinate laws on important matters such as VIA Rail Canada Inc. under Votes in Appropriation Acts also produces laws and policies never debated by Parliament. Your Committee's predecessor called for an end to this practice inimical to parliamentary sovereignty.

The Standing Senate Committee on National Finance expressed continued concern regarding the use of $1 items in the appropriation acts to amend the legislation enactments in its reports of March 23, 1972, and November 21, 1973. These concerns seemed to have had some effect upon the government of the day because the committee in considering the supplementary estimates in November, 1973, heard evidence from the President of the Treasury Board regarding the use of $1 items in supplementary estimates to amend existing legislation. The President of the Treasury Board stated:

> I would heartily agree that if we are changing in substance the act itself, then it should be done by way of an amending bill to the act.
>
> What we have done here, progressively, is to reduce and to eliminate, as far as we can, any substantive changes in legislation through the appropriation acts, even though it is faster and more convenient. The reason that recourse is had to the appropriation acts rather than a separate bill is because it is more economical of time and does not require the apparatus, the overhead, the attention, the energy which a separate bill itself would require.

On April 3, 1974 an official of the Treasury Board stated before the Standing Senate Committee on National Finance:

> All that had occurred recently in estimates in relation to the amendment of other acts has been simple changes of financial limits, rather than any matters of substance. For instance, the amount of the loans which may be made to crown corporations might be increased and other changes of a similar nature have been effected.

During a debate in the House of Commons on December 10, 1973, to concur in supplementary estimates, a point of order was raised by Eric Nielsen, M.P., with respect to the use of $1 items to amend statutes. It was contended that these $1 items should properly be brought before the house by way of a separate bill. The debate on this point of order eventually ended with a ruling by the Speaker which, on the basis of principle and a previous ruling in 1971, termed the three specific $1 items in question as "not properly before the house" because they were legislative in nature. The Speaker did point out that $1 items which merely amended a previous appropriation act, although legislative in nature, were not irregular. Again in 1976 the Speaker ruled that an appropriation act is not the place to seek authority to do something such as to establish a program.

In 1977 the Speaker ruled that it makes no difference whether the item attempted to spend a large sum or simply $1.

The test is whether or not the government is putting forward a spending estimate under authority it already possesses, or whether it is really seeking new legislative authority to do something.

It does seem extraordinary, in view of all these rulings of the Speaker of the House of Commons and the statement of the President of the Treasury Board before the National Finance Committee, that the government should have proceeded in the way it did to create VIA Rail by the use of a $1 vote and regulations enacted thereunder.

Since the ruling by the Speaker of the House of Commons in 1977 there has been very little discussion in that house on the subject of $1 items that amend previous legislation, and evidently a point of order was not used by anyone in that house when the VIA Rail item appeared in an appropriation act.

However, on June 12, 1981, the Speaker of the House of Commons on a point of order raised by an opposition M.P. threw out various votes in the 1981-82 estimates on the basis that they were legislative in nature and, therefore, not before the house in proper form.

In her ruling, Madam Speaker said:

> That we are dealing here with matters of substance is demonstrated by the fact that vote 45 seeks even to grant to the governor in council the power to pass regulations. By definition, the estimates seek spending authority alone; they are not intended to ask for substantial authority, such as to pass regulations.

Madam Speaker also stated that it is not the role of the Speaker to act on her own initiative in such procedural questions.

She also made a very practical suggestion that should be followed up by the Standing Senate Committee on National Finance, namely, that, if all votes included a reference to the statutory authority on which they are based, it would be easier to determine whether or not they were in order.

It would appear, judging by past performance, that governments will continue to slip items into the estimates to be confirmed by appropriation acts which are improper because they are legislative in nature. There are several practical ways to prevent this.

To begin with, individual members of the House of Commons should continue to play the role played in the past by members such as Mr. Nielsen and Mr. Andre who did the necessary research and raised the points of order which resulted in the Speaker's rulings I have referred to. They have the research staff available to do this.

Individual senators could also play a like role because they can also raise a point of order with respect to items in the estimates and in an appropriation bill, and ask for a ruling by the Speaker of the Senate who has the same powers in such matters as the Speaker of the House of Commons.

The Standing Senate Committee on National Finance could play a very practical role in this process. They could instruct their research staff to carefully examine the estimates and draw the attention of the committee to items that are out of order. The committee could then point out these items in its report. Any senator could then raise the point of order in the Senate at the appropriate time.

On motion of Senator Macdonald, debate adjourned.

● (2150)

ENERGY

GOVERNMENT POLICY—MOTION TO REFER SUBJECT MATTER OF INQUIRY TO BANKING, TRADE AND COMMERCE COMMITTEE—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Murray, seconded by the Honourable Senator Flynn, P.C.:
>
> That the subject-matter of the inquiry of the Honourable Senator Argue, P.C., which appeared on the Orders of the Day on November 20, 1980, be referred to the Standing Senate Committee on Banking, Trade and Commerce.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I had hoped to persuade Senator Murray that, in view of the Order for the pre-study of Bill C-48 and "all related matters" as indicated in that Order, the object of his motion has been achieved. However, the honourable senator is not in the chamber tonight, so we shall stand the order, but I wanted him to have a chance to read these observations to see whether he agrees.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 2238*)

STANDING SENATE COMMITTEE ON HEALTH, WELFARE AND SCIENCE

REPORT

THEY SERVED—WE CARE

Tuesday, October 20, 1981

The Standing Senate Committee on Health, Welfare and Science which was authorized on 6 November 1980 to examine and report upon the subject-matter of the *Statute Law (Military and Civilian War Pensions, Compensation and Allowances) Amendment Act,* 1980, Chapter 19, Statutes of Canada, 1980, and any regulations that may be made thereunder, and on 19 March 1981, to examine and consider the Annual Report of the Department of Veterans Affairs for the fiscal year ended 31 March, 1980, tabled in the Senate on 17 March 1981, has, in obedience to its Orders of Reference, proceeded with the studies and now presents the appended document as its report entitled "They served—We care".

Respectfully submitted,

M. Lorne Bonnell
Chairman

Membership

The Honourable M. Lorne Bonnell, M.D., C.M., *Chairman*

The Honourable Florence B. Bird, C.C., *Deputy Chairman*

and

The Honourable Senators:

Adams, Willie	McGrand, Fred A.
Bielish, Martha P.	*Perrault, Raymond J.
Cottreau, Ernest C.	Phillips, Orville H.
Croll, David A.	Rousseau, Yvette
Donahoe, Richard	Sullivan, Joseph A.
*Flynn, Jacques	Thériault, L. Norbert
Haidasz, Stanley	Thompson, Andrew
Inman, F. Elsie	Tremblay, Arthur
Lucier, Paul	Wood, Dalia
Marshall, Jack	

**Ex Officio Members*

Orders of Reference

Extract from the *Minutes of the Proceedings of the Senate,* Tuesday, November 6, 1980:

The Honourable Senator Marshall moved, seconded by the Honourable Senator Bielish:

That the Standing Committee on Health, Welfare and Science be authorized to examine and report upon the subject-matter of the *Statute Law (Military and Civilian War Pensions, Compensation and Allowances) Amendment Act,* 1980, Chapter 19, Statutes of Canada, 1980, and any regulations that may be made thereunder.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the *Minutes of the Proceedings of the Senate,* Thursday, March 19, 1981:

With leave of the Senate,

The Honourable Senator Marshall moved, seconded by the Honourable Senator Bird:

That the Standing Committee on Health, Welfare and Science be authorized to examine and consider the Annual Report of the Department of Veterans Affairs for the fiscal year ended 31st March, 1980, tabled in the Senate on 17th March, 1981.

The question being put on the motion, it was—

Resolved in the affirmative.

Robert Fortier
Clerk of the Senate

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Recommendations

1. We recommend that under the *Pension Act:*

a) the proportionate pension to the spouses and dependents of deceased veterans who were in receipt of a disability pension of 47 per cent or less be paid immediately instead of being phased in over a 6½ year period as in the *Statute Law (Military and Civilian War Pensions, Compensation and Allowances) Amendement Act* 1980; and

b) the proportionate pension be increased to a percentage of the full pension granted to spouses of deceased veterans equal to twice the assessed degree of the deceased veteran's disability.

2. We recommend that under the *Pension Act:*

a) the pension at the married rate when it is greater than the widow's/widower's pension continue to be paid for a period of one year to the surviving spouse of a deceased veteran; and

b) the surviving spouse of a deceased veteran in receipt of an Exceptional Incapacity and/or Attendance Allowance continue to receive such allowance for a period of one year following the death of the veteran.

3. We recommend that pension increases reflect the principle of parity with the average wage of five unskilled categories of Public Servants or, the increase in the Consumer Price Index, whichever is the greater, and that this principle be entrenched in the *Pension Act*.

4. We recommend that all necessary steps be taken immediately to eliminate the unacceptable delays in processing pension applications and in pension adjudications which have accumulated since 1970 and that to this end, particular consideration be given to encouraging essential staff to continue working beyond the normal age of retirement.

5. We recommend that the residence requirement of the *War Veterans Allowance Act* and the *Civilian War Pensions and Allowances Act* be amended to permit otherwise qualified persons to benefit from the legislation while residing outside Canada.

6. We recommend that in the calculation of entitlement to a War Veterans Allowance, the annual exemption for income derived from bank deposits, bonds and dividends be raised to at least $500.

7. We recommend that:

a) the Government appoint a Committee composed of officials from both the government and veterans associations to review and update those recommendations of the Woods Committee which have not been implemented and to identify, study and make recommendations about the anomalies which still exist in the treatment of veterans and their survivors;

b) the Committee study the apparent inequity to a divorced spouse who under existing legislation has no entitlement to benefits under the *Pension Act* and the *War Veterans Allowance Act;* and

c) the Committee study the apparent inequity of the way in which veterans are compensated for periods spent as prisoners of war.

Introduction

The Senate received Bill C-40, An Act to amend the Pension Act, the Compensation for Former Prisoners of War Act, the War Veterans Allowances Act and the Civilian War Pensions and Allowances Act, on 10 July 1980, just before the summer recess. Since the legislation embodied many improved benefits for veterans and their families, most parliamentarians wanted these benefits to be received as soon as possible without the delay of several months that the refusal to act quickly would have entailed. Thus, the legislation was passed by the Senate after a brief debate on its principles, without being sent to the Standing Senate Committee on Health, Welfare and Science. However, it was agreed that the subject-matter of Bill C-40 would be referred to the Committee *ex post facto* for study and report. Consequently, on 6 November 1980, the Senate authorized the Standing Committee on Health, Welfare and Science to examine and report upon the subject-matter of the *Statute Law (Military and Civilian War Pensions, Compensation and Allowances) Amendment Act,* 1980, Chapter 19, Statutes of Canada, 1980, and any regulations that might be made thereunder. On 19 March 1981 the mandate was extended to the examination and consideration of the Annual Report of the Department of Veterans Affairs for the fiscal year ended 31 March 1980.

An examination of the *Statute Law Amendment Act* of 1980 (Bill C-40) shows that it introduced a large number of changes into the two most important pieces of legislation which deal with the treatment of veterans: the *Pension Act* and the *War Veterans Allowance Act*. Some of these changes were of a minor or "housekeeping" nature; others were of vital importance both in terms of the financial commitment and the number of veterans and their family members who will be affected. Having carefully assessed the treatment of veterans under the legislation, your Committee decided that the major areas of continuing concern were: under the *Pension Act,* the scheme of proportionate pension payable to the spouses of deceased veterans, the continuation of the pension at the married rate following the death of a veteran, the system by which the pensions are indexed, and the continued existence of unacceptable delays in processing applications and in making adjudications; and, under the *War Veterans Allowance Act,* the residence requirement and the treatment of investment income. Finally, your Committee found that there are still a number of anomalies in the treatment of veterans and their families. The report which follows deals with these concerns and makes some recommendations for their solution.

Your Committee discussed and approved this Report on Tuesday, 7 July 1981. At the time, Bill C-79, an *Act to amend the Veterans' Land Act and to amend the Veterans' Benefit Act in consequence thereof,* was before the House of Commons

and would *inter alia* amend the *Veterans' Land Act* to enable the spouse and dependents of a veteran to enforce their family law rights on property held under the *Veterans' Land Act* and the *Veterans' Benefit Act*. The Committee decided to make a recommendation to this effect if the legislation were not passed before the summer adjournment. Prompt passage of the Bill on 9 July has made such a recommendation unnecessary.

Bill C-82, an *Act to amend the Pension Act and the Compensation for Former Prisoners of War Act,* was passed by the Senate on 10 July. It provided for the elimination of the "phasing-in" period of the proportionate pension payable to the spouses and dependents of deceased veterans. Your Committee commends the Acting Minister of Veterans' Affairs, the Honourable J. Gilles Lamontagne for introducing this amendment since the immediate payment of proportionate pensions to eligible spouses and dependents is an essential recommendation of your Committee. Our recommendation (*Recommendation 1*), however, goes substantially beyond the amendment proposed and adopted by Bill C-82. For this reason, neither the text of the *Report* nor the wording of *Recommendation 1* has been altered. We hope that the Acting Minister will take equally prompt action on this and our other recommendations.

The Committee wishes to acknowledge its gratitude for assistance given in the course of the study and the preparation of its report by the Clerk of the Committee, Mr. Patrick Savoie and by Mr. Henri-Georges Belleau and Mr. Grant Purves of the Research Branch of the Library of Parliament.

Mr. Lorne Bonnell, M.D.
Chairman

The Pension Act

1. The *Pension Act* has been amended since its inception on 7 July 1919 to keep it up-to-date with changes in the social and economic conditions of veterans. There are, however, a number of areas of concern which have not commanded much attention in the past but which are important today because the majority of veterans are now reaching an age where disabilities and the decreasing capacity to cope with them due to the passage of time, are a serious and growing burden. This burden to a large extent is shared by the veteran's spouses. These spouses have loyally and conscientiously taken care of the incapacitated veterans for a great many years, giving them the affection, security and support they need and enabling them to stay in their own homes instead of in institutions. Although there are a number of spouses who are the husbands of disabled veterans most of them are aging women.

2. Since men do not live as long as women and disabled people tend to have a shorter than average life span there is, yearly, a large number of veterans who die and leave widows behind them. Your Committee is concerned about these women. Since widowers as well as the widows of war veterans were equal partners in marriage, we believe that they have also served and that Canada should care for them. The most important of our concerns are:

The Payment of Proportionate Pensions to Spouses

3. The new legislation allows the spouse of a deceased veteran, who was in receipt of a disability pension of 47 per cent and less, a pension equal to one-half the amount of this disability pension. Similar benefits were extended to the spouses of former prisoners of war who were receiving or were entitled to receive Prisoner of War Compensation at the time of their deaths.

4. Your Committee is satisfied with the spirit and positive philosophy of the legislation, but we cannot agree with the decision to "phase-in" these benefits over a six and one-half year period and to set a spouse's pension at one-half the deceased veteran's disability pension.

5. It appears, on the basis of testimony before the Committee, that about 20,000 or 75 per cent of the estimated number of eligible spouses, most of whom are women, will not qualify for benefits until 1984 or later. Many widows of both World War I and World War II pensioners are now in their late seventies or mid-eighties. Obviously, taking mortality rates into account, many will not live to enjoy the benefits. It is also probable that a great number of widows will not gain much additional income from a proportionate pension at current levels. If they are receiving an allowance under the *War Veterans Allowance Act,* this may be reduced by part or all of the amount of the proportionate pension because the allowance is income-tested.[1]

6. The proportionate pension paid is only equal to half of the deceased veteran's disability pension if this disability pension was assessed at 47 per cent or less at the time of death. Widows of pensioners whose disability was assessed at 48 per cent or more, however, qualify for the full spouse's pension of $608.60. There is as a result a large and unjust difference in the treatment of widows receiving the maximum award and those entitled to the proportionate pension. For many years, veterans' associations have urged that the government adopt a proportionate pension based on the relationship between twice the degree of the veteran's disability and the full spouse's pension. This proposal has received the support of the Standing Committee on Veterans Affairs of the House of Commons which on 10 June 1975 unanimously recommended that:

> "When, at the time of death of the prisoner [pensioner?] he was, or would have been in receipt of a pension assessed at 47% or less, pension be paid to the widow in double proportion to the assessed degree of the pensioner's disability as it relates to the basic pension granted for widows.
>
> At the present time a full widow's pension is paid when the pensioner's death was attributable to or incurred during wartime military service, or in the case of peacetime forces if it arose out of or was directly connected with service, or when the pensioner's disability was assessed at 48% or more at the time of death. The effect of this would be that because 100% widow's pension is payable when the disability pensioner was paid at the 50% rate, a double proportion would be payable if his disability

was assessed at a lesser rate, so that, for example, the widow of a 40% pensioner would be awarded 80% of the normal widow's pension."(2)

The difference in benefits to eligible spouses, as of 1 January 1981, can be illustrated as follows:

Pension Payable to Spouse of Deceased Veteran

Degree of deceased veteran's disability and size of his/her disability pension as percent of the full disability pension	Pension paid to spouse under existing legislation	Pension payable at double the rate of disability as per cent of full spouse's pension	Difference
45% ($456.44)	$228.22	$547.74	$319.52
40% ($405.74)	$202.87	$486.88	$284.01

Figures taken from Canada, Senate, Standing Senate Committee on Health, Welfare and Science, *Proceedings*, 1st Session, 32nd Parliament, 17 March 1981, 4:6.

7. The government estimated that about 1,500 widows and 600 children would become eligible on 1 October 1980, with 26,000 widows and 10,000 dependent children receiving the new benefits by the time the legislation became fully effective. This estimate turned out to be inaccurate. The number of applicants and enquiries concerning eligibility for awards for the first two groupings, that is 1 October 1980 and 1 June 1981, has been half the estimated total number.(3)

8. This may be due to a feeling by some widows that the pension is a form of welfare or charity, rather than theirs by right, and they are too proud to ask for it. Others may not be aware that they are eligible in spite of efforts by the Department of Veterans Affairs, the Legion and other veterans' associations to inform potential recipients and to contact the spouses of pensioners who died before the effective date of the legislation.

9. Your Committee is aware that the financial resources of the Department of Veterans Affairs are limited, but we feel that these widows and children should have a high priority since the cost of paying the proportionate pensions has proven to be less than estimated and since the number of recipients is diminishing yearly through death.

10. The concern of your Committee was partially relieved when the Acting Minister of Veterans Affairs, the Honourable J. Gilles Lamontagne, assured us that the Department is aware of the injustice involved in at least the phasing-in of the proportionate pension to spouses of deceased veterans and that efforts are being made by the Department to eliminate the phasing-in and to have the pensions paid immediately.(4)

11. It is the considered opinion of your Committee that justice and compassion demand immediate action in this matter, and therefore

1. We recommend that under the *Pension Act:*

a) the proportionate pension to the spouses and dependents of deceased veterans who were in receipt of a disability pension of 47 per cent or less be paid immediately instead of being phased in over a 6½ year period as in the *Statute Law (Military and Civilian War Pensions, Compensation and Allowances) Amendment Act* 1980; and

b) the proportionate pension be increased to a percentage of the full pension granted to spouses of deceased veterans equal to twice the assessed degree of the deceased veteran's disability.

Continuation of Pension at Married Rate to the Spouse of a Deceased Pensioner

12. Soon after the inception of the *Pension Act* on 7 July 1919, veterans' associations began to request that a pension be continued at the married rate, where such is greater than the widow's pension, for a reasonable length of time, in order to enable the widow and children to adjust to a reduced income. At that time the pension was discontinued on the day following a pensioner's death. In 1954 the *Pension Act* was amended to provide that on the death of a disability pensioner who was in receipt of a pension for his wife and child, the pension would be continued to the last day of the month in which death occurred. In 1980, the Act was amended to provide that any pension or allowance awarded ceases to be payable on the first day of the month following the month of the death of the person to whom, or in respect of whom, any allowance is paid.

13. The present practice still creates severe hardship for the widow of a 100 per cent pensioner, and even greater financial hardship if the pensioner is in receipt of the Exceptional Incapacity and/or Attendance Allowance.

14. Let us take the case of a pensioner with a 100 per cent invalidity with bilateral below-the-knee amputation who is married. The following is the pension at the married rate:(5)

Pension under Schedule A of the *Pension Act*	$1,014.33
Exceptional Incapacity Allowance	143.19
Attendance Allowance	268.48
Total	$1,426.00

15. As shown by the above calculations the total monthly pension received by a married pensioner is $1,426.00. When he or she dies, the pension on the month immediately following death is reduced to the "widow's" rate, that is to $608.60 per month. This reduction usually requires the widow to make a drastic, immediate change in her way of living at a time when she is suffering from shock, grief, intense fatigue and disorientation due to loneliness, insecurity and anxiety about her future. For an elderly woman the loss of a husband is a serious traumatic experience. For most people at any age it would be financially difficult and mentally disturbing to be suddenly deprived of $825.00 in monthly income.

16. The National Council of Veteran Associations in Canada has made a study to find out how long it would usually take a widow to make the necessary financial adjustments to a greatly reduced income after the death of her husband. The history of widows whose cases were handled by members of the National Council of Veteran Associations in Canada was examined. It was found that as a rule there is a delay in

getting the pension for the widow and so it was decided that three months would be the absolute minimum necessary to ensure continuity of income in the interim.[6] This does not take into account the sort of adjustment that would be required. Funeral arrangements are usually unexpectedly expensive. If a widow is living in a rented house or apartment her lease will normally run for a year so that she may have to pay that rent for several months at a rate she can no longer afford. If she owns her home and it is mortgaged she may not be able to carry the monthly payments and yet be unable to sell in three months' time or be forced to sell at a loss. She may not be able to find immediately adequate new housing at the price she can pay. She may not be in a sufficiently stable emotional state to make the required decisions and her physical health will suffer from the stress of her situation.

17. The Exceptional Incapacity Allowance legislation was passed in 1971 following the report of the Woods Committee which studied the work and organization of the Canadian Pension Commission. It consists of a payment of an additional allowance for a veteran who is so badly disabled that he can only be classified beyond the 100 per cent disability level. These are, in other words, the worst and most severe type of case there is. They include, for example, the quadriplegics and paraplegics and other cases which are grouped in five grades or categories.

18. At present there are fewer than 1,000 pensioners receiving an exceptional incapacity allowance. These are further divided into five grades or categories. In the first category there are only 142 veterans and they would be mostly paraplegics. In the second grade there are only 76, who would be, for example, people who are wheelchair-bound. In the third grade, there are 105 who generally speaking would have at least two amputations and one other condition to qualify in that category. In the fourth grade, there are 180 who are, generally speaking, persons with double amputations above the knee if they were leg amputations or above the elbow if they were arm amputations, or a combination of these. In the fifth grade, and lowest, there are 493 veterans. A typical exceptional incapacity allowance recipient in this grade would be for a person with a leg off above the knee combined with a gunshot wound in the other leg and perhaps a complication of heart disease.[7]

19. It must be noted that the qualifications for this exceptional incapacity allowance are very severe. In addition to any one of these disabilities the recipient must suffer very severe pain and discomfort in order to be eligible. He or she might have, for example, some loss of life expectancy as in the case of the paraplegics and severe amputees.

20. Finally, in addition to the exceptional incapacity allowance the pensioner gets a clothing allowance which amounts to a maximum of $60.84 a month. If in need of attendance, he can draw an attendance allowance which is considered as an encumbered income. Although the latter cannot be spent for unauthorized purposes, this income comes into the family so that the pensioner can employ a person to do the housekeeping, shovel the snow, and so on.[8]

21. All the above allowances are terminated on the first day of the month following the death of the veteran. Additional expenses occasioned by extreme disability, such as special accommodation and contracts to supply special services may continue for many months.

22. In weighing whether or not to recommend the continuation of pension and special allowances at the married rate to spouses of deceased veterans, your Committee considered the fact that the minimum cost of extended care at a nursing home such as Deer Lodge is at least $82 *per diem* or $2,460 a month while intensive care costs $132 *per diem* or $3,960 a month. Without the care of their spouses, frequently over a great many years, thousands of disabled and aging veterans would have to be placed in nursing homes at vast public expense. It seems only fair that consideration should now be given to the amount of money that has been saved for the government by those widows.

23. There are convincing precedents for continuing the married rate for a longer period of time. Under the *War Veterans Allowance Act* the principle of such a continuation has already been accepted on the basis of need for up to a year. In the United States, a severely disabled pensioner has the premium on his G.I. Insurance waived so that the widow gets $10,000 when the pensioner dies to help her until she goes on to widow's pension. In the United Kingdom there is special legislation that covers her for six months at the married rate.[9] In any case we consider it inhumane to subject the surviving spouse of a disabled veteran to the drastic and immediate change in his or her standard of living as is now required under the *Pension Act*; and therefore

2. We recommend that under the *Pension Act:*

a) the pension at the married rate when it is greater than the widow's/widower's pension continue to be paid for a period of one year to the surviving spouse of a deceased veteran; and

b) the surviving spouse of a deceased veteran in receipt of an Exceptional Incapacity and/or Attendance Allowance continue to receive such allowance for a period of one year following the death of the veteran.

Indexation of the Basic Pension

24. The present legislation provides that pensions will be increased in accordance with the Consumer Price Index, that is, the cost of living. However, since wages traditionally increase at a faster rate than the cost of living, it follows that the pensioner does not benefit from the general increase in the standard of living but falls behind, at least relatively, each year.

25. In 1972, there was mutual agreement by a joint government-veterans committee established by the Minister of Veterans Affairs that the disability pension at basic single rates should be tied to a composite of five unskilled categories of public servants' rate of pay. Since then the government has passed legislation increasing the basic rate effective 1 July 1973 and 1 July 1978, aligning it with the average of these five

categories. However, there have been *ad hoc* increases not embodied in the Pension Act. Thus the system, which has been followed since 1973, essentially has been to give the veteran an annual increment based on the cost-of-living. If, as a result, the pension falls behind the wages paid to the composite unskilled labour group in the Public Service, the veterans' associations are presumably expected to point this out to the government every three or four years and ask for a further increase to bring the pension up to the after tax level of the composite group.[10]

26. It is the opinion of your Committee that there is no reason why the veterans should be forced to approach the government "hat in hand" every few years, and therefore

3. We recommend that pension increases reflect the principle of parity with the average wage of five unskilled catagories of Public Servants or, the increase in the Consumer Price Index, whichever is the greater, and that this principle be entrenched in the *Pension Act*.

Delays In Processing Pension Applications and in Pension Adjudications

27. Providing veterans and their families with improved benefits will do little to improve their lives if prompt receipt of pensions and ancillary benefits is frustrated by delays in processing claims and deciding appeals. The following examples, taken from the files of the Royal Canadian Legion, illustrate the sort of delays that do occur:

> "Mr. G.'s claim to pension entitlement for right inguinal hernia was submitted for Commission's consideration on 27 March 1980. This request was acknowledged on 28 April 1980. A follow-up enquiry was sent to the Commission on 5 March 1981 as to the status of claim, with their reply of 23 April indicating that a decision would be rendered within three months."
>
> "An application for Attendance Allowance was submitted for Mr. K. on 25 July 1980. An acknowledgment was received in September. Commission's Head Office request for investigation went forward to the Senior Pension Medical Examiner on 31 October 1980. The veteran died on 2 February 1981. Mrs. K. has not yet received any decision on the lifetime request for additional benefits for her husband."
>
> "Mr. N.'s claim for a change in the diagnosis of his pensionable spinal disability and for the basis of his entitlement for another condition was submitted to the Commission on 29 December 1979. Follow-up correspondence from the Legion as late as 3 April brought forth a reply of 6 May 1981 that the Commission would proceed to deal with both of these outstanding claims as soon as possible."[11]

28. At its most extended, the complete process of adjudication can take a total of at least four years from the day a claim is filed until a final decision, on appeal, is made on its merits. Within the past year, the average time to adjudicate a First Application has risen to more than 11 months and to more than 7 months for widows. At the same time, a backlog of approximately 4,000 cases waiting for a decision on final appeal has built up. According to the veterans organizations, the situation is particularly serious with regard to First Applications, pension medical examinations for Attendance Allowance, payment of pension awards, appeals to the Pension Review Board and general correspondence.

29. The Canadian Pension Commission and the Pension Review Board share responsibility for processing claims for pensions and ancillary benefits. Your Committee closely questioned the officials of the Commission and the Review Board about the reasons for the delays and what steps were being taken to reduce them to a minimum consistent with a thorough and fair investigation and adjudication of claims. Your Committee also questioned representatives of the veterans' associations about their experience in representing clients before the government agencies.

30. The officials of both the Royal Canadian Legion and the National Council of Veteran Associations stated that their working relations with the senior officials of the two government agencies were excellent. Their fundamental complaint lay with the delays in adjudication and the fear that these would intensify when the Department completes its move to Charlottetown in 1983. There was also agreement with the officials of the Commission and of the Review Board that the cause of the delays was twofold: a large influx of new applications and new appeals, combined with the loss of experienced staff through retirement and resignation.

31. There has been an obvious failure to recruit and train sufficient replacements. The problem lies less at the level of Commissioner, than at the level of medical examiner and essential administrative staff. Even here, the veterans' associations were reluctant to blame the government agencies. Mr. Chadderton, Secretary General of the National Council of Veteran Associations in Canada said when he appeared as a witness:

> "I will make a point blank statement. I deal every day with the Canadian Pension Commission and the Department of Veterans Affairs—day in, day out. I think the problem is getting staff, training them and retaining the staff. These are relatively simple administrative functions. I suggest it is all wrapped up in the red tape of how the Public Service Commission operates and how the federal government departments operate."[12]

32. In an effort to reduce delays the Canadian Pension Commission has been given authority to hire staff without

exacting a commitment to move to Prince Edward Island. The Pension Review Board is in the process of a reorganization which is designed to enable Board members to adjudicate more cases. New staff is being hired and trained to do much of the research work required before a decision is rendered. According to Board officials, if all goes according to plan, the waiting period for a decision will be cut from 16 months to 10 months this year, and to 6 months next year.[13]

33. Your Committee was only partially reassured by the steps undertaken to eliminate delays in adjudications. It is absolutely essential that both the Canadian Pension Commission and the Pension Review Board be fully caught up in their work well before the move to Charlottetown, Prince Edward Island in 1983, and therefore

4. We recommend that all necessary steps be taken immediately to eliminate the unacceptable delays in processing pension applications and in pension adjudications which have accumulated since 1970 and that to this end, particular consideration be given to encouraging essential staff to continue working beyond the normal age of retirement.

The War Veterans Allowance Act and the Civilian War Pensions and Allowances Act

34. The *War Veterans Allowance Act* was passed in May 1930 to give allowances based on a means test to veterans who suffered pensionable disabilities or fought in World War I and were consequently incapable of competing in the labour market. Amendments have modified the legislation so that today allowances to veterans and their spouses and children are based on a modified income test instead of a means test and are paid to veterans who, because of age or incapacity, are unable to work and have insufficient financial resources. Since 1962, certain civilians have qualified for comparable benefits under Part XI of the *Civilian War Pension and Allowances Act*. Allowances are paid to members of groups that served in close wartime support of the armed forces. These are, for example, the Canadian Merchant Seamen, Canadian Firefighters, Newfoundland Overseas Forestry Unit and their spouses and children.

35. The *Statute Law Amendment Act* of 1980 introduced a number of changes into the Acts. Your Committee studied these changes and decided to comment specifically on two of them: the residence requirement for veterans; and, the annual exemption for certain types of income in the calculation of entitlement to the income-tested benefits.

The Residence Requirement for Veterans

36. While the *Statute Law Amendment Act* of 1980 has removed the Canadian residence requirements for widows and children of recipients who die outside Canada, veterans (both military and civilian) must still return to Canada and reside here for a period of one year before they become eligible for benefits. Once in receipt of an allowance, however, they can then leave Canada and resume their residence abroad.[14]

37. Your Committee supports the 1980 amendment in this respect, but finds it hard to understand why the legislation does not allow qualified veterans to have the same residence rights as the widows and children of recipients who have died while living outside of Canada.

38. Most veterans find it difficult and often impossible to return to Canada to establish residence in order to comply with the present legislation. Often they are too poor, too old and too ill to be able to travel and to establish a new domicile in Canada for a year. Frequently they have family ties where they are living that make it financially and psychologically out of the question. Most of the veterans involved, especially those living in the United Kingdom and the United States, feel that Canada is ignoring their wartime service by forcing them to return to Canada for a year before being eligible for benefits.

39. Your Committee believes that those Canadians who, for personal reasons, chose to live abroad following their service, should be entitled to the same benefits as those who returned to Canada, and therefore

5. We recommend that the residence requirement of the *War Veterans Allowance Act* and the *Civilian War Pensions and Allowances Act* be amended to permit otherwise qualified persons to benefit from the legislation while residing outside Canada.

Exemption of Interest Income

40. The *Statute Law Amendment Act* of 1980 increased the exemption for interest income from $50 to $100 per year in the calculation of entitlement to a War Veteran's Allowance.

41. At present because of current interest rates that are well over 10 per cent, a recipient with $1,000 invested in bank or trust deposits or Canada Savings Bonds receives interest income in excess of the exemption.[15]

42. Your Committee believes that it is very important to a veteran to be able to set aside a few thousand dollars to pay funeral expenses, debts or to leave to a spouse. The current limit is unrealistic and discourages such savings, and therefore

6. We recommend that in the calculation of entitlement to a War Veterans Allowance, the annual exemption for income derived from bank deposits, bonds and dividends be raised to at least $500.

Conclusion

43. In the course of our research and the examination of witnesses your Committee was impressed by the many references to the *Report of the Committee to Survey the Organization and Work of the Canadian Pension Commission.* This task force, set up in 1965, was chaired by Mervyn Woods and submitted its *Report* in 1968. A great many of its recommendations were later incorporated in the 1970-1971 Amendments to the *Pension Act* and since then have been credited with having a major and beneficial effect on the treatment of veterans, ex-Prisoners of War and their dependants. On the other hand, many of its recommendations were not implemented. Our witnesses do not think that a massive study of all the legislation and bureaucratic structures dealing with veterans is necessary. They suggest, however, that the Woods report should be reviewed because a number of anomalies and inequities still exist in veterans' legislation and regulations. We agree with this suggestion. There are, for example, two inequities which require further study; namely, the treatment of the divorced spouses of veterans and the treatment of the Dieppe prisoners of war.[16]

44. At present, the divorced spouse of a veteran has no entitlement to benefits under the *Pension Act* and the *War Veterans Allowance Act*. The *Pension Act* does provide that the Canadian Pension Commission has the discretion to make a grant to a divorced spouse. This discretion comes into play particularly if there is a court order or a maintenance order for some support during the lifetime of the veteran. Under the Canada Pension Plan, on the other hand, pension benefits are divided in half on the divorce of a contributor, if applied for at the time of divorce. We believe that this precedent as well as the new marriage and property legislation in a number of provinces should be taken into consideration in the proposed review in order to keep the legislation in step with present attitudes and new concepts of equality in the marriage partnerships.[17]

45. Under the *Prisoner of War Compensation Act* veterans are paid disability pensions of from 10-20 per cent based on the length of time they were incarcerated. The Hong Kong veterans, however, have been entitled to a disability pension of 50 per cent because of the extreme severity of their long confinement. Other groups of veterans, such as the Dieppe POWs, were also held for long periods of time under abnormally harsh conditions but are entitled to a pension of no more than 20 per cent. Is it just to compensate those who were POWs for over 2½ years at a disability rate that is only twice the compensation offered those who were incarcerated for just 3 months?[18]

46. We understand that there are other possible inequities, and therefore

7. We recommend that:

a) the Government appoint a Committee composed of officials from both the government and veterans associations to review and update those recommendations of the Woods Committee which have not been implemented and to identify, study and make recommendations about the anomalies which still exist in the treatment of veterans and their survivors;

b) the Committee study the apparent inequity to a divorced spouse who under existing legislation has no entitlement to benefits under the *Pension Act* and the *War Veterans Allowance Act*; and

c) the Committee study the apparent inequity of the way in which veterans are compensated for periods spent as prisoners of war.

THEY SERVED

WE CARE

Footnotes

(1) Canada, Senate, Standing Senate Committee on Health, Welfare and Science, *Proceedings*, 1st Session, 32nd Parliament, 19 February 1981, 3:6-7. Hereafter, Senate, *Proceedings*.

(2) Canada, House of Commons, Standing Committee on Veterans Affairs, Seventh Report, *Proceedings*, 10 June 1975, 19:3.

(3) The Royal Canadian Legion, "Submission to the House of Commons Standing Committee on Veterans Affairs by the Royal Canadian Legion" dated May 1981, p. 2.

(4) Senate, *Proceedings*, 31 March 1981, 6:12. Bill C-82, An Act to amend the Pension Act and the Compensation for Former Prisoners of War Act, was given First Reading in the House of Commons on 8 July 1981 and was passed by the Senate on 10 July. It eliminated the "phasing-in" period and made the proportionate pensions payable immediately.

(5) *Ibid.*, 4:7.

(6) *Ibid.*, 4:24.

(7) *Ibid.*, 5:11.

(8) *Ibid.*, 4:12-13.

(9) *Ibid.*, 5:15.

(10) *Ibid.*, 4:9.

(11) Royal Canadian Legion, "Submission . . . ," pp. 5-6.

(12) Senate, *Proceedings*, 4:20.

(13) *Ibid.*, 6:13.

(14) *Ibid.*, 3:8.

(15) *Ibid.*, 3:13.

(16) *Ibid.*, 4:19-20 and 6:20.

(17) *Ibid.*, 6:23-24.

(18) *Ibid.*, 7:*passim*.

Appendix "A"

List of persons who appeared before the Committee, showing the number and date of the Issue in which their evidence appears

First Session of the Thirty-second Parliament, 1980-81

Name	Issue No.	Date
Brittain, Mr. W. Bruce Deputy Minister, Department of Veterans Affairs	6	31 March 1981
Chadderton, Mr. H. C. Secretary General, National Council of Veterans Associations in Canada	4 5	17 March 1981 24 March 1981
Christenson, Mr. C. A. R. Service Officer, The Royal Canadian Legion	in camera	22 June 1981
Forbes, Mr. Brian N. Legal Counsel, National Council of Veterans Associations in Canada	4	17 March 1981
Giguère, Mr. George National President, Dieppe Veterans and Prisoners of War Association	7	26 May 1981
Jutras, Mr. René N. Chairman, Pension Review Board	6	31 March 1981
Lamontagne, P.C., Hon. J. Gilles Minister of National Defence and Acting Minister of Veterans Affairs	6	31 March 1981
Lamy, Mr. J. E. A. J. Dominion Secretary, The Royal Canadian Legion	3	19 February 1981
Slater, Mr. E. H. Director, Service Bureau, Research Council of Veterans Association in Canada	3 5 in camera	19 February 1981 24 March 1981 22 June 1981
Smith, Mr. James C. Assistant Deputy Minister, Veterans Services, Department of Veterans Affairs	6	31 March 1981
Solomon, Mr. A. O. Chairman, Canadian Pension Commission	3 4 6	19 February 1981 17 March 1981 31 March 1981
Thompson, Mr. Don M. Chairman, War Veterans Allowance Board	6	31 March 1981

THE SENATE

Wednesday, October 21, 1981

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

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Agricultural Products Board for the fiscal year ended March 31, 1981, pursuant to section 7 of the *Agricultural Products Board Act*, Chapter A-5, R.S.C., 1970.

Report of the Agricultural Stabilization Board for the fiscal year ended March 31, 1981, pursuant to section 14 of the *Agricultural Stabilization Act*, Chapter A-9, R.S.C., 1970.

Text of a telex, dated October 20, 1981, from the Prime Minister to William Bennett, Premier of British Columbia, in reply to Premier Bennett's proposal for a First Ministers' Meeting.

Hon. Duff Roblin (Deputy Leader of the Opposition): Is the third document the one that was read yesterday in the house?

Senator Perrault: It was felt, honourable senators, that the document should be tabled formally in this chamber, as it was tabled in the other place. The text of this document was read yesterday.

Senator Roblin: But it is the same document?

Senator Perrault: Yes.

QUESTION PERIOD

[*English*]

THE ENVIRONMENT

ACID RAIN POLLUTION—EMISSIONS OF SULPHUR OXIDES

Hon. Cyril B. Sherwood: Honourable senators, I have a question for the Leader of the Government in the Senate. The report of the task force studying acid rain indicates that Canada actually emits 16 per cent of the sulphur oxides in the atmosphere. Having regard for the traditional 10-to-1 population ratio between the United States and Canada, it would seem that we are disproportionately guilty of causing acid rain pollution. In order to strengthen our bargaining position with the United States, what action does the federal government plan to take to drastically reduce Canadian emissions?

Hon. Raymond J. Perrault (Leader of the Government): At some point I hope to bring to the chamber a detailed reply to the honourable senator's question. However, I can provide at this time some related information on the subject of acid rain with regard to the state of negotiations between Canada and the United States. It should be said, perhaps, that all of us would take the position that, if possible and feasible, no acid rain should be permitted. The question is: Can a way be found to stop it?

The chairman of the U.S. House Subcommittee on Health and Environment, Congressman Waxman, invited Canada to make a presentation to a so-called technical inquiry which he is holding on the Clean Air Act.

• (1410)

After consultation with Environment Canada and the Ontario Ministry of the Environment, it was agreed that technical officials of the two governments would make a presentation similar to that provided for earlier Congressional hearings at Lake Placid and Albany, New York. After some hesitation, the committee agreed to receive the presentation being offered. The Canadian presentation was at no time the subject of any communication with the U.S. Administration and no pressures were applied.

Finally, the Governments of Canada and the United States are continuing with the activities spelled out in the August 5 Memorandum of Intent. These include the completion of technical studies required for the negotiations. The next negotiating session pursuant to the Memorandum of Intent is scheduled for just a few days from now, October 29.

We are also continuing our efforts to bring our concerns to the attention of the U.S. Congress. This is being carried out through a variety of methods including technical briefings, provision of information materials and a visits program in which U.S. Congressional staff, journalists and state legislators have participated.

This does not answer the question of the honourable senator, but it does indicate Canadian concern with the problem of acid rain. The question of the honourable senator related to the question of possible Canadian culpability in the creation of acid rain. I shall seek further information and bring it to the Senate.

Senator Sherwood: Honourable senators, certainly everyone in Canada acknowledges that Canada has made substantial strides to cut pollution over recent decades when the whole question was not at issue. What is important is that now, when we are appealing to U.S. officials to make sacrifices and to expend considerable sums of money, we must indicate a willingness to do the same.

I have a further question to the Leader of the Government: Is the government going to further delay submitting the recommendations of the task force to further study, or is it going to provide North American leadership in implementing the task force recommendations now?

Senator Perrault: Honourable senators, the question will be taken as notice. It is an important question and a reply will be provided as soon as it becomes available.

FOREIGN INVESTMENT REVIEW ACT

INQUIRY RE INTRODUCTION OF PROPOSED AMENDING LEGISLATION

Hon. Duff Roblin (Deputy Leader of the Opposition): I refer the Minister of State for Economic Development to the Throne Speech delivered in this chamber about 18 months ago which contained a paragraph in connection with the Foreign Investment Review Act, in which it was indicated it was the intention of the government to strengthen that statute and, in particular, to make provision for performance reviews in respect of large foreign firms operating in this country to determine whether they are meeting the test of substantial benefit to Canada—if I remember the wording correctly. As well, there was to be an amendment to ensure that there would be some public information about major acquisition proposals before approval in order that Canadian participants might be solicited. My question to the minister is: When may we expect to see the legislation that will give effect to these proposals contained in the Throne Speech?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the question revolves around two matters. One, of course, is the matter of significant benefit to Canada, which is central to the whole purpose of the Foreign Investment Review Act and activities under it. That remains a priority. The second matter concerns some performance review and related matters.

If there is to be legislation, obviously it will be introduced by the Minister of Industry, Trade and Commerce, who is responsible for these matters.

Senator Roblin: As usual, my honourable friend did not tell me what I might expect, so I will ask him the question in a slightly different way. Can he give us an unequivocal statement that the policy of strengthening FIRA remains a priority for this administration?

Senator Olson: I am sure the honourable senator is aware that yesterday a direct question was posed to the minister responsible in the other place. In concluding his reply to the question that had been asked the minister stated:

● (1415)

> —and I hope he will be very pleased with the decisions we will be announcing before too long.

Now we get to the next part of the question, and I think the honourable senator impliedly asked me whether or not we are in a position now to make an announcement. That was part of his question, and he even went on to talk about priority.

I have to tell my honourable friend, as I have told so many senators in replies to those kinds of questions, that I will not engage in anticipating or making announcements in advance of the ministers directly responsible for doing so. As I have said before, I do not intend to engage in that.

Senator Roblin: I have tried to make the question as simple as possible so that my honourable friend would be able to give me some kind of answer. I have asked him, and I ask him again, whether it is the policy of the government to strengthen FIRA. Is that still the policy of the government? That is not a question of when or what, but a question of policy. What is the policy of the government? I think we are entitled to an answer to that.

Senator Olson: Honourable senators, I can bring to the Senate statements and responses made by the Minister of Industry, Trade and Commerce to a number of inquiries along that line. I would be happy to do that and then he would have in precise detail what the minister directly responsible has said. Part of that, of course, he can find in yesterday's House of Commons *Hansard* at page 11965.

Senator Roblin: I am aware of the reference that my honourable friend has given, but as he is the chairman of the cabinet committee which deals with these matters, I really thought that he might be able to provide an answer, but evidently he does not wish to do so at the present time.

However, I point out to him that the Canadian ambassador to the United States has given some kind of answer to the people down there on this topic, because in speaking to the American Gas Association on October 13 last he is quoted as saying that Canada's National Energy Program will not be followed by similar initiatives in other economic sectors. I suspect that a good many of his listeners in the United States would immediately jump to the conclusion that the government does not intend to introduce similar initiatives into FIRA, because that is one of the main bones of contention now under discussion between the business communities and the governments of the two countries. Is the ambassador's statement correct, and does my honourable friend not think that it may be slightly misleading to Americans if it remains the policy of the government to strengthen FIRA?

Senator Olson: Honourable senators, what the American ambassador had to say—

Senator Roblin: The Canadian ambassador.

Senator Olson: The Canadian ambassador, too.

Senator Roblin: It was the Canadian ambassador; not the American ambassador.

Senator Olson: Perhaps I could add that if he had done a little more research he would have found that both ambassadors have made statements along that line recently. That should not come as any surprise to the honourable senator, because had he done a little more homework he would have found that the statement made almost a year ago—not quite a

year ago, but almost a year ago—was that the Canadian ownership requirements respecting the energy sector in this country were designed, and, indeed, were proceeded with, on the basis of coming to grips with what we regard as a serious problem in that sector.

Senator Roblin: My honourable friend declines to answer the question. The Canadian ambassador made this statement to a group of Americans on October 13. Are we not entitled to some information as to whether he was expressing the policy of the government?

Senator Olson: Honourable senators, I am afraid there is difficulty, not with my understanding the question, but with my honourable friend understanding the reply. I just told him that that should not come as any surprise because the application of the so-called Canadian ownership requirements of something like 50 per cent by the end of this decade has been stated many times before. He can look back and see that that applies to that sector only.

Senator Roblin: It is not the questioner who is having trouble understanding my honourable friend or understanding the Canadian ambassador; it is his listeners in the United States who will have difficulty understanding, because we are not talking about the Canadian ownership under the National Energy Program, but similar initiatives to be taken in the economic sector. There is a possibility that those who listen to the ambassador may get the impression that no similar initiatives are intended with respect to FIRA, for example. That is why I am trying to get the minister to explicate the government's policy so that this matter may be clear to all who have a legitimate interest in it.

● (1420)

Senator Olson: It would be helpful if Senator Roblin and other honourable senators would repeat the statement that was made by the Canadian government a long time ago with respect to energy, particularly the gas and oil sector, that that was a policy designed to achieve a certain level of Canadian ownership within the time frame stated at that time. It was not any indication that it was going to be applied to any other sector. If you want to distort that on the basis that some people are doing it as a pattern for other things, then you have to take responsibility for the distortion.

Senator Roblin: But what else is FIRA but a policy that has to do with Canadian ownership? Nothing. The whole basis of FIRA is: Who is entitled to have ownership in our economic affairs—Canadians or somebody else? To slide off the question the way my honourable friend has attempted to do simply won't wash.

Senator Olson: Honourable senators, my friend can make that interpretation if he likes, but if he wants to be objective—I guess that is too much to expect—

Senator Roblin: I am as objective as you are.

Senator Olson: —the fact of the matter is that FIRA was set up, and the examination under the Foreign Investment Review Regulations is to determine whether or not there is a significant benefit to Canada and Canadians. Any other interpretation he wants to put on it will have to be his responsibility, because that is not repeating the statements of this government.

Senator Roblin: You have said in the Throne Speech that you intend to vastly expand the application and implication of FIRA, and yet you will not tell me what you are going to do about it.

Senator Olson: The honourable senator is doing it again. He says "vastly expand," and he makes all kinds of other interpretations on what was contained therein. If he wants to do that then, of course, it is his responsibility. That is not what the government said.

Senator Roblin: I am simply quoting what you had in the Throne Speech.

UNITED NATIONS

ELECTION OF NEW SECRETARY GENERAL

Hon. Lowell Murray: Honourable senators, I would ask a question of the Leader of the Government. Will he ascertain from the Prime Minister or the Secretary of State for External Affairs what instructions are being given to the Canadian delegation at the United Nations concerning the election of a Secretary General? The goverment will be aware that Mr. Waldheim is seeking a third term in that post, and in this he is, apparently, supported by both the United States and the Soviet Union. He is being opposed for the position by a former president of the General Assembly, a Tanzanian, Mr. Salim A. Salim, apparently with the support of China and certainly with the support of members of the Organization of African Unity.

Does the minister know on which side Canada will come down in this matter, and if he does not know can he ascertain that information?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

YUKON TERRITORY

WATER BOARD—APPOINTMENT OF CHAIRMAN

Hon. R. James Balfour: Honourable senators, I have a question for Senator Austin. Historically, the federal government has sought and accepted the recommendation of the Legislative Assembly when filling the position of Chairman of the Water Board of the Yukon Territory. Would the minister explain why the government has rejected both the original recommendation of the Legislative Assembly that the previous chairman be reappointed, and the subsequent recommendation of another person for that position?

Hon. Jack Austin (Minister of State): Honourable senators, I have no information to give Senator Balfour at this moment, but I will make inquiries and respond as quickly as I can.

[*Translation*]

THE BUDGET

POSTPONEMENT OF PRESENTATION

Hon. Martial Asselin: I have a question for the Leader of the Government. Yesterday, when the Prime Minister made his statement on the constitutional meeting, he also said that presentation of the budget would be postponed. This is the second time the government has postponed the budget. How can the government use the constitutional conference as an excuse to postpone the budget? As far as I know, the provincial premiers and the Prime Minister of Canada will not be discussing the economy. Surely, presenting the budget is a matter of some urgency. Why would postponement of the budget necessarily have a connection with the constitutional conference?

● (1425)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the premiers were well aware of the government's intention to introduce a budget at a particular time. They knew the approximate date of its presentation. The desire of the federal government to present the budget as soon as possible, and to provide all members of Parliament with the opportunity to debate the budget fully, was well known to the provincial premiers.

The government believes that both the constitutional issue and the budget issue are worthy of the full attention of all members of Parliament, that there should not be diversions involving the constitutional meetings at a time when the budget is under debate. The presence in the other place of the Prime Minister, the Minister of Finance and other ministers during the course of that budget debate is important. It is felt to be advisable and desirable to have the constitutional debate before the budget is presented. The premiers have decided on yet another date, and therefore the date of the presentation of the budget has been postponed.

Both matters are of vital importance to Canadians, and it is unfortunate, at a time when Canadians are seriously concerned about high interest rates and high mortgage rates, rates affecting mortgage roll-overs, and other economic matters, that the premiers were unable to arrange their schedule so that the constitutional discussions could have been held sooner than is now proposed, a date scheduled in accordance with the telex message received by the Prime Minister from Premier Bennett earlier this week. The government believes that both issues, are of great importance. It is unfortunate for the people of Canada that a more satisfactory schedule could not have been arranged.

[*Translation*]

Senator Asselin: I am not sure I understand the reply given by the Leader of the Government. I fail to see what justification the government could have for postponing the presentation of a budget that will be extremely important in dealing with the economic situation in this country today. How can the constitutional conference be a reason for postponing the budget? If the budget had been presented on the agreed date, surely the Prime Minister would have been able to leave the constitutional conference for two hours in order to listen to the budget speech. Is settling the constitutional question more important to the government than Canada's present economic problems? The Leader of the Government has just said that Canada is faced with very serious economic problems, and here we have the Prime Minister who has already postponed the budget presentation twice. And this, while we were hoping that the budget would be able to provide ways of dealing with our economic problems.

[*English*]

Senator Perrault: Honourable senators, the premiers have rescheduled the proposed constitutional meeting on at least six occasions. One would have thought, after the years of discussion that have taken place involving federal and provincial first ministers, that the provincial premiers would by now have at least formulated a basic position, one which had the support of at least a majority of the premiers. Obviously, there is still some disagreement among the premiers. Yesterday a rather bitter statement was issued by the Premier of New Brunswick who alleged that he had, in effect, been "thrown out" of the meeting of premiers—

Senator Asselin: Don't start on that again.

Senator Perrault: —because he disagreed with some of them. Obviously, there remains an element of discord among some of the premiers. As I have said, the federal-provincial meeting has been rescheduled on six occasions, and the Prime Minister has said repeatedly that it is important, in the interests of the nation, that the budget be presented as soon as possible. The rescheduling of dates has caused real difficulty with regard to that budget presentation.

● (1430)

The Honourable Senator Asselin, who for years served in a distinguished manner in the other place, knows the importance of the budget presentation. He knows that the budget debate is fully deserving of the attendance of all members of Parliament, regardless of party. He knows it is important for the opposition to be given a full opportunity to analyze and to criticize the budget. He knows that it is important not to have parliamentary efforts diverted at budget time.

These considerations have led to a decision to postpone the budget presentation until after the constitutional discussions have been held. The Honourable Senator Asselin may not wish to accept my explanation. Of course, that is his right.

[*Translation*]

Senator Asselin: Honourable senators, I cannot accept the reasons given by the government, because, in fact, they are not reasons. We cannot expect our economic problems to be solved at a constitutional conference between two levels of government. In any case, the conference would be dealing with constitutional matters and not with the economy. I fail to understand the minister when he tells us that the budget date had to be changed because the provinces have changed the date of the conference. Why did the Prime Minister not state

that he wanted to meet with the provinces on a given date, and then announce the date of his budget presentation? There must be a more serious reason than the one given by the Leader of the Government.

[*English*]

Senator Perrault: Well, honourable senators, I have nothing further to add to my reply. Let us hope that the meeting between the Prime Minister and the provincial premiers is a successful one.

Hon. Joseph-Philippe Guay: Honourable senators, I should like to ask the Honourable the Leader of the Government if it is premature to reach any conclusion about delaying the budget until we hear from the premiers as to whether or not they will accept the date suggested by the Prime Minister. If they do not accept it, will the budget speech be made on the day previously announced?

Senator Perrault: Honourable senators, I must report that as of 2 o'clock this afternoon I had yet to be advised by the office of the Right Honourable the Prime Minister of any reply received from Premier Bennett. Honourable senators are aware, of course, of the premier's request for another rescheduled meeting, a request accepted by the federal government. Perhaps the reply is coming by telex, by mail, or perhaps by some other form of communication. It has yet to arrive in Ottawa.

Hon. John M. Godfrey: Honourable senators, I have a question regarding the television broadcasting of the budget speech. Last year, instead of trying to get a seat in the Senate gallery, I went back to my hotel room to watch on television the Minister of Finance, Mr. MacEachen, deliver his budget speech. I did not see very much of Mr. MacEachen during that time, but I did hear about the budget long before the members of Parliament, to whom Mr. MacEachen was speaking, did, because as soon as Mr. MacEachen appeared on television, reporters started interrupting and talking about provisions in the budget, which Mr. MacEachen had not yet come to, and this continued throughout his speech. We saw more of, and heard more from, panels of reporters during the speech than we saw of, and heard from, Mr. MacEachen.

There is a constitutional convention, which the media should obey, regarding matters of importance like the budget, and that is that members of Parliament should hear about them first in the chamber. My question is, can anything be done about locking these reporters up until 9 o'clock, or getting the television networks to agree that they will not interrupt the budget speech, so that the people of Canada will be able to hear the budget speech in its entirety at the same time as the people in the House of Commons?

Senator Perrault: Honourable senators, I feel that most honourable senators are in agreement with the excellent points made by the Honourable Senator Godfrey.

Senator Godfrey: Can the minister furnish an answer as to what can be done? I do not want the matter to be dropped. I really believe that the government should try to take some action.

[Senator Asselin.]

Senator Perrault: I would like to provide the assurance that the senator's excellent proposal, and the valid points made by him, will be drawn to the attention of the appropriate authorities.

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, I have a supplementary to Senator Asselin's question, which also touches on the point raised by Senator Guay.

Originally, the plan was to present the budget during the last week of October. This was supposed to be definite, and since one of the dates that had been considered for the first ministers' meeting was also at that time, it stood to reason that the budget would be postponed until the following week. An earlier date could not be requested because the budget is prepared for a given date, and it was reasonable to postpone the budget until the week of November 3. But now that the first ministers' conference is to be held during the same week, why not reschedule the budget for the original date, that is, the week before, the last week of October? Since this was the original date, the budget will obviously be ready by the last week of October. I fail to see any good reason for rescheduling the budget date after the first ministers' conference. There is no direct connection between the two events, and the sooner the budget is presented, the better. "As soon as possible" was supposed to be the last week of October. Why not reschedule the budget presentation to the last week of October, now that the first ministers' conference has been moved up to the first week of November? That is my question.

[*English*]

Senator Perrault: Honourable senators, I would like to provide the assurance that every possible effort has been made by the government to introduce that budget and to schedule the budget debate at the best possible time in the interests of the people of this country. Regrettably, this obsession of some of the premiers with constitutional issues has caused problems in re-arranging the parliamentary schedule.

Senator Tremblay: Why not come back, then, to the end of October?

CONSUMER AND CORPORATE AFFAIRS

HOME INSULATION PROGRAMS—INSTALLATION OF UREA FORMALDEHYDE FOAM

Hon. Robert Muir: Honourable senators, I should like to pose a question to the Leader of the Government in the Senate.

It was revealed over the summer that the Office of Energy Conservation in the Department of Energy was aware in 1977 that the variable quality of both product and installation could render urea formaldehyde foam insulation highly dangerous. However, a federal review board was told over the summer that the energy department "was promoting effective energy conservation and did not want any adverse publicity" over urea formaldehyde.

Would the Leader of the Government advise the Senate whether, having actively promoted the sale of this insulation which it knew to be potentially dangerous, the government is now going to accept its responsibility to assist the thousands of Canadians, whose health is now threatened, by having the insulation removed from their homes?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I do not accept the accuracy or the validity of the allegations made by the honourable senator. In at least a partial fashion, I have been involved directly with this problem. It is estimated that there are approximately 8,000 homes in my province with urea formaldehyde foam insulation. There is no question in my mind that there are health problems arising from certain of those home installations, perhaps not in all cases but at least in some cases.

I have reviewed much of the literature on the subject of urea formaldehyde foam insulation. I would invite honourable senators to acquire some of it, including the urea formaldehyde installation standards sheet issued for those engaged in urea formaldehyde foam insulation installations. Those standards are very rigid.

● (1440)

Rather than quote at random and from memory, honourable senators, I am prepared to bring to the Senate a statement on urea formaldehyde foam insulation at the earliest opportunity.

As honourable senators are aware, the Department of Consumer and Corporate Affairs has had a task force at work to measure the extent of the problem across the country. Their report should be available in a few days.

May I express the personal hope that in those cases where it can be clearly demonstrated that this substance has had a deleterious effect on the health of certain people in this country, we can find a way to get some early aid to them. Perhaps later on we can affix the legal responsibility, whether it is on the manufacturers of the product, on those who have installed the product or on the government itself.

Honourable senators should be aware as well that the manufacturers of the urea formaldehyde foam insulation deny that the substance has posed these alleged health hazards. They are taking the matter to court. It is an extremely complicated question. Unfortunately, that does not solve the problem for the many Canadians who allege they are now suffering from the effects of dropping temperatures because windows must be left open to allow fresh air to enter their homes.

The question is important and I will ask the Department of Consumer and Corporate Affairs and other ministries to provide me with information which can be either read during Question Period or perhaps tabled in some form so that honourable senators can at least have the facts as we know and understand them.

Senator Muir: May I ask a supplementary? I should like to thank the honourable gentleman for his response. Whether he accepts my statements or not is another question, but I, too, have had some involvement with this insulation.

My supplementary has to do with a report on urea formaldehyde foam insulation made by an independent testing laboratory. The report was commissioned by the federal government and released over the summer. It indicates that the hazardous fumes given off by this insulation are almost impossible to stop.

This evidence notwithstanding, the Minister of Consumer and Corporate Affairs said last week in the other place that once the review committee's report had been completed some time in November, the government would make it public in order to "shed as much light as possible on this whole issue." In the meantime, according to the minister, the government is trying to reassure all those "whose concerns are unfounded."

I can advise the honourable leader of instances in my own area where people have had to live in a tent for months, and they do not know whether they will have to burn the house down or what they will have to do because of this problem.

May I ask the honourable leader whether the 80,000 homeowners who have this insulation, 29,000 of whom acquired it with federal assistance, can expect anything more by way of a commitment from the government, despite what he has just said, than that it will attempt to "shed light" on the question?

Senator Perrault: Honourable senators, first of all let me state that any suggestion that the government deliberately allowed insulation to be employed in this country which they knew to be dangerous is a monstrous suggestion, and I hope the senator is not implying that.

Senator Muir: I think you are being facetious.

Hon. Royce Frith (Deputy Leader of the Government): You said in your opening remarks that they knew.

Senator Muir: I am not suggesting that at all.

Senator Perrault: Well, that was the understanding of some of us on this side. No government would do that, regardless of its political affiliations.

Senator Muir: I did not use the word "deliberately".

Senator Frith: You said "which it knew to be dangerous."

Senator Perrault: Honourable senators, there has been a testing program under way across the country. There have been variations in the results, depending on the manner in which this insulation was installed. I think the honourable senator is probably aware of that testing program. Perhaps a number of homes in his province have been tested. The gas levels are higher in some homes than in other homes.

It is true that the government is measuring the extent of the problem and a report should be available in a few days. Until that report is issued, I am not able to state what action, if any, will be taken by the federal government, apart from saying that we are most concerned about the problem and that we are aware of some of the severe personal problems which are alleged to be arising in various parts of this country. However it is done, action will be taken for people who have suffered in this fashion and who are faced in some cases with pulling out the old insulation and putting in new. I understand that costs

range from $7,000 to as much as $20,000, depending on the problem which exists in the home and depending on the size of the building.

However, I think it would be more constructive, honourable senators, if I were to bring to this chamber as much evidence as we have been able to gather to this point. Certainly, because that information will be factual in nature, honourable senators will then be able to judge for themselves.

Senator Muir: I have another supplementary. Once again I wish to thank the Leader of the Government in the Senate. With all due respect to him, I surely do not think he needs Senator "Edgar Bergen" Frith beside him to put words in his mouth. I am sure that the honourable leader—

Senator Frith: Well, did you say that or not? I would like to know.

Senator Muir: I am sure the Leader of the Government can respond on his own to questions put to him.

Senator Frith: Will the honourable senator accept a question?

Senator Muir: The government leader can respond to questions put to him without someone whispering or chattering in his ear, and I shall proceed upon this further supplementary.

Senator Frith: Would the honourable senator accept a question?

Senator Muir: I thought we were supposed to ask the questions, but go ahead. I shall be happy to.

Senator Frith: In your original question did you or did you not say that the government introduced this program "which it knew to be potentially dangerous"? That is what I heard. If you did not say it, or if you withdraw it now if you did say it, that is the end of the matter. But I clearly heard you say, I thought, "which it knew to be potentially dangerous." If you are suggesting that, then I think it is quite in order for me to say to the leader, "You should deal with that part of the question."

Senator Muir: I will put my question to the government and I will deal with that part of it tomorrow, because I know that the assistant house leader is rather upset today for some reason. I don't know what.

Senator Frith: Why can't you answer it today?

Senator Muir: I will respond to it tomorrow!

Senator Frith: Why not today?

Senator Muir: Can you hear me?

Senator Frith: Why will you not respond to it today?

Senator Muir: Can you hear me? I answered you. I will respond tomorrow.

Senator Frith: Why can't you respond today?

Senator Muir: I will respond—do I have to appeal to you, Mr. Speaker? Surely the honourable gentleman should know how to act in this house. I said to him in a very kindly, quiet way that I would respond to him tomorrow, and I shall.

Now, the Leader of the Government in the Senate said that he was familiar with the subject, and so on, and I realize that he is. I have information that he met in Vancouver with members of the urea formaldehyde foam insulation action committee on October 10. After the meeting, the leader was interviewed on a local radio station, allegedly saying that the government has not given consideration to assisting UFFI vicitims. However, the new Minister of State, Mr. Joyal, said on September 18 that the Treasury Board has accepted the principle of evaluating damages in compensating victims. In a subsequent press release, Mr. Joyal did not back away from leaving the impression that the government is considering compensating victims.

Now I very kindly ask: Would the leader take this occasion to clarify the issue one way or the other, and indicate if, in fact, the government has decided not to compensate victims of urea formaldehyde foam insulation? That is all I am asking.

Senator Perrault: Honourable senators, without any doubt the question is important, especially for those who have put urea formaldehyde foam insulation in the walls of their homes. With respect to any statements I have made publicly on this subject, I would invite honourable senators to listen to any tapes I have ever made relating to it. I have said from the outset that we must determine whether this substance is injurious to health. The companies deny that it is, and that matter is before the courts. If this material is injurious to health, then we must determine whether it is injurious to health under certain circumstances, and whether there were violations of those very strict application standards. If, in fact, this substance is injurious, then we must determine whether the material was installed properly, whether there is a degree of culpability on the part of the installation industry, and the degree of federal involvement in the authorization of this material for application both commercially and residentially.

• (1450)

What I am saying is that we are trying to determine where the responsibility lies in this matter. My personal belief is that those who must leave all their doors and windows open because they believe that this material is causing illness to their youngsters cannot wait for the resolution of legal problems which could go on for two years, three years or five years. Personally, I would like to see a program put into place immediately which would assist those who can prove clearly that this insulation substance is causing health problems. The validity of certain allegations, and the responsibility for those problems, could be worked out later, as is done in the case of certain air accidents. In the meantime, we should at least provide some assistance to those who are suffering.

However, the reports to date provide conflicting evidence. Definitive medical evidence has not yet been amassed. I know that a report is to be made available this month. Since we are almost at the end of the month, hopefully it will come out within a few days. As soon as that report is issued, I will bring as much information as I can to the chamber.

Honourable senators, I do not underestimate the problem. Senator Muir obviously does not underestimate the problem. I have had at least two meetings with large numbers of these people, and some of them are in a great state of emotional stress, and some believe that they are under a great deal of physical stress as well. I have talked to doctors associated with the problem, and at least one of them has told me of breathing problems and nasal irritations. I am sure that Senator Muir is aware of the problems with this material because he has talked to many people in the same circumstances in his own province.

I did not say that the government has taken a hard line and indicated that these people will not be helped. We have established inspection programs for homes where it is alleged that this material is causing problems, and we have put together a panel to survey the problem across the country. Soon we will have more in the way of hard information, and then we can proceed. I can give the assurance that we intend to proceed responsibly.

Senator Muir: I have a supplementary question for the Leader of the Government. I thank him for his kind and comprehensive answer, and I can see that he has some compassion in his heart, unlike his seatmate.

Senator Frith: Boy, he is looking for a scrap today.

Senator Muir: I do know that there have been cases of nasal problems, sores on faces, chest problems, and so on, and I have in my possession certified documents which support what the honourable leader has already stated.

I said that the Department of Energy, Mines and Resources was aware in 1977 of the dangers of this type of insulation and, as the honourable senator stated, the installation of this material was promoted by governmental authorities even though the potential danger was known. One would assume that if one branch of a department knew of these potential dangers, it would get in touch with the other branch and suggest that the material not be used. If that part of my question offends the honourable senator, then I will withdraw it because I would not want to upset him.

I would point out that the Leader of the Government has not responded to the portion of my question regarding what the Minister of State in the other place said on the subject of compensation.

Senator Perrault: Honourable senators, with regard to the statement which is attributed to the Minister of State, I, too, pursued the matter when I heard it on the radio and read it in the press. I was assured that the statement had not, in fact, been made in that fashion, and there was a suggestion that the minister had been misquoted. However, I am sure that we will know more about this problem very shortly, and if it is possible to table the report of the investigating committee in the Senate, then it will be done.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I bring a supplementary point to the attention of the minister. We have been talking about the primary problem, which is the health one, but there is a secondary problem, which is a monetary one. In my part of the country, realtors will not list houses which have this insulation installed because they do not know who is legally responsible for any deleterious effects. The minister has mentioned the question of legal responsibility being on his agenda. I would ask him to take note of this particular question so that when the matter is resolved by the Governor in Council, they will do something to free up the market for these properties which is now so badly hindered.

Senator Perrault: Honourable senators, the potential economic side-effects of the problem are massive, and I think that should be said. May I also say to honourable senators who have had individual cases brought to their attention that I would be very pleased to receive any information they may wish to pass on. I shall channel that information to the proper government departments.

FOREIGN AFFAIRS

MIDDLE EAST—PEACE PROPOSAL OF FIRST DEPUTY PRIME MINISTER OF SAUDI ARABIA

Hon. Heath Macquarrie: Honourable senators, I would like to direct a question to the Leader of the Government in the Senate—not on the Constitution and not on the budget, but on an area of discord and concern in the Middle East. Alas, since I last interrogated the leader, the tension and discord in that area have increased, but in that period one of the positive and helpful developments has been the eight-point peace proposal of His Royal Highness, Crown Prince Fahd of Saudi Arabia, which has been well received and is absorbing the interests of chancelleries throughout the world. I note no indication of the Canadian government's interest in that matter or its attitude toward the proposal. I wonder if the minister is in a position to enlighten me as to Canada's point of view on this very practical and, I think, reasonable and, certainly, peace-intended initiative by the First Deputy Prime Minister of Saudi Arabia.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have received no information from the Secretary of State for External Affairs on this particular question. The question will be taken as notice and a reply provided.

UNITED NATIONS

ELECTION OF NEW SECRETARY GENERAL

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, earlier today I was asked a question about the Canadian government's position regarding support for Tanzanian Foreign Minister Salim A. Salim as Secretary General of the United Nations. I believe that this will establish a new Senate record for the production of replies. I have just been sent a document.

The Australian government has announced its support for Tanzanian Foreign Minister Salim A. Salim as Secretary General of the United Nations. As far as Canada is concerned, the election of the Secretary General will be first decided by

the Security Council, of which Canada is not a member at this time. The single successful candidate will then be submitted to the General Assembly for election by secret ballot in keeping with tradition. Canada intends to remain neutral at this time.

A question was asked about its being appropriate for Canada to encourage a respresentative of a Commonwealth country such as Tanzania which, I believe, was the fundamental thrust of Senator Murray's question. If Foreign Minister Salim Salim were to be the choice of the Security Council, Canada would be very pleased to offer him its full co-operation.

FOREIGN AFFAIRS

MIDDLE EAST—PEACE PROPOSAL OF FIRST DEPUTY PRIME MINISTER OF SAUDI ARABIA

Hon. Heath Macquarrie: Honourable senators, before I put forward my supplementary, may I thank the honourable minister, but not terribly heartily, because Senator Murray and I knew what Australia was going to do, and we also know the procedure whereby the Secretary General is elected. However, we still do not know what Canada intends to do. In terms of new enlightenment, there is no particular blaze that blinds us. His intentions we do appreciate, and he may thank the sustained questioning that has been going on which gave him an interval of time.

● (1500)

As a supplementary to my own question, considering the importance of Saudi Arabia to the whole peace process and the stability of the Middle East—something recognized by the American State Department, by the British government and by others—and noting that King Khalid has been invited to Britain and the United States, would the minister advise us if consideration is being given, by this country, to inviting His Majesty to come to Canada to discourse and dialogue with Canadian leaders on the very serious and dangerous events in the area from which he comes and in which his country holds a very prominent place of leadership?

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice.

JUSTICE

CONFIDENTIALITY OF MEDICAL RECORDS—JUDGMENT OF SUPREME COURT

Hon. Stanley Haidasz: Would the Leader of the Government inform this chamber, either today or as soon as possible, of the reaction of the federal government to the recent Supreme Court decision relating to the Krever royal commission in Ontario on the whole matter of confidentiality of patients' medical information?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice. It is not the practice, however, to comment on a decision rendered by the courts.

[Senator Perrault.]

STATUTE LAW (MILITARY AND CIVILIAN WAR PENSIONS, COMPENSATION AND ALLOWANCES) AMENDMENT ACT, 1980

CONSIDERATION OF REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Health, Welfare and Science entitled *They Served—We Care* which was tabled yesterday.

Hon. M. Lorne Bonnell: Honourable senators, on July 10, 1980, just before the summer adjournment, the Senate received Bill C-40, an act to amend the Pension Act, the Compensation for Former Prisoners of War Act, the War Veterans Allowance Act and the Civilian War Pensions and Allowances Act.

Since that legislation embodied many improved benefits for veterans and their families, most parliamentarians wanted those benefits to be received as soon as possible, without several months' delay, and, as a result, the Senate approved it without its being referred to the Standing Senate Committee on Health, Welfare and Science. However, it was agreed that the subject matter of Bill C-40 would be referred to the committee *ex post facto* for study and report when Parliament resumed.

Consequently, on November 6, 1980, the Senate authorized the Standing Senate Committee on Health, Welfare and Science to examine and report upon the subject matter of the Statute Law (Military and Civilian War Pensions, Compensation and Allowances) Amendment Act, 1980, Chapter 19, Statutes of Canada, 1980, and any regulations that might be made thereunder.

On March 19, 1981, the mandate was extended to the examination and consideration of the Annual Report of the Department of Veterans Affairs for the fiscal year ended March 31, 1980.

The Statute Law Amendment Act, 1980, introduced a large number of changes into the two most important pieces of legislation which deal with the treatment of veterans, namely, the Pension Act and the War Veterans Allowance Act. Some of those changes were of a minor or housekeeping nature; others were of vital importance, both in terms of financial commitment and the number of veterans and their families to be affected.

Having carefully assessed the treatment of veterans under the legislation, your committee decided that the major areas of continuing concern were: under the Pension Act, the scheme of proportionate pension payable to the spouses of deceased veterans, the continuation of the pension at the married rate following the death of a veteran, the system by which the pensions are indexed, and the continued existence of unacceptable delays in processing applications and in making adjudications; and, under the War Veterans Allowance Act, the residence requirement and the treatment of investment income.

Your committee found that there were still a number of anomalies in the treatment of veterans and their families. The

report which I tabled last night deals with those concerns and makes some recommendations for their solution.

Perhaps I should say here that this report was approved on Tuesday, July 7, 1981. At that specific time Bill C-79, an act to amend the War Veterans' Land Act and to amend the Veterans Benefit Act in consequence thereof, was before the House of Commons and would amend the Veterans' Land Act to enable the spouse and dependants of a veteran to enforce their family law rights on property held under the Veterans' Land Act and the Veterans Benefit Act. The committee decided to make a recommendation to this effect if the legislation were not passed before the summer adjournment. The bill was passed promptly on July 9 and, as a result, made this recommendation unnecessary.

Bill C-82, an act to amend the Pension Act and the Compensation for Former Prisoners of War Act, was passed by the Senate on July 10. It provided for the elimination of the phasing-in period of the proportionate pension payable to the spouses and dependants of deceased veterans.

Your committee commends the former Acting Minister of Veterans Affairs, the Honourable J. Gilles Lamontagne, for introducing that amendment, since the immediate payment of proportionate pensions to eligible spouses and dependants is an essential recommendation of our committee.

However, our recommendation, being Recommendation No. 1 in the report, goes substantially beyond the amendment proposed in Bill C-82 and adopted by its passage. For this reason, neither the text of the report nor the wording of the recommendation have been altered. We hope that the new Minister of Veterans Affairs will take equally prompt action on this and our other recommendations.

Since men do not live as long as women and disabled people tend to have a shorter-than-average life span, there is, yearly, a large number of veterans who die and leave widows behind them. Your committee was concerned about these women. Since widowers as well as the widows of war veterans were equal partners in marriage, we believe that they have also served and that Canada should care for them, and so we have entitled our report *They Served—We Care.*

The new legislation allows the spouse of a deceased veteran, who was in receipt of a disability pension of 47 per cent or less, a pension equal to one-half the amount of the disability pension. Similar benefits were extended to the spouses of former prisoners of war who were receiving, or who were entitled to receive, prisoner-of-war compensation at the time of their death.

● (1510)

Your committee was quite satisfied with the spirit and the positive philosophy of the legislation, but was rather disappointed in the phasing in of these benefits over a six-and-one-half-year period, as well as the setting of the spouse's pension at only one-half of the deceased veteran's disability pension.

We were quite pleased when, under the sponsorship of the then Acting Minister of Veterans Affairs, the Honourable J. Gilles Lamontagne, Bill C-82 was passed in the early part of July of this year, eliminating the phasing-in period and benefiting approximately 20,000 eligible spouses.

The proportionate pension paid is only equal to half of the deceased veteran's disability pension if the disability pension was assessed at 47 per cent or less at the time of death. Widows of pensioners whose disability was assessed at 48 per cent or more, however, qualify for the full spouse's pension of $608.60. There is, as a result, a large and unjust difference in the treatment of widows receiving the maximum award and those entitled to the proportionate pension. For many years, veterans' associations have urged that the government adopt a proportionate pension based on the relationship between twice the degree of the veteran's disability and the full spouse's pension. This proposal received the support of the House of Commons Standing Committee on Veterans Affairs in June 1975.

The difference in benefits to eligible spouses, as of January 1, 1981, can be illustrated as follows: If a veteran was receiving 48 per cent disability pension at the time of his death, his widow would receive $608.60. If a veteran was receiving only 45 per cent disability pension at the time of his death, which would be approximately $456.44, his widow would only receive $228.22. We are recommending that this pension be double the rate of the disability as a percentage of the full spouse's pension. So, our recommendation would be that she receive $547.74 rather than $228.22, or an increase of $319.52 a month over the present legislation.

In 1954 the Pension Act was amended to provide that on the death of a disability pensioner who was in receipt of a pension for his wife and child, the pension would be continued to the last day of the month in which death occurred. In 1980 the act was amended to provide that any pension or allowance awarded ceased to be payable on the first day of the month following the death of the person to whom, or in respect of whom, any allowance is paid.

This present practice still creates severe hardship for the widow of a 100 per cent pensioner, and even greater financial hardship if the pensioner is in receipt of the Exceptional Incapacity and/or Attendance Allowance.

Let us take the case of a married pensioner with a 100 per cent disability with bilateral below-the-knee amputation. The following is the pension at the married rate:

Pension under Schedule A of the Pension Act	$1,014.33
Exceptional Incapacity Allowance	143.19
Attendance Allowance	268.48
Total	$1,426,00

When the veteran dies, the pension on the month immediately following death is reduced to the widow's rate of $608.60 per month. This reduction usually requires the widow to make a drastic, immediate change in her way of life at a time when she is suffering from shock, grief, intense fatigue and disorientation due to loneliness, insecurity and anxiety about her future. For an elderly woman the loss of a husband is a serious traumatic experience. For most people at any age it would be

financially difficult and mentally disturbing suddenly to be deprived of $825 in monthly income.

If a widow is living in a rented house or apartment, her lease will normally run for a year or so, so that she may have to pay that rent for several months at a rate she can no longer afford. If she owns her home and it is mortgaged, she may not be able to carry the monthly payments, and yet be unable to sell it or may be forced to sell at a loss. She may not be able immediately to find adequate new housing at a price she can afford. She may not be in a sufficiently stable emotional state to make the required decisions, and her physical health will suffer from the stress of her situation.

There are convincing precedents for continuing the married rate for a longer period of time. Under the War Veterans Allowance Act the principle of such a continuation has already been accepted on the basis of need for up to a year. In the United States a severely disabled pensioner has the premium on his G.I. insurance waived so that the widow gets $10,000 when the pensioner dies to help her until she goes on to the widow's pension. In the United Kingdom, there is special legislation that covers her for six months at the married rate. At any rate, we consider it inhumane to subject the surviving spouse of a disabled veteran to the drastic and immediate change in his or her standard of living, as is now required under the Pension Act. Therefore, we recommend, under the Pension Act, that:

(a) the pension at the married rate, when it is greater than the widow's/widower's pension, continue to be paid for a period of one year to the surviving spouse of a deceased veteran; and

(b) the surviving spouse of a deceased veteran in receipt of an Exceptional Incapacity and/or Attendance Allowance continue to receive such allowance for a period of one year following the death of the veteran.

The present legislation provides that pensions be increased in accordance with the Consumer Price Index—that is, the cost of living. However, since wages traditionally increase at a faster rate than the cost of living, it follows that the pensioner does not benefit from the general increase in the standard of living but falls behind, at least relatively, each year.

In 1972 there was mutual agreement by a joint government-veterans committee, established by the Minister of Veterans Affairs, that the disability pension at basic single rates should be tied to a composite of five unskilled categories of public servants' rates of pay. Since then the government has passed legislation increasing the basic rate effective July 1, 1973 and July 1, 1978, aligning it with the average of these five categories. However, there have been *ad hoc* increases not embodied in the Pension Act. Thus, the system which has been followed since 1973 essentially has been to give the veteran an annual increment based on the cost of living. If, as a result, the pension falls behind the wages paid to the composite unskilled labour group in the Public Service, the veterans' associations are presumably expected to point this out to the government every three or four years and to ask for a further increase to bring the pension up to the after-tax level of the composite group.

[Senator Bonnell.]

● (1520)

It was the opinion of the committee that there is no reason why veterans should be forced to approach the government "hat in hand" every few years. Therefore, we recommend:

that pension increases reflect the principle of parity with the average wage of five unskilled categories of Public Servants or the increase in the Consumer Price Index, whichever is the greater, and that this principle be entrenched in the *Pension Act*.

Providing veterans and their families with improved benefits will do little to improve their lives if prompt receipt of pensions and ancillary benefits is frustrated by delays in processing claims and deciding appeals.

The process of adjudication can take a total of at least four years from the day a claim is filed until a final decision is made. Within the past year the average time to adjudicate a first application has risen to more than 11 months, and to more than 7 months for a widow. At the same time, a backlog of approximately 4,000 cases are awaiting decision on a final appeal. According to the veterans organizations, the situation is particularly serious with regard to the first applicants, pension medical examinations for Attendance Allowance, payment of pension awards, appeals to the Pension Review Board and general correspondence. Because of these delays the committee recommends:

that all necessary steps be taken immediately to eliminate unacceptable delays in processing pension applications and in pension adjudications which have accumulated since 1970 and that to this end, particular consideration be given to encouraging essential staff to continue working beyond the normal age of retirement.

While the Statute Law Amendment Act, 1980 has removed the Canadian residence requirements for widows and children of recipients who die outside Canada, veterans, both military and civilian, must still return to Canada and reside here for a period of one year before they become eligible for benefits. Once in receipt of an allowance, however, they can then leave Canada and resume their residence abroad.

Most veterans find it difficult, and often impossible, to return to Canada to establish residence in order to comply with the present legislation.

The committee believes that those Canadians who, for personal reasons, chose to live abroad following their service should be entitled to the same benefit as those who returned to Canada, and, therefore, we recommend:

that the residence requirement of the *War Veterans Allowance Act* and the *Civilian War Pensions and Allowances Act* be amended to permit otherwise qualified persons to benefit from the legislation while residing outside Canada.

The Statute Law Amendment Act, 1980 increased the exemption for interest income from $50 to $100 per year in calculating entitlement to a War Veterans Allowance.

At present, because of current interest rates that are well over 10 per cent, a recipient with $1,000 invested in the bank receives interest income in excess of the exemption.

The committee believes that it is very important to a veteran to be able to set aside a few thousand dollars to pay funeral expenses and debts, or to leave to a spouse. The current limit is unrealistic and discourages such savings, and, therefore, we recommend:

> that in the calculation of entitlement to a War Veterans Allowance, the annual exemption for income derived from bank deposits, bonds and dividends be raised to at least $500.

During the examination of witnesses the committee was impressed by the many references made to the report of the committee which studied the organization and work of the Canadian Pension Commission. This task force, set up in 1965, was chaired by Mervyn Woods and submitted its report in 1968. A great many of its recommendations were later incorporated in the 1970-1971 amendments to the Pension Act, and since then have been credited with having a major and beneficial effect on the treatment of veterans. On the other hand, many of the recommendations have not been implemented.

Our committee did not think that it was necessary for a massive study of all legislation dealing with veterans to be undertaken at this time. We do suggest, however, that the Woods report be reviewed, because a number of anomalies and inequities still exist in veterans' legislation and regulations.

There are, for example, two inequities which require further study, namely, the treatment of divorced spouses of veterans and the treatment of Dieppe prisoners of war.

Therefore, we recommend that:

> (a) the Government appoint a Committee composed of officials from both the government and veterans associations to review and update those recommendations of the Woods Committee which have not been implemented and to identify, study and make recommendations about the anomalies which still exist in the treatment of veterans and their survivors;
>
> (b) the Committee study the apparent inequity to a divorced spouse who under existing legislation has no entitlement to benefits under the *Pension Act* and the *War Veterans Allowance Act*; and
>
> (c) the Committee study the apparent inequity of the way in which veterans are compensated for periods spent as prisoners of war.

Finally, honourable senators, let me acknowledge with gratitude, during the course of this study and the preparation of this report, the work of the Clerk of the Committee, Mr. Patrick Savoie, and Mr. Henri-Georges Belleau and Mr. Grant Purves, of the Research Branch of the Library of Parliament. Let me also take this opportunity to thank the members of the committee who worked hard and long on behalf of the veterans and their families to see that they receive proper recognition from their fellow Canadians for the service they have given to their country. I should like to make special mention of Senator Jack Marshall, Senator Florence Bird, Senator Fred McGrand and Senator Andrew Thompson, who are members of our steering committee, as well as all the other members of the committee who attended the meetings faithfully and showed that they care for the great service to our country by our many veterans and their spouses.

It is fitting that we should table this report just days before November 11, when we will all pause for a minute at the eleventh hour of the eleventh day of the eleventh month to recognize that they served and we care and we shall remember them.

On motion of Senator Marshall, debate adjourned.

[*Translation*]

VIA RAIL CANADA INC.

MOTION TO INSTRUCT TRANSPORT AND COMMUNICATIONS COMMITTEE TO MAKE STUDY—DEBATE RESUMED

The Senate resumed from yesterday the debate on the motion of Senator Riley:

> That the Standing Senate Committee on Transport and Communications be instructed to inquire into and report upon the national rail passenger service provided to Canadians by VIA Rail Canada Inc. and, in particular to examine
>
> (a) the Federal Government's plans for reorganizing Canada's passenger train services announced by Transport Minister Jean-Luc Pepin on July 27, 1981;
>
> (b) the changes in passenger train services effected by Order in Council P.C. 1981-2171, dated August 6, 1981, made pursuant to subsection 64(1) of the National Transportation Act; and
>
> (c) the procedure followed by way of Order in Council P.C. 1981-2171 in varying the Canadian Transport Commission's Orders and Decisions respecting Canada's passenger train services.

Hon. Guy Charbonneau: Honourable senators, between the middle of August and the middle of September of this year, I was a member of the task force that covered Canada from coast to coast, to hold public hearings on the abandonment of railway lines and reduction in services. We held hearings for 15 days in 13 cities and heard 325 briefs during 125 hours of testimony. I had accepted the invitation of the Leader of the Opposition to become a member of the task force with some reservations. As a former member of the board of directors of Canadian National, I must admit I had somewhat rigid views on passenger rail services in Canada, or as my English-speaking friends would say, I was a bit of a tight wad. When I accepted the invitation, I had the distinct impression—and I said so to the Leader of the Opposition—that my own personal views would probably constitute a minority opinion. Well, I was wrong! The Minister of Transport was walking on dangerous ground when he unilaterally and arbitrarily announced the abandonment of a number of railway lines and a reduction in services which will affect 19 per cent of passenger services—1,200,000 passengers—and the availability of passenger rail

services to several hundred thousand people, the direct loss of 1,600 jobs on the tracks and in the workshops at Canadian National and Canadian Pacific, and, indirectly, the loss of other service jobs in small communities as a result of the minister's actions. Obviously, smaller communities will be more severely affected than the larger urban centres. A small town like, for instance, Capreol in Ontario will suffer a severe economic setback through the loss of salaries of more than 30 railway employees who will be losing their jobs. Large centres are able to absorb such setbacks more readily, but they will still have their problems. Smaller towns will not be as lucky. If these cutbacks are implemented, a number of small communities will be left without railway services and without any acceptable alternative. Some communities in northern Ontario, for instance, will be completely isolated, because there are no roads or highways at the present time.

● (1530)

[*English*]

Honourable senators, I have heard evidence at first hand. I have examined all aspects of the minister's announcement. I have looked at all the ins and outs and, for the life of me, I cannot see how he can justify what he has done. To achieve his end, the minister used section 64 of the National Transportation Act. That section does empower the minister to change or rescind orders of the Canadian Transport Commission; but does it give him and the cabinet the power to write government policy, using section 64 as the vehicle or instrument? I doubt that very much. Section 64 was intended by its drafters to allow the minister discretionary power, not dictatorial power.

The minister made his announcement through a press release while Parliament was adjourned, and chose to act through orders in council. He completely by-passed the normal procedure of referring the matter to the Canadian Transport Commission and allowing that body to hold public hearings to determine public convenience and necessity.

Some Hon. Senators: Hear, hear.

Senator Charbonneau: In doing so he has diminished the role of the Canadian Transport Commission and has weakened public confidence in the democratic process. The minister has completely ignored Parliament, the Canadian Transport Commission and the public. He has unilaterally and arbitrarily imposed a decision of vast magnitude by executive order alone.

There are no compelling reasons for the minister to have acted as he has done. His decision flies in the face of logic and economics in an energy-conscious economy. He has chosen to punish the most efficient user of energy in this country. It cannot be disputed that, seat-mile for seat-mile, trains give us a far greater and more efficient return per gallon of diesel fuel than do planes, ships or highway vehicles. His department's own statistics tell us that rail is more efficient in recovering costs than any other mode of transportation and depends less on government subsidies.

The department's most recent figures reveal that rail recovers 82 per cent of its costs; highway transportation, 49 per cent; marine, only 22 per cent; and air, only 32 per cent. It seems to me that the Department of Transport officials are misleading the minister in their bias toward air transport in transportation policy. They use positive buzz words to obscure the facts. It would seem that money spent on air transport is considered by them to be an investment, while federal funds spent on rail transport are regarded as subsidies.

Let there be no misunderstanding: air transport in Canada is heavily subsidized. The Department of Transport carries on its books almost $1.5 billion in land and terminals. Rents, landing fees and airport passenger taxes do not come near matching the federal funds needed each year to subsidize air travel.

Honourable senators may be surprised to learn that only about 25 per cent of the Canadian population has ever flown. For various reasons, such as the cost, fear of flying and accessibility to airports, three-quarters of Canada's population have never flown on commercial aircraft.

Let us look for a moment at highway transport. Taxation on fuel and licence fees pays only about half of the immense costs involved in highway infrastructure and maintenance. The same applies to marine transport, which recovers only 23 per cent of its costs. Simple arithmetic tells us that it requires federal subsidies of 77 per cent to keep marine transport afloat—and, in saying that, no pun is intended.

It makes no sense to cut back on the most efficient mode of public transportation in Canada. It is incumbent upon the government to provide certain services—perhaps at a loss but at the least possible cost. Rail is near the top of the list of essential services. The patchwork dismantling or dismembering of our passenger rail service defies all logic. Some of our most heavily patronized trains are being arbitrarily mothballed. Residents in some parts of heavily populated areas are being cut off. Residents in Saint John and southwestern New Brunswick will now have to backtrack at least 100 miles to catch the Ocean Limited in Moncton. In doing so they will be adding hours and hundreds of extra miles to their journey if they wish to travel to Montreal.

Northern New Brunswick residents, particularly in the Edmunston area, are being deprived of their regular service to Moncton. The Saint John-Sherbrooke-Montreal run—the popular "Atlantic"—is being discontinued. Residents of Sherbrooke and area will be completely dependent on bus service—and I might add that the bus services were recently on strike for a period of about five months.

The regular daily service between Toronto, Peterborough and Havelock—according to some transportation experts, a moneymaker—is being scrapped. Eight years ago the city of Peterborough had five trains per day. Soon it will have none.

Ottawa and Hull are being dropped from transcontinental service. As Ottawa's mayor, Marion Dewar, stated, it is inconceivable that the nation's capital would now not be part of that service.

The northern transcontinental train linking Edmonton and Vancouver via Jasper is also being scrapped.

Those are only a few of the major cuts and cutbacks announced by the minister. I say again that his logic escapes

me. He is taking negative measures that will force Canadians back into their private cars, and it will only add to our energy crisis problems. At a time when we should be upgrading, improving and streamlining passenger services, the minister is cutting out and downgrading services. Every other industrialized nation in the world is improving its rail passenger service, but Mr. Pepin is marching to the tune of a different drummer. Almost every week we see news stories and photographs indicating that other nations are bringing new rail technology on stream. We have seen that in connection with Japan, France, South Africa, and even the United States of America.

For too long we have marked time in advancing technology and equipment in Canada. The Bombardier LRCs are an exception. Those light, rapid and comfortable rail units will soon be introduced in Canada, but only along the Quebec City-Windsor corridor. They were promised also to eastern and western Canada, but they have since been withdrawn for exclusive use in central Canada. Is it any wonder that we have regional alienation in this country?

● (1540)

As honourable senators know, VIA Rail was formed in 1977, first as a subsidiary of Canadian National, and later in 1977 was transformed into a schedule D crown corporation, entirely separate from any other crown corporation. However, neither VIA Rail nor the policies it pursues have ever been the subject of a debate in the House of Commons, nor in the Senate, as Senator Godfrey mentioned last night. VIA Rail was formed by the government, and now its services are being dismantled by that same government, without the benefit of full debate by the country's legislators. VIA Rail's relations with the government, and especially its contracting system with Transport Canada, have never been adequately defined nor debated. We suspect that the department exerts much more influence on the affairs of VIA Rail than is good for either VIA Rail or the public, though the influence is doubtless exercised in those directions that the government wishes to pursue. It is those directions, however, which must be aired, debated and ultimately approved by Parliament as a whole.

I further submit that such an area of transport policy, especially in regard to VIA Rail, should take place before, and not after, any services are discontinued.

Government policy is the obvious driving force behind the present proposals. It is that policy which must be debated. The fact that the minister waited until after Parliament had adjourned in July of this year before making his dramatic announcement is proof positive to me that he wishes to avoid such consultation and debate until after the service cuts are a fait accompli.

The suspicion, according to all the witnesses we have heard, is rampant throughout the land that, first, the railroads wanted out of the rail passenger service, and, now, that the government wants out too. Under the Railway Act the two major railways have obligations and responsibilities to the Canadian public. Under the Canadian Pacific Act of 1881 CP has the responsibility for the efficient and perpetual operation of the railroad. The government has chosen to take over that responsibility by creating VIA Rail. It cannot be cast aside at the stroke of a pen or an order in council.

The government has responsibilities to individuals and to communities. Some communities were created by the railroads. The minister's arbitrary action will soon destroy them. I have heard of multi-million-dollar developments which have been shelved because of the discontinuance of rail services. Private entrepreneurs are loath to proceed because rail service has been suspended. These include residential and commercial projects.

Tourism in Canada is being dealt a body blow. Tour operators on the west coast are apprehensive as to what the cuts will do to the Japanese tourist trade. One operator fears the loss of 20,000 to 25,000 Japanese tourists if the cuts go forward.

The Jasper Chamber of Commerce estimates that 100,000 tourists, many of them Japanese and Americans, arrive at Jasper by train. Now there will be no train to Jasper. The Jasper Chamber of Commerce estimates that the loss in tourist dollars to the town could be as high as $10 million. Jasper will become a ghost town. Small local businesses built up as a result of tourism will go under.

A recent letter appeared in the Winnipeg *Free Press* written by a Miami, Florida travel agent. He wrote:

> Our travel agency sends more Americans to travel by Canada's scenic railroad routes than for any other reason.

The Minister of Transport is making his cuts to save $100 million in eastern and western Canada so that he can spend $100 million in modernizing equipment to be used in central Canada along the Quebec City-Windsor corridor. I call that robbing Peter to pay Paul. He is causing serious disruptions all across Canada, and his decision will add to our energy woes. He will add 1,600 railroad employees to the already swollen unemployment rolls. He will cause economic hardship in countless communities across this land. He will deny access to rail services to millions of Canadians who have just as much right to the service as the residents along the favoured corridor.

If VIA Rail beefs up its central Canada service, what might be the net effect? It could drive some of the major bus companies over the brink. Then government might be placed in the absurd position of having to directly subsidize service in order to guarantee its survival. Voyageur, for instance, in Quebec, makes a profit on eight lines only, and loses money on 20 other lines. The eight lines are used to subsidize the other 20. If you ask me, the minister has thrown out the baby with the bath water.

VIA Rail has not been given a fair chance. In only four years it has increased train ridership by 41 per cent. Rail passenger patronage is definitely on the increase. More and more Canadians are turning to rail as a cheaper, more efficient alternative means of travel. It would be criminal to frustrate VIA Rail's progress at this point in its growth. I am sure VIA Rail is a reluctant accomplice in the minister's decision, and given their druthers they would "druther" build, not tear down, the nations's rail passenger service.

The president of VIA Rail has appeared at various times before parliamentary committees, and from his testimony we can draw the obvious inferences as to what ails VIA Rail.

VIA Rail is in a financial bind largely created by costing order R-6313 of the Transport Commission. It has no fixed contracts with CN and CP. Instead, it has open-end, cost-plus contracts which militate against proper budgeting and proper accounting. It all adds up to a helluva way to end a railroad.

VIA Rail is not master of its own house. It is not permitted to operate the passenger service in a businesslike manner. It inherited obsolete and antiquated equipment from CN and CP at considerable cost—$70 million, to be exact. Because this equipment is so old, the costs of maintenance are labour intensive. At the present time 63 per cent of VIA Rail's revenues flow back to the CN and CP for rails and services.

My conclusions, as far as the process of the decision is concerned, are as follows.

There is massive objection across Canada to the government's decision to remove one-fifth of Canada's rail passenger services. A large number of Canadian citizens are outraged at the arbitrary manner in which the decision was made and as a result of which the reductions will occur, without reference to Parliament or recourse to public hearings.

The decision to cut rail services made by order in council has seriously impaired the role of the Canadian Transport Commission as protector of the public interest in transportation services.

The unilateral and arbitrary process by which the decision was made constitutes a dangerous precedent for further emasculation of Canada's transportation services.

As to the social and economic aspects of this situation, I submit that there is widespread public support for the concept of VIA Rail among the more than 1.2 million Canadians who will be affected by the cuts, and a concern that VIA Rail be given a more adequate time frame and the financial means to prove itself.

Special groups of Canadians, such as the disabled, the elderly and the economically disadvantaged, to whom other passenger modes are physically or financially impossible, will be severely affected by the cutbacks.

The cuts discriminate unfairly against Canadians living in sparsely populated or remote areas, such as northerners, or the Indian people, who have no other modes of transportation available to or from their communities.

● (1550)

The overall negative impact on the labour force will be far greater than the direct loss of 1,600 jobs of VIA Rail and railway employees.

As to regional alienation, the cuts are unjustifiably discriminatory towards certain areas of Canada and thus will create further discord, disharmony and regional tension. Government policies to improve regional and economic opportunities are often offset by contradictory policies of reducing transportation services to those same regions. Over two-thirds of the job losses caused by the cuts will occur in regions beyond central Canada, mainly in areas already disadvantaged or with existing employment problems. A widespread view exists that any savings produced by the cutbacks across the country will be spent to upgrade services in the narrow transportation corridor between Quebec City and Windsor, which, in the public mind, already enjoys superior rail, highway, bus and air transport services.

Concerning quality and accessibility of service, I submit that there is a significant public view that huge capital projects of questionable value, such as the Pickering airport site and the Mirabel airport, evidence a distinct and perhaps reckless bias on the part of the Department of Transport toward the air mode of passenger service.

In making the cuts, the minister failed to consider more attractive alternatives towards reducing government subsidy, such as modernization of equipment, as evidenced in recent studies initiated by Transport 2000, the Government of Alberta and even VIA Rail itself. The state and age of VIA's equipment obscures the potential viability of rail passenger service by making it disproportionately costly to maintain, unreliable and unattractive to many potential customers. Present service and equipment have been allowed to deteriorate to the point that rail service is now slower and less reliable than it was in the 1950s or earlier.

There exists a general recognition and willingness on the part of the Canadian public to pay higher fares, especially if a higher quality of rail passenger service becomes available. This point was repeated again and again. There is considerable public dissatisfaction with much of VIA Rail's scheduling of trains, which, in many cases, appears completely inappropriate to customer needs.

[*Translation*]

Honourable senators, I therefore recommend that the minister, before making a final decision with respect to cutbacks in railway routes, should appoint a commission with a mandate to make an in-depth study of all forms of transportation in Canada, including marine, air, highway and railway transportation, in order to establish the real costs to the taxpayer of the grants or subsidies being provided to each one.

Subsequently, the government will be able to decide what amounts will be made available for subsidies and award such funds on an equitable basis, after debate in the House of Commons and the Senate. I feel these suggestions should be examined, and that is why I am supporting the motion of Senator Riley to refer this matter to the Senate Standing Committee on Transport and Communications.

[*English*]

Hon. Frederick W. Rowe: Honourable senators, perhaps the honourable gentleman would not mind answering a question arising from some of his comments. I was very interested, as I am sure all honourable senators were, in the figure that Senator Charbonneau gave with respect to air travel in Canada. He said that 75 per cent of the total population—

which, I presume, would include children as well as adults—has never flown.

I have three questions for the honourable senator. First, could he tell us where he got that figure? I do not remember having seen or heard it before. Secondly, does he have the figure for adults alone, as opposed to that for adults and children? Thirdly, does he have a provincial breakdown of that figure?

Senator Charbonneau: Honourable senators, with regard to the first question, that figure has been established, I believe, by several bodies. Though I have piles of testimony here, I do not have the figures at hand. I believe that Transport 2000, which is a nation-wide organization which you have probably heard about, has conducted studies and has compiled all kinds of transportation statistics. I know that body has come up with that figure.

With regard to the second and third questions, I have not seen any breakdown as between adults and children, or, for that matter, a breakdown as between provinces. However, I could take a note of your request and perhaps contact some of the witnesses. If I can secure those figures, I will be pleased to provide them to you.

Hon. Charles McElman: Honourable senators, I regret that it was not possible for me to be in the chamber on Thursday last to hear the erudite remarks of my provincial and regional colleague, the Honourable Daniel Riley. I have, however, read the *Hansard* report with close attention. Senator Riley has moved that the Standing Senate Committee on Transport and Communications be instructed to inquire into and report upon the national rail passenger service provided to Canadians by VIA Rail Canada Inc., and so on. He also admonished us, as colleagues, due to a sense of urgency in dealing with this important subject, to restrict our speeches so that witnesses may be called and heard by the standing Senate committee.

In response to his exhortation, let me say that I support his motion fully so that we may hear witnesses and gather facts. And in response to his admonition, that is the sum of my speech.

On motion of Senator Frith, for Senator van Roggen, debate adjourned.

VISITORS IN GALLERY

HUNGARIAN FREEDOM FIGHTERS

Hon. Stanley Haidasz: Honourable senators, it is a privilege to rise in this chamber at this time to bring to the attention of honourable senators the presence in the gallery of representatives of a delegation of Canadians of Hungarian ethnic origin who are visiting the Parliament of Canada this afternoon to commemorate the October 1956 Hungarian uprising.

Twenty-five years ago the Hungarian nation rose to regain its freedom and independence. Since those tragic days Canada has received in asylum 40,000 refugees from that country. During that span of years they have contributed tremendously to the economic and cultural growth of our country.

In honouring these freedom fighters, I would like to welcome them to the Senate chamber and wish them an enjoyable visit. I invite honourable senators to meet with them in the Railway Committee Room later this day.

Hon. Senators: Hear, hear.

• (1600)

LABOUR RELATIONS

MOTION TO APPOINT SPECIAL SENATE COMMITTEE—DEBATE CONTINUED

The Senate resumed from Tuesday, June 30 the debate on the motion of the Honourable Senator Deschatelets:

> That a special committee of the Senate, to be composed of seven members, be appointed to inquire into and report upon
>
> (a) any matter relating to labour relations in Canada with particular reference to problems concerning the free collective bargaining process and the constructive settlement of disputes; and
>
> (b) any proposals for a more orderly and less disruptive exercise of the right to strike;
>
> That the Committee have power to engage the services of such technical, clerical and other personnel as may be necessary for the purposes of the inquiry; and
>
> That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time, and to print such papers and evidence from day to day as may be ordered by the Committee.

Hon. John M. Macdonald: Honourable senators, since it is some months since this motion was last debated it may be of interest to mention briefly just what it involves.

It was on June 18 last that Senator Deschatelets gave notice that he would call the attention of the Senate to the serious disintegration of labour relations in Canada and to various proposals for a more orderly and less disruptive exercise of the right to strike. On June 23 he spoke on the question. In his speech he pointed out the large number of work stoppages we are having in Canada and he mentioned that in 1979 labour-management conflicts resulted in 1,050 work stoppages involving close to half a million employees. I suspect that if the figures were available for 1980 and 1981 they would show a considerable increase. He also mentioned, although I do not think it was necessary for him to do so, that he spoke only as a concerned Canadian who did not question the right to strike or to order lockouts, and did not speak in support of either labour or management. His purpose can best be described in his own words. He said:

> the only reason why I enter this debate is the responsibility which we share as members of the Senate for millions of our fellow Canadians who suffer from such situations—

Strikes and lockouts.

—which affect services, often essential ones, to which they are entitled, who are never consulted and who are used as innocent hostages.

I may add that the language is perhaps a little strong, but it certainly conveys his meaning. He continued:

Adding to this the current economic situation plagued by inflation, unemployment, high interest rates and an insignificant increase in productivity, one may well understand how urgent it is to have a very close look at the use of the right to strike and have lockouts, in order first to reduce the number of strikes and lockouts, and then to shorten them when they do occur.

The senator also mentioned various proposals which would be worthy of study, such as limiting by law any wage increases over the increase in the cost of living. He referred to a system used in Sweden and another in West Germany, and made the suggestion of giving labour a voice in management by having labour people on boards of directors.

Just to complete the picture, on June 30 Senator Deschatelets moved his motion to have a special committee of the Senate appointed to look into labour matters. While the proposed committee would be authorized to study all matters relating to labour disputes, I think it is fair to say that its chief study would probably be centred on strikes, with a view to proposing a substitute for them and exercising control over them, which, of course, would limit their effectiveness.

Honourable senators, on the same day, June 30, Senator Lawson spoke to the motion. As is well known, he is a responsible, highly respected and highly qualified labour leader. He speaks from the labour-employee point of view; consequently, his remarks carry great weight. I suspect that his attitude towards the proposed committee represents that of many of the leaders of labour unions.

Dealing with what might be called the essence of the motion, he made the following statement, which can be found at page 2671 of *Hansard*:

I would also urge extreme caution before any hasty move is made to establish a committee to take a walk out on this landmine that exists across Canada called "labour relations."

He further stated:

I am also concerned about what is proposed by Senator Deschatelets regarding "a more orderly and less disruptive exercise of the right to strike." That sounds pretty good, except if we are talking about a free society, free collective bargaining and free trade unions, the most essential ingredient in that is the right to strike—the right of the worker to withdraw his services, to withdraw his labour. To tamper with that would be to insist on changing the whole system.

Honourable senators, generally speaking I find myself in agreement with these remarks of Senator Lawson. Labour relations in Canada today are in a disturbed state. Indeed, I think they are in a sort of transitional period, and that is largely as a result, I think, of economic conditions, and I do not expect that there will be any substantial improvement until economic conditions improve and become stabilized.

Strikes are being widely used, so I expect any study proposed by the motion would concentrate on limiting the right to strike and on introducing some substitute for strikes. Personally, I do not believe unions would be prepared at this time to accept any limitation or substitution.

Speaking of strikes, I would ask you to remember that labour won the right to strike only after a long, hard battle that took place over many years. As a result, it is the most cherished right of organized labour and goes to the very foundation of labour policies. To limit that right in any way would, I think, provoke most determined opposition.

Honourable senators, traditionally, the right to strike has been the ultimate weapon in a struggle between management and workers, and it still is, even though it seems to be used more often now than formerly. But it should be noted that hundreds of agreements are reached between employers and employees under the collective bargaining system without any recourse to strikes. As a rule, the public does not hear of these, but the public does become alarmed when a major strike is in effect, such as a postal strike, which affects a great many people.

You may recall, too, that over the years various aids or methods have been developed by governments to assist the parties to arrive at a mutual agreement. At one time, for instance, conciliation boards were popular, and each side would select someone to represent it, with the two so elected agreeing upon a third. I believe it was Mr. Mackenzie King who, as Deputy Minister of Labour, first advocated that method of trying to settle industrial disputes. Certainly, he advocated it in his book *Industry and Humanity*.

The recommendations of a conciliation board had no legally binding effect, but such recommendations did influence public opinion and public support, and thus very often provided a settlement. However, after a time those boards fell into disuse, principally, I suspect, because actually it had come to be the chairman who decided the issue. However, such boards are still used in some cases, usually with the chairman being appointed by the Department of Labour.

Over the years various types of mediation in labour disputes have developed and these have been fairly successful both in preventing strikes and in assisting the parties to come to a settlement when strikes do occur.

● (1610)

Now, honourable senators, I expect that the motion before us is, at least in part, a reflection of public opinion at the present time. I do believe there is a rather widespread belief that strikes should not be allowed in what is termed essential industries, though there does not appear to be general agreement on what constitutes an essential industry. We do know that rail transportation is so regarded, as governments have legislated striking railway workers back to work and have eventually imposed a settlement of their disputes with their employers. And, of course, the effects of the recent postal

strike so annoyed the general public that I expect the government was under considerable pressure to legislate an end to it, and may I add that personally I am pleased that it did not do so.

However, in these days when a great many of the services we require or at least enjoy can be interrupted by strikes, the question does arise as to when the point arrives when the interest of society as a whole takes precedence over the interest—the legitimate interest—of any section of society as represented by a group of employees.

Over many years this question has been asked and debated, but so far as I know a satisfactory answer has not yet been found. It was back in 1920 that the State of Kansas put into effect a law known as the Industrial Court Act which provided for the compulsory adjudication of industrial disputes. That court was given authority not only to order employers and employees to work but also to take over and run such industries which did not obey the court orders. I do not know what eventually happened to that law, but I remember reading a debate on the matter, and Samuel Gompers, the then President of the American Federation of Labour, was asked in effect who protected the public interest in industrial disputes. He admitted he had no clear answer, and I think the situation is pretty much the same today.

Now, honourable senators, while I do think that the right to strike is an essential right of a labour union, and that without that right labour could not have made the gains it has over the years, I think I am realistic enough to realize that the relationship between employer and employees, that is, unionized employees, is pretty well balanced. It is no longer the weak bargaining with the strong. And I think, too, that there is developing in our society a feeling that in certain cases legal strikes should not be permitted. What these cases are is a matter of debate. I expect the protection of persons and property—that is, police and fire protection—and at least a minimum health delivery service would be regarded as essential.

It is interesting to note that after a six-week police strike in Halifax the head of the Police Association stated that police strikes were not the answer, and intimated that binding arbitration might be. The provision of health care is a difficult and complex matter. In Nova Scotia we have just come through a three-week strike of non-medical hospital workers. About 6,000 personnel were on strike and they effectively closed down at least 27 hospitals, except for emergency treatment by supervisory personnel. The services of all non-medical personnel cannot be classified as essential, yet by putting up picket lines, which essential workers belonging to other unions would not cross, the strike, which was legal, was made very effective.

Honourable senators, it may seem that I am contradicting myself when I say that I am not in favour of this motion, yet believe there are some essential services in which strikes should not be permitted. I do not feel there is any real contradiction. I believe that for a union to be effective it must have the right to strike, and at the same time I think that the public as a whole is entitled to some essential services without interruption. I think also that in the ongoing development of collective bargaining it will be recognized that strikes cannot take place in certain services, but I think this should come from the membership of the unions rather than from sources outside the labour movement. I do not know if the mover of the motion has had any indication from labour people that they would welcome such a study or, at least, that it would be acceptable to them. If not, I am afraid that, if passed, this motion could well be regarded as an attack on the rights now enjoyed by unionized employees.

Honourable senators, while at the present time there is a great deal of criticism of the collective bargaining system because of the large number of strikes, I think it should be remembered that, with all its faults, it is the best system yet devised for promoting harmonious relations between employers and employees.

Honourable senators, I realize that Senator Deschatelets has given this matter a great deal of thought and a great deal of his time. It may well be that the committee he proposes could perform a valuable service. If it is set up, I hope it will. However, I do believe that passing this motion at this time would serve no useful purpose. Therefore, I do not support it.

On motion of Senator Frith, debate adjourned.

LEGAL AND CONSTITUTIONAL AFFAIRS

REPORT OF COMMITTEE ENTITLED "CERTAIN ASPECTS OF THE CANADIAN CONSTITUTION"—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Lamontagne, P.C., calling the attention of the Senate to the Report of the Standing Senate Committee on Legal and Constitutional Affairs entitled: "Certain aspects of the Canadian Constitution", tabled in the Senate on 26th November, 1980.—(*Honourable Senator Marshall*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have spoken to Senator Marshall about this order in the same terms as I spoke to him yesterday about the order dealing with development of hydro power and offshore oil resources in Newfoundland, and he agreed that we should stand this order for at least two or three weeks, or certainly until we are through with the Constitution and the budget, if ever. May I suggest that we put this order over for three weeks or a month?

Hon. Jacques Flynn (Leader of the Opposition): Three weeks.

Order stands.

ENERGY

GOVERNMENT POLICY—MOTION TO REFER SUBJECT MATTER OF INQUIRY TO BANKING, TRADE AND COMMERCE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Murray, seconded by the Honourable Senator Flynn, P.C.:

That the subject-matter of the inquiry of the Honourable Senator Argue, P.C., which appeared on the Orders of the Day on November 20, 1980, be referred to the Standing Senate Committee on Banking, Trade and Commerce.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I mentioned yesterday that I had hoped to persuade Senator Murray that the objective of this order is met by the pre-study of the Standing Senate Committee on Banking, Trade and Commerce relating to Bill C-48. He agrees that we can postpone this order for a month or two in order to see how the whole subject fares before the committee, which has an order to study Bill C-48 and "all related matters." I would suggest the same date as we picked for the freedom of information matter, which is December 2.

Order stands.

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTY-SECOND MEETING—REPORT OF CANADIAN DELEGATION

Hon. Hartland de M. Molson rose pursuant to notice of Thursday, October 15, 1981:

That he will call the attention of the Senate to the Twenty-second Meeting of the Canada-United States Inter-Parliamentary Group, held at Halifax, Nova Scotia, from 22nd to 26th May, 1981.

He said: Honourable senators, the report of the Twenty-second Meeting of the Canada-United States Inter-Parliamentary Group, held in Halifax from May 22 to 26, 1981, which I tabled on October 15, is extremely late in being brought to your attention. Last year I was able to report to you on the Twenty-first Meeting on July 15, 1980 but, unfortunately, this year the parliamentary recess came upon us before the report was ready.

However, as you are well aware, the causes of differences between the United States and Canada are sufficiently serious and, unfortunately, sufficiently numerous that I believe the report of the discussions between the parliamentarians of the two countries should be well set out in our permanent records.

The United States delegation was led by Senator Ted Stevens and Congressman Dante B. Fascell as co-chairmen. Our delegation had Mr. Ian Watson, M.P., and myself as co-chairmen. For the purpose of dealing with the lengthy agenda, our meetings were, as usual, divided into three committees, as set forth in the report. Co-chairmen of the committees were as follows: Committee I, Representative Sam Gibbons and myself; Committee II, U.S. Senator James A. McClure and Mr. Frank Oberle, M.P.; and Committee III, Representative James Oberstar and Mr. Ian Watson, M.P.

A year ago I was able to indicate that the Twenty-first Meeting of the Canada-United States Inter-Parliamentary Group had given rise to some optimism with regard to a better understanding between our two countries of the many complicated and sometimes irritating issues involved. There was still hope that the U.S. Senate might ratify the Fisheries Treaty. Thus, it was arranged for a smaller delegation from our group to visit the United States Senate Foreign Relations Committee during the summer with the hope of expediting ratification. In the event, as you know, there was further delay in the Senate, and President Reagan finally withdrew the treaty.

• (1620)

It is hardly necessary for me to call the attention of the Senate to the fact that the lack of a treaty on the east coast fishery has led to unbridled and unreasonable competition for fish on the Georges Bank and possibly some other Atlantic areas. It has been said that if some control is not instituted the scallops, at least, will be completely fished out. I have heard that the American fishing fleet there has risen from 20 vessels last year to 120 this year, and our own restrictive controls have had to be removed in view of this competition. It is perfectly obvious that this is a disastrous situation for the fishery and our maritime population.

Last year, also, arrangements were made for continuing discussions on grains marketing, and a sub-delegation met with our American counterparts in Ottawa to deal with this matter. I understand that some progress was made, and another meeting is scheduled for the end of this week to further these talks.

You will see in the report for this year, which I have now tabled, less indication of any general easing in the different points of view of our two countries. There are still issues, many of them hardy perennials, which have been on the agenda for several years, and these complicate our relationship with our neighbour. Some, such as the acid rain problem, the FIRA problem, the national energy problem and others, are viewed with considerable concern, but usually with different degrees of importance on the part of our two countries.

I am not going to review this lengthy report because I believe that the matters discussed therein have been very clearly set out. I would like to say that, while I have indicated that we might feel some disappointment at the lack of tangible results, this is really what is expected of these meetings. The objective is to give a thorough airing to the views of the people of both countries, with the hope that, with a complete understanding, parliamentarians will in due course deal with the issues more effectively and more sympathetically than would otherwise be the case.

I said I would not be long and I now want to terminate these few remarks. In doing so, I should tell you that my term as co-chairman under the Canada-U.S. Group's Constitution is for two years, and this term has already been exceeded. In fact, our political timetable these last years has caused me to chair three meetings with the United States congressmen. It has been a very interesting experience, and I would like to

express my appreciation for the co-operation and interest of the co-chairmen with whom I have served, Mr. Herb Breau, M.P., and Mr. Ian Watson, M.P. This message also applies to the members of our group from the House of Commons. At the same time I want to record my sincere gratitude to the honourable senators for their active participation and continued support. They have made my task relatively easy.

The staff work by the Parliamentary Relations Secretariat has been absolutely first class, and the arrangements made by the Parliamentary Centre for Foreign Relations and Trade, the materials brought forth for briefing our members, the preparation of agendas and the planning of the discussions made it possible for our Canadian delegation to carry out their responsibilities effectively.

I recommend this report for your serious examination.

The Hon. the Speaker: As no other honourable senator wishes to participate in the debate, this inquiry is considered as having been debated.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, October 22, 1981

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

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of Canadian Arsenals Limited, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1981, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Report by the Tariff Board, pursuant to the Inquiry ordered by the Minister of Finance respecting the petition for safeguard action by Dominion Colour Company Ltd., Safeguard Petition No. 5, Reference No. 158, pursuant to section 6 of the *Tariff Board Act*, Chapter T-1, R.S.C., 1970.

Order in Council P.C. 1981-2497, dated September 16, 1981, amending Parts I and II of the schedule to the *Hazardous Products Act*, pursuant to section 8(3) of the said Act, Chapter H-3, R.S.C., 1970.

Order in Council P.C. 1981-2186, dated August 19, 1981, amending the Bankruptcy Rules, pursuant to section 180(2) of the *Bankruptcy Act*, Chapter B-3, R.S.C., 1970.

VISITORS IN GALLERY

FEDERATED WOMEN'S INSTITUTES OF CANADA

Hon. Martha P. Bielish: Honourable senators, it is with great pleasure that I draw to your attention the presence in the south gallery of the President of the Federated Women's Institutes of Canada, Mrs. Emmie Oddie of Regina, and her entire executive.

Hon. Senators: Hear, hear.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday next, October 27, 1981, at 8 o'clock in the evening.

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

Hon. Senators: Agreed.

Hon. Sidney L. Buckwold: Honourable senators, my question concerns the week of November 9. Remembrance Day, November 11, which falls on the Wednesday of that week, is normally a non-sitting day. I am wondering whether the leader or the deputy leader has made any decisions as to whether the Senate will be sitting that week.

• (1410)

Senator Frith: Other honourable senators have asked, in effect, the same question. With the meeting of first ministers taking place at the very beginning of the first week of November, there are a number of permutations and combinations that could mean we will find one particular day named in the other place, and a different day named here requiring us to sit at some time that week.

Therefore, I am in the position of having to answer that I do not know because all the information is not yet in. If it were not for the possibility I have just referred to, we could agree to sit on Monday and Tuesday or, perhaps, Thursday and Friday. I do not think we can risk making such definite plans as would not, for example, require us to sit on the Tuesday and Thursday. I do not think that is likely, but I think we should hold ourselves open at least until next week, when we will have a better feel for what might happen.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I am quite sure that, if the prospective agenda for the week of November 11 were the same as for next week, it would be easy for the deputy leader to say that the Senate would not sit. I think that this week has lived up to the expectations that were indicated by the deputy leader. In fact, we received no legislation and we could easily have dispensed with sitting. I suppose that we are facing the same prospect for next week.

Senator Frith: Honourable senators, that is substantially right. As far as legislation is concerned, I am informed that the other place will be dealing with Bill C-48 almost exclusively for the whole of next week, and perhaps longer. According to my information, they will also try to clean up some fairly advanced non-contentious bills on Fridays. Therefore, it could be that we will have some legislation next week although it is substantially true that we will not be receiving "heavy", material, if I may call it that.

It is virtually for the reasons expressed by the Leader of the Opposition that I feel we should be here next week, and not because of an overload of business.

Hon. John M. Godfrey: Is it the view of the Leader of the Opposition that Question Period is unimportant and, therefore,

unless we have legislation, we should not sit and permit the opposition to ask questions for an hour or an hour and a half?

Senator Frith: Senator Godfrey has underlined my word "substantially." As far as I am concerned, it is the responsibility of the Leader of the Opposition to decide how important Question Period is. In principle, we should certainly be here always and at the disposal of the opposition for that purpose.

Senator Flynn: The honourable senator said "always", but that would mean Parliament would never adjourn. I am quite sure Question Period would be much more useful if some honourable senators on the government side contributed to it in a substantive way.

I am not aiming my remarks at Senator Godfrey because I know that occasionally he is able to criticize the government—and rightfully so.

Senator Olson: Those aren't the best questions. The sharing of information is what it is all about.

Senator Flynn: I must say that he is an exception.

Senator Frith: Honourable senators, I quite candidly repeat that, in my opinion and as a matter of general principle, the Senate should be here when the House of Commons is sitting.

Senator Flynn: Five days a week?

Senator Frith: No, but every week they are in session I think we should be in session.

Senator Flynn: That is something else.

Senator Frith: I could be talked out of it on occasion. However, I think the general rule should always be that, if the House of Commons is sitting, we should be sitting that same week, and that the burden should be on those who do not want to sit, rather than the other way around.

Senator Flynn: I must say that I disagree with that perspective because I do not think the Senate should be here just in case and to sit around waiting for everything that might be passed in the other place. I think the Senate has its own responsibilities, time-wise and otherwise, independent of what happens in the other place.

Motion agreed to.

• (1415)

QUESTION PERIOD

[*English*]

ECONOMIC DEVELOPMENT

WESTERN DEVELOPMENT FUND—ALLOCATION—CONSULTATION WITH PROVINCES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to direct a question or two to the Minister of State for Economic Development in connection with the Western Development Fund.

As honourable senators are aware, the Minister of Finance stated in his budget speech of last October that he had allocated $4 billion to a Western Development Fund, of which it is expected that $2 billion will be spent over the next three years. Can the minister confirm, almost one year after the presentation of that budget, that the total sum allocated to the Western Development Fund still stands at $4 billion?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, since that declaration or assertion was made by the Minister of Finance, there have been a number of developments, and the Minister of Finance, I think, and certainly a number of other ministers, have indicated that until such time as there was a conclusion to the energy negotiations nothing could be certain. We are happy to say that those negotiations have been completed, but, in any event, it was difficult to be absolutely positive because energy and the energy negotiations have such a large part to play in the revenues of the federal government.

I can advise my friend that if he wants to have more specific details on that fund and the allocations, the time frame, past and current information and projections, he will have to wait until the budget comes down, and we hope that that will be as soon as possible.

Senator Roblin: I have an additional question which I do not think hinges upon the budget. In the estimates tabled last February, the indications were that $350 million was to be spent this year under the heading of the Western Development Fund. Can the minister tell the Senate whether any expenditures have actually been made under that item?

Senator Olson: That information will also be made available to the honourable senator. All that information will be available when the Minister of Finance tables his budget.

The honourable senator must realize that while some commitments were made, qualifications were also attached to them at the same time. It was not until September 1 of this year that an energy agreement was reached.

Senator Roblin: I am not asking my honourable friend to reveal any secrets or information contained in the budget, but as to what has actually happened since February when this allocation was proposed by the government. Have, in fact, any monies been spent under the heading "Western Development Fund", and, if so, could the minister give us the details, please?

Senator Olson: That information will be conveyed to the honourable senator after the budget is brought down.

Senator Roblin: I wish to protest the minister's reply. I am not asking for any budget secrets. This question has nothing to do with the coming budget, but has everything to do with the last budget and the last estimates that came down in February. Why can we not have that information now?

Senator Olson: Because, as was explained by the Minister of Finance and others on a number of occasions, the certainty of a number of things, including the Western Development Fund, could not have been ascertained positively until the energy

agreement was signed. The Minister of Finance is fully prepared to deal with that when he brings down his budget.

Senator Roblin: Of course, that was an afterthought with respect to the budget and the estimates, but if my honourable friend is trying to tell me, and I think he probably is, that nothing has been spent under this item, why can he not say so? That is no crime.

• (1420)

Senator Olson: The honourable senator is asking for bits and pieces of a financial analysis of the Government of Canada. He knows very well that all of that comes either in the minister's speech or in the accompanying papers, and he will just have to be patient for a few more days and all of that will be known to him.

Senator Roblin: I will be as patient as I can, but I think the minister is quite unfair and quite inaccurate when he tries to link my question up with the budget matter. It has nothing to do with the budget. The budget has to do with the coming period. I want to know with respect to the period that is almost completed. The least the minister can say in all candour is that he will look into the matter and see if he can provide the information. Why can he not do that?

Senator Olson: If that is a satisfactory answer, I can agree to do that. I should qualify it, in order that I do not raise any false hopes, by saying that it will probably be only after the budget that the information can be obtained.

Senator Roblin: I find that a very poor excuse indeed. I guess I am not going to be able to force the minister to proceed any faster than his customary pace.

I have another question which has to do with consultation with the provinces. Has the government given any consideration to discussing the Western Development Fund with the provinces in order to ascertain what might be the best way of dispensing the moneys if, in fact, any are to be dispensed?

Senator Olson: Honourable senators, I believe there was a commitment given about a year ago that there would be some consultations, not only with the provinces but also with other interested parties, with respect to the priorities that would be established for the use of that fund.

Senator Roblin: May I ask my honourable friend if any such consultations have taken place?

Senator Olson: I am not sure that any consultations have taken place with that being the only subject on the agenda, but certainly informally, or as an addendum to other meetings, I know that there have been suggestions made by various officials and, indeed, ministers of the provincial governments.

Senator Roblin: I presume those discussions are a matter of public record, and the minister would be able to give us a report as to what transpired.

Senator Olson: I do not think my honourable friend can assume that all of the meetings, both formal and informal, between ministers of the federal government and ministers of the provincial governments are matters of public record. I know I have had a number of meetings across the country, and statements have been made after a meeting. Even if there is a verbatim text of some discussions, I would not like him to assume there is a transcript available of all of those meetings.

Senator Roblin: Taking all of that into account, would the minister give any undertaking that he will give us any report on these discussions?

Senator Olson: Yes, I will be prepared to give not only a report but also a very detailed report on what the government's priorities are and, perhaps, even beyond that in further detail soon after the budget has been announced, but I am not going to pre-empt the prerogative of the Minister of Finance—indeed, his exclusive responsibility—for what he normally says in a budget speech.

Hon. Lowell Murray: What does "exclusive responsibility" mean?

Senator Olson: It means that we follow the traditional practice of having the Minister of Finance, as he has always done, give an analysis of the Canadian economy and the financial condition of the government, either in his speech or in the supporting documents that go along with it.

Senator Murray: I presume the minister and all his colleagues are prepared to stand behind that analysis and that budget in the tradition of collective responsibility?

Senator Olson: In any government that I have been a part of—I believe all governments, with one exception in the last few years—all the ministers have stood behind what the government policies have been.

Senator Roblin: I wish to make a final comment on that. The minister is still fudging this question. I am not asking him for a budget statement. I am not asking him for a forecast. I am not asking him to say anything with respect to the budgetary proposals that come down before us. I am asking him for a report on what has transpired since the last budget. I am asking him for a report on his administrative stewardship in respect to his Western Development Fund, and he tries to tell me it is part of the next budget.

• (1425)

Senator Olson: Honourable senators, I gave Senator Roblin an undertaking that I will seek that information, but I can tell him frankly and honestly that if it impinges on the responsibility of the Minister of Finance for what is coming down in the budget, then he will have to wait until that budget speech is delivered for the rest of the details.

THE ECONOMY

PROPOSED CANADIAN ECONOMIC CONFERENCE

Hon. Orville H. Phillips: Honourable senators, in today's press it is stated that the Prime Minister has been appointed co-chairman of the North-South Conference.

Some Hon. Senators: Hear, hear.

Senator Phillips: I appreciate the applause from government supporters. I now ask simply—and here I would seek their applause—whether it would be possible to have the Prime Minister remain in Canada long enough to host a Canadian economic conference? God knows we need it. We have high interest rates, unemployment, agricultural and other problems—all matters which are the responsibility of the Minister of State for Economic Development. Could the minister have the Prime Minister stay in Canada long enough to host such a conference?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not like the inference contained in the honourable senator's question that no useful discussions will be taking place at that international conference. The date of the conference was known a long time ago. The government endeavoured to bring forward a budget under such terms that would provide for a full debate in both houses of Parliament both on the state of the economy and on matters arising from the budget speech.

The honourable senator knows quite well that the budget speech was scheduled for November 3, and that the provincial premiers asked for a meeting to further discuss the constitutional proposals that same week. The constitutional negotiations are also an important part of Canada's economic development, because the uncertainties connected with those negotiations may have some significant economic consequences. The honourable senator is aware also that all those matters cannot be dealt with the same week.

Senator Phillips: Honourable senators, I thank the minister for his reply. Unfortunately he has left me with the feeling that the government is proceeding on the basis that we cannot have both a Constitution and a sound economy. We on this side of the house consider that we should have both.

THE BUDGET

POSTPONEMENT OF PRESENTATION

Hon. Orville H. Phillips: Honourable senators, the minister, in reply to my previous question, spent much time in saying that the budget presentation should be delayed because of the constitutional meeting, but I am puzzled as to why the budget speech could not have been moved ahead. There is no reason why the budget could not have been presented at the end of October, which was the original intention of the government. Will the minister tell the house why the budget cannot be presented on a date late in October?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there are some very good reasons for that. A number of procedures, such as the printing of budget papers, have to be completed a certain number of days preceding the presentation of the budget.

• (1430)

The reason why the date for the presentation of the budget debate was set by the Minister of Finance as November 3 was obviously because the premiers had asked for an additional meeting dealing with the Constitution, and the dates that were offered were in the week preceding that. It now turns out that the premiers, after their conference in Montreal, have asked specifically to have a meeting with the Prime Minister during the week of November 2—at least on that day, and perhaps more days of that week.

The honourable senator will have to understand that the Prime Minister, in whom he seemed to have some interest a minute ago, cannot be at a conference with the premiers, responding to their requests, and at the same time deal with the budget and economic matters in the House of Commons.

We have tried to be as accommodating as possible. The dates that are there now are set in train. It is not possible to have all of the budget requirements ready at a date earlier than November 3.

Hon. Jacques Flynn (Leader of the Opposition): Is that the official reason?

Senator Olson: It is the honest reason.

Senator Phillips: I would remind honourable senators again that the government stated, even promised—though, of course, you cannot take their promises too seriously—that there would be a budget before the end of October. Now, all of a sudden, we cannot have the budget without the constitutional meeting. If the government is going to proceed unilaterally on the Constitution, why can you not proceed unilaterally on the economy? God knows Canada needs unilateral action—or action of any kind—on the economy far more than it does on the Constitution. Now, why can you not get moving on the economy?

Senator Olson: Honourable senators, these additional comments add nothing to the original question, and the explanation that I gave a few minutes ago is adequate to cover that, so I have nothing more to add.

EDUCATION

FEDERAL GRANTS TO POST-SECONDARY INSTITUTIONS

Hon. Heath Macquarrie: Honourable senators, my question for the Leader of the Government in the Senate relates to one that I asked him more than once during the session before we adjourned. I revert to it now because the situation prompting it has become more acute and more disturbing all across the country. I refer to the threat to post-secondary institutions in this country resulting from what I fear is a wrong-headed, short-sighted and callous decision by the government to curtail drastically the funds available to the institutions of higher learning in this country.

Noting what presidents, students and educators all across Canada are saying, talking in terms of crisis, of diminution of services and of actual closing of universities, can the minister, who is a man of sensitivity, compassion and insight, tell me if in recent months, and during the summer of discontent, in this case, there has been any amelioration of the government's attitude, or can we expect it to go forward harshly and cruelly

with this assault on the young people and students of our country?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, there is a concerted campaign, an unfortunate campaign, by certain members of the official opposition—I think they do it because of a lack of information—to suggest that somehow the government is withdrawing all of its support from higher education in this country. I hope that soon the facts can be placed squarely on the record to dispel these mischievous allegations. I am not suggesting that the distinguished Senator Macquarrie is engaged in mischievous conduct, but some of those who are participating in this campaign against the federal government have less than noble motives.

● (1435)

Hon. Jacques Flynn (Leader of the Opposition): What are the facts?

Senator Perrault: The fact is that the federal government, in terms of tax points and in terms of grants made to higher education, has been more than generous to institutions of higher education across this country and it is not withdrawing from that responsibility.

I would like to remind honourable senators that education is under the basic constitutional jurisdiction of the provinces. The premiers demand that their constitutional rights be protected, guaranteed and guarded. On the one hand, in their negotiations in relation to the constitutional package, they are demanding more rights, and, on the other hand, they are asking for more money for higher education, which is an area clearly under their jurisdiction. In some provinces we have seen a progressive increase in the amount of grants made by the federal government for higher education, and a progressive diminution on the part of those provinces of their grants to higher education.

We are not in the process of affixing responsibility. Let some of the honourable senators who ask questions of this kind look at the books of their own provinces, and ask of their own provincial governments how they have discharged their responsibility to higher education. They may find that the blame does not rest with the federal government. The federal government is, in effect, indicating to the provinces that it entered into this arrangement in the first instance with a spirit of co-operation, which might have seen both levels of government sharing these costs equally. In some provinces, the federal government is assuming much more than 50 per cent of the cost of supporting post-secondary education.

However, the facts on this entire question will be presented very shortly to the Senate—

Senator Flynn: If you had the facts, you would have been able to reply in one minute.

Senator Perrault: —and then perhaps the official opposition might wish to cancel the advertising campaign that they have launched in all of the universities across the country.

Senator Macquarrie: In the realistic and reasonable atmosphere of this place, I would like to say, noting the minister's reference to having facts, that I, of course, would not presume to be as well informed as the minister on any matter.

Senator Flynn: Oh, I think you can.

Senator Macquarrie: I know my limitations. Above all other things I would not be an immodest man.

However, I would certainly ask the minister if all of the university presidents, the students' organizations, the boards of trustees, the ministers of education are bereft of information? He is not as old as I am—though nearly as old—but he should be able to remember the days when Mr. St. Laurent was the Prime Minister of this country. It should be an inspiration to a Liberal to realize that you can be a Liberal and still govern efficiently, effectively and with sensitivity. It was done in those days. The federal government entered into programs to aid the universities. It made a major contribution.

Now the federal government is pushing forward the diminution of these contributions. I am not at all interested in bashing the premiers. There is far too much of that going on. I am not interested in bashing the Prime Minister, either. I am interested in the young people of this country. Starving them out is not going to be a very smart operation for a Liberal government or any other government. I simply ask whether there is any chance of a second thought?

With regard to people not having information, I noted when I was reading the report of the task force from the other place—a magnificent document—that they laid it right on the line. It is stated therein that the enduring strength of a society ultimately rests more on post-secondary institutions than on economic, industrial or military power. Were they bereft of the facts? I know they were not bereft of compassion. I would like the government to read this document and I would like a favourable reaction to it.

Senator Perrault: Honourable senators, I have had conversations with a number of university presidents. Under questioning they have admitted that, at least in some provinces, there has been a progressive withdrawal of provincial government funding for post-secondary education, with the consequence that, on a percentage basis, the federal government is assuming more and more of that cost.

● (1440)

Now, if the premiers, who are going to these constitutional meetings—

Senator Flynn: Oh, come on! Stick to the point!

Senator Perrault: —and are asking for more jurisdiction and for more power—

Senator Flynn: They are not asking for more jurisdiction, for more power.

Senator Perrault: —and are asking for more rights, are going to say, "Heads, we win; tails, you lose!" to the federal government, what kind of game is that?

Senator Flynn: Yours.

Senator Perrault: What kind of game is that?

Senator Flynn: That's your game.

Senator Perrault: No wonder that in a recent poll 25 per cent of Canadians said there is just one government in this country. Of course, I don't agree with that concept, but there is some degree of disenchantment with some of the attitudes of these provincial governments. This is their area of responsibility. Might it not be a logical suggestion that the university presidents, in the first instance, see their provincial governments and ask them why in some cases provincial governments now are only assuming 35 per cent of the cost of higher education, and not the 50 per cent which was agreed to some time ago with the federal government in their negotiations? Those happen to be the facts.

I hope the senator is not suggesting that at some point in time it is not useful to sit down and discuss the future of shared-cost programs to find out whether the taxpayer is getting full value and whether there is a proper allocation of revenue as well as responsibility.

Hon. Martial Asselin: Tell us what is the decision of your government.

Senator Perrault: As I recall, the Conservative government, when it served during that brief and tumultuous time, also talked in terms of renegotiating certain agreements with the provinces.

Senator Flynn: Which ones? Which ones are you talking about?

Senator Perrault: Is that not a constructive idea, to sit down and discuss the future of higher education in this country? But this is a mischievous campaign which has been launched by the Conservative Party in this country on a number of university campuses.

Senator Flynn: Oh, come on!

Senator Perrault: I have copies of the advertisements. You are not aware of the communication program of your own party. It says, "The Liberal Party does not want you to acquire higher education," or words to that effect. That is real mischief. It is anti-intellectual mischief, for anyone to circulate that kind of misleading information.

As I say, I will be prepared to bring to this chamber some of the facts with respect to which level of government is assuming its responsibility for higher education—

Senator Asselin: When? When are you going to do that?

Senator Perrault: —and which governments are not assuming that responsibility.

Senator Macquarrie: The minister is a charming fellow and ebullient, but I hope he is not getting carried away.

Senator Flynn: He is always getting carried away.

Senator Macquarrie: I want to tell him that, if I am in mischievous company when I join the President of the University of Winnipeg, an alma mater of mine, and leading educators all across the country, I am happy to be so joined with these decent people and very fine educators.

I wonder, when I listen to the minister, if it is regarded by this government as a ploy, in getting back at provincial premiers, that they cut down these things. If that is the case, I would ask you to desist from that course and concentrate upon the young people. Forget about these premiers off whom you are trying to score points. The matter is education, the decent development of our youth, and the strengthening of the social and cultural fabric of this country; and I appeal to him to use his eloquence, his fervour to say, "Get away from this matter of a chess game against the premiers and think of the students."

Some Hon. Senators: Hear, hear.

Hon. H. A. Olson (Minister of State for Economic Development): That is a mischievous statement.

Senator Perrault: Is the Honourable Senator Macquarrie suggesting to this chamber that the federal government should assume 100 per cent of the costs of higher education in this country?

Senator Flynn: Who said that?

Hon. Royce Frith (Deputy Leader of the Government): Then what percentage?

Senator Perrault: Isn't it a paradox that this opposition group simultaneously demand that there be massive cutbacks in federal government spending on all fronts—

Some Hon. Senators: Hear, hear.

Senator Perrault: —and yet they have now opposed any reduction in VIA Rail, and they want no reduction in grants to higher education. Can anyone name one area in which they have truly expressed any support for cutbacks in anything? This is the old Conservative political mugs' game they are playing, and I don't think it does much for the reputation of that party.

Senator Flynn: Phooey! Phooey! Why don't you try to answer a question instead of speaking of everything else?

Hon. Duff Roblin (Deputy Leader of the Opposition): Well, we know who the mugs are.

Senator Flynn: A bag of wind!

Senator Macquarrie: I must not indulge in such comments, but I would like to say, since he directed a question to me—and it is a change for an opposition member to be the recipient of a question—that I have no intention of joining in any clamour which will suggest to the present government that they are doing a good thing by backing down from their commitments for educational grants towards the post-secondary institutions in this country. That is not what we want. I have never asked the government to cut down at the expense of the students of this country, nor do I intend to, and if the honourable senator thinks that it is inconsistent, then it will show up on the record.

• (1450)

Senator Perrault: Honourable senators, I would like to ask Senator Macquarrie, in order to clarify precisely where the

Progressive Conservative Party stands on this important subject, whether it is the official position—

Senator Flynn: That is not the question.

Senator Perrault: I wish the Leader of the Opposition would learn not to squirm in his seat.

Senator Flynn: Honourable senators, I rise on a point of order.

Senator Perrault: We will listen with rapt attention.

Senator Flynn: Honourable senators, the Leader of the Government has not replied to the question. Every time a question has been put by Senator Macquarrie, he has made a speech and, on top of it all, put questions to us. He reminds me of the fellow who, when asked, "Why do you always answer a question with a question?" replied "Why not?"

Senator Perrault: Honourable senators, I seek clarification of the question asked by Senator Macquarrie. I ask this question: Do the Honourable Senator Macquarrie and his colleagues, who have demonstrated such furor over this subject, support the idea that there should be an equal, 50-50 sharing between the provincial governments and the federal government in the matter of funding of higher education?

Senator Flynn: Another question.

Senator Perrault: Does the official opposition support that concept—

Senator Flynn: Again, a question.

Senator Perrault: —and, if so, what percentage would appeal to the Conservative Party today? We would like to hear your answer.

Senator Flynn: We want you to answer questions. This is entirely irregular.

Senator Frith: We are merely asking for clarification.

Senator Macquarrie: Honourable senators, once again I am in receipt of questions. I would not presume to speak for my party—it has enough trouble of its own—but I think I can say, without endangering the party, that there are two things we would stand for: one is the decent, honourable acknowledgment of commitments to the provinces on matters of shared costs; and the other is that, surely to goodness, we would look upon education as one of the great priorities in this nation, and we have never deviated from having supported it.

Senator Perrault: But what is the percentage?

Hon. Lowell Murray: Honourable senators, by way of a supplementary question, may I ask the Leader of the Government whether there has been any change in the announced policy of the government to cut $1.5 billion from established programs financing over the next two years?

Senator Perrault: Honourable senators, those matters are being negotiated and the policy will be announced in due course.

Senator Murray: Am I to take it, then, that the statement by the Minister of Finance, that $1.5 billion would be cut from established programs financing in the next two years, is now, to use a favourite phrase of the Nixon White House, "inoperative"?

Senator Perrault: Honourable senators, there is no such gobbledygook. The Minister of Finance said that he would like to effect some savings in the Social Affairs envelope and that he plans to look at transfers of payments to provinces and the established program study. No decision has been taken yet, but honourable senators may not have long to wait.

Senator Murray: Can the Leader of the Government tell us what has happened to the $1.5 billion figure put forward by his colleague, the Minister of Finance? Is that figure now inoperative?

Hon. Jack Marshall: It is inflated.

Senator Perrault: Honourable senators, all good things come to those who wait.

Senator Murray: Honourable senators, may I ask whether the Parliamentary Secretary to the Minister of Finance was speaking for the government when he attacked the report of the House of Commons committee chaired by Mr. Herb Breau, M.P., in the following terms—and I quote from Carleton University's newspaper. *The Carleton*, dated October 1, 1981:

> "The real problem with the Breau report is that it refused to take into consideration fiscal reality," said Evans, whose riding includes Carleton University. "The huge federal debt has to be reduced and their terms of reference were to go out and establish priorities for reduction.
>
> "They violated their terms of reference. One and a half billion dollars is to be cut in the next two years and what they said was, 'don't do anything' . . . "that's not a viable alternative."

Does that statement, made by the Parliamentary Secretary to the Minister of Finance, Mr. John Evans, M.P., represent the policy of the government?

Senator Perrault: A number of options are being considered and the nation will understand far more about fiscal, monetary and budgetary matters on budget night.

CONSUMER AND CORPORATE AFFAIRS

REPORT OF ROYAL COMMISSION ON NEWSPAPERS— IMPLEMENTATION OF RECOMMENDATIONS

Hon. Robert Muir: Honourable senators, I pose my question to the Leader of the Government in the Senate. Before doing so, I want to indicate how much I agree with Senator Godfrey and, in particular, Senator Frith who, I am sure, would agree with me, that Question Period is very important to this chamber. I have had occasion to speak to United States senators and congressmen who indicated to me that they wished that this part of our system were in place in their form of government. I feel that Question Period is very basic to our parliamentary form of government.

The catalyst of my question to the Leader of the Government is an Ottawa *Citizen* report, dated October 20, 1981, which is headed, "Ministers plan tough law: Kent." It reads in part:

> A majority of federal cabinet ministers support the Kent commission report on Canadian newspapers and tough legislation to implement its recommendations will likely be introduced early next year, commission chairman Tom Kent said Monday.

This report is datelined Toronto.

May I ask the Leader of the Government whether it is correct that the majority of the cabinet ministers agree with this report and that they intend to introduce tough legislation?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I would not wish to anticipate some action which may or may not be taken by cabinet.

Senator Muir: When questioned by the chairman of Canadian Press, Clark Davey, as to whether he had inside information on the subject, Mr. Kent said that he did not, that it was his own diagnosis, but later on in an interview with Southam News he insisted that he is certain legislation will be drawn up soon that will back up the royal commission's findings.

I realize that Mr. Tom Kent has been the fair-haired boy of successive Liberal governments, but may I ask each of the four ministers here, or the Leader of the Government, if he can speak on their behalf: Is Mr. Kent operating the government from either Toronto, Dalhousie University or his cottage in Cape Breton? I would like to know whether he is speaking for the government, or will we hear from the Leader of the Government in the Senate or the Prime Minister on this subject shortly?

Senator Perrault: Honourable senators, I know that Senator Muir would like to be as fair-minded as possible.

Senator Muir: Always.

Senator Perrault: And I know that he would not wish to misquote Mr. Kent. I understand that in that article Mr. Kent stated that he was giving his own opinion. I would appreciate very much if Senator Muir would provide me with the full text of Mr. Kent's remarks. I think that it would be unfair to judge those remarks on the basis of fragmentary newspaper accounts.

Senator Muir: Having had dealings with Mr. Kent over a great number of years, I know he is a fair man and a hard bargainer. Although we had many scraps when he was chairman of the Cape Breton Development Corporation, he and I still get along. However, this article quotes Mr. Kent as saying that he is certain legislation will be drawn up soon that will back up the royal commission's findings, and I am sure that the Leader of the Government—

Senator Olson: Oh, oh.

Senator Muir: When Senator Olson is through giving the Leader of the Government advice, I will proceed. The Leader of the Government, I am sure, is capable of answering for himself. I am sure he does not need the coaching of those around him, and I would like him to answer without a briefing, because on occasion he gets himself into trouble. I think it is erroneous for the Leader of the Government to suggest that I am being unfair to Mr. Kent. I am only quoting what is written in this report, and I have not seen or read a retraction by Mr. Kent in any of the media, either electronic or written. Therefore, we must go by what is here.

Senator Perrault: There are two things which seem to be erroneous in that report. First, Mr. Kent states that he is giving his opinion and that he has no inside information. Then Senator Muir asked whether, in fact, Mr. Kent had some prior knowledge of some action which may or may not be taken by cabinet. He may have psychic talents or gifts which are beyond the capacity of members of cabinet to understand. I can only say that that article surely represents Mr. Kent's opinions, and I have no information to suggest that he has had any other inspiration, guidance or psychic revelation from cabinet.

● (1500)

ENERGY

ALASKA HIGHWAY GAS PIPELINE—FINANCING OF UNITED STATES SECTION
COLD LAKE AND ALSANDS OIL PROJECTS—PRESENT STATUS

Hon. Ernest C. Manning: Honourable senators, I wish to address two questions to the Minister of State for Economic Development. Firstly, would he be good enough to inform this chamber of the present status of the financing of the Alaska Highway gas pipeline? Secondly, could he advise us if any consultations are presently taking place between the government and the consortia involved in the Cold Lake and the Alsands projects in an effort to get those projects back on track?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I could give a brief review without obtaining further detailed information. However, I think it would be better if I obtained that detailed information and then brought the situation up to date, especially regarding the latter question. However, I will give a brief report on the first question.

The waiver package, as all senators know, has been sent by the United States administration to Congress and, indeed, some hearings began yesterday or the day before. So far as the financing package here in Canada is concerned, I have nothing to add to what was said a number of months ago when the first sections at the southern end were built. At that time I stated that there was not a hard financing commitment in place but that there was a plan which had been accepted by the sponsoring company and their financers.

I will bring in a more detailed report as soon as I can, which hopefully, will be the middle of next week.

THE ECONOMY

NEWFOUNDLAND—UNEMPLOYMENT RATE

Hon. C. William Doody: Honourable senators, my question is for the Minister of State for Economic Development. A few days ago I asked a question pertaining to the unemployment rate in the country, and particularly as it applied to the eastern part of Canada.

I have looked very carefully at the answers I received, and it is my opinion that they do not do a great deal in order to try to tackle the problem. Some of the figures I received were not accurate, but that is not terribly important. What is important is the fact that of the five eastern Canadian provinces, four have more people out of work now than they had a year ago. In Newfoundland, particularly, Statistics Canada tells us that the official unemployment rate is 17.8 per cent. The real rate is tragically higher than that.

The fishing industry in Newfoundland is in complete chaos. Plants are closing all over the place. I have never seen the situation as bad as it is. Would the honourable minister tell us what plans the government has specifically for the eastern part of Canada and specifically for the fishing industry, particularly as it applies to Newfoundland?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would tell the honourable senator that we are acutely aware of the unfortunate, and unfortunately deteriorating, situation with respect to employment in the fisheries sector. We are presently giving intense consideration to some plans to alleviate that situation. Of course, I cannot announce any plans in advance of the determination being made.

Senator Doody: Would the minister be somewhat more specific? I do not see how responsibility for this matter can be attributed to provincial governments. Fisheries are a federal responsibility.

Over the past year I have heard various senators talking about trading rights for fish and so on. Nothing has been traded and fisheries are still in the hands of the Government of Canada. Unfortunately, they are not in the hands of the plant workers or the fishermen of the province of Newfoundland.

One of the largest and oldest companies has announced the indefinite closure of five of its eight fish processing plants, including the three great, historic plants in Grand Bank, Fortune and Gaultois which were processing fish long before I or even my father could remember. Over 2,000 people have been laid off from trawler plants on the south coast during the past few weeks, some of which have announced that they have no definite plans to re-open.

Would the minister treat this matter with some degree of urgency and report to us as to what plans the government has to try to salvage this vital sector of our economy?

Senator Olson: Honourable senators, I can only repeat what I have said, that the government has recognized the urgency of dealing with this matter. As to when I will be able to announce any plans, I cannot give any undertaking until a determination has been made.

[Senator Olson.]

TRANSPORT

AIRPORTS—COST OF OPERATION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Marshall on October 20 concerning the cost of maintaining airports in Canada.

For the 1981-82 fiscal year, there will be a net outlay of $272 million for the operation and maintenance of airports in Canada for 1,000 airports, both public and private. The average taxpayer subsidy works out to an average of $10 per head for all the activities of the air administration because many of the services provided, such as air traffic control and radar services, are cost-recoverable.

A question was asked by Senator Riley on October 20 regarding the Mirabel airport deficit in terms of the cost per passenger ticket.

The total operating deficit for Mirabel airport for 1981-82 is estimated to be $28.5 million, which consists of $10.1 million for the operating deficit and $18.4 million for depreciation. It is estimated that 1.6 million passengers will use Mirabel for the 1981-82 fiscal year. Therefore, the average subsidy at this airport would be approximately $17.81 per ticket.

This compares to an average-per-ticket subsidy of $70 for VIA Rail passengers. The lines that the government is cutting operate at much higher deficits per passenger. For example, the Edmonton-Drumheller line costs the passenger an average of $15. However, the cost of operating the line averages $145 per ticket. The remaining $130 per ticket is paid for by the Canadian taxpayer. The Moncton-Edmundston line costs $154 per ticket to operate, but the cost of an average passenger ticket is only $21. Again, the Canadian taxpayer must subsidize to the extent of $133 per ticket.

I know that later this afternoon honourable senators will be debating the matter of VIA Rail, so I will not go into greater detail at this point.

FOREIGN AFFAIRS

MIDDLE EAST—PEACE PROPOSAL OF FIRST DEPUTY PRIME MINISTER OF SAUDI ARABIA

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Macquarrie regarding an invitation to King Khalid to visit Canada. Canada has issued no specific invitation to King Khalid to come to Canada at the present moment. However, there are outstanding invitations to leading members of the Saudi royal family and leading members of the Saudi government to visit Canada. We hope that those invitations will be taken up in the near future and will provide the opportunity for further discussions on topics of importance to both countries.

Honourable senators, I have a delayed answer to a question asked by Senator Macquarrie on October 21 regarding the Saudi peace proposal. The statement issued by the Secretary of State for External Affairs reads as follows:

I am pleased to note this indication of Saudi Arabia's desire to play an increasing role in regional and world affairs and I look forward with interest to developments arising from the proposals. I hope they will prove to be helpful to those most directly involved in the search for peace with justice in the Middle East.

Canada will continue its policy of welcoming any initiative which will bring a negotiated settlement to this most difficult international problem. Our policy includes support for a just, lasting and comprehensive peace settlement based on Security Council Resolutions 242 and 338 including the right of all countries to live within secure and recognized boundaries. We also recognize that for there to be a just peace the legitimate rights and concerns of the Palestinians must also be realized including their right to play a full part in negotiations to determine their future.

Canada does not consider it appropriate to comment on the specifics of the proposal, as this might indicate a prejudgement of the outcome of any negotiations. We believe it is up to the parties directly involved to take up the proposals as they see fit and to negotiate an end to their differences.

● (1510)

YUKON TERRITORY

WATER BOARD—APPOINTMENT OF CHAIRMAN

Hon. Jack Austin (Minister of State): Honourable senators, Senator Balfour asked a question yesterday concerning the Yukon Water Board. I should now like to reply to that question by advising honourable senators that the prerogative legally exists for the Minister of Indian Affairs and Northern Development to appoint a chairman from among the nine members of the Yukon Water Board. The minister is currently considering a second nomination for chairman because the first person he nominated resigned shortly after accepting the position.

VIA RAIL CANADA INC.

MOTION TO INSTRUCT TRANSPORT AND COMMUNICATIONS COMMITTEE TO MAKE STUDY—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Riley:

That the Standing Senate Committee on Transport and Communications be instructed to inquire into and report upon the national rail passenger service provided to Canadians by VIA Rail Canada Inc. and, in particular to examine

(a) the Federal Government's plans for reorganizing Canada's passenger train services announced by Transport Minister Jean-Luc Pepin on July 27, 1981;

(b) the changes in passenger train services effected by Order in Council P.C. 1981-2171, dated August 6, 1981, made pursuant to subsection 64(1) of the National Transportation Act; and

(c) the procedure followed by way of Order in Council P.C. 1981-2171 in varying the Canadian Transport Commission's Orders and Decisions respecting Canada's passenger train services.

Hon. George van Roggen: Honourable senators, first of all I wish to say how sorry I am that, because of an appointment in my office yesterday, I was unable to hear the remarks made by Senator Charbonneau, and also that I support Senator Riley's motion that this matter be referred to the appropriate Senate committee.

Part of my interest in this matter is because not only was my grandfather a CPR railwayman but he was one of four brothers from Winnipeg who went into the railway business. I suppose it is a marvellous commentary on the egalitarian nature of our society that two of those brothers ended their careers many years later as conductors on railway passenger trains, and the other two rose to become presidents of railways, one the Santa Fe and the other in South America. So, I was brought up in Vancouver listening fondly for the sound of the steam train in the hope that my grandfather and my grandmother would be coming home that particular night.

The rhetoric we are hearing today relative to the proposals put forward by the minister for VIA Rail cuts reminds me of an experience I had some 25 years ago when I was living in Whitehorse. At that time the airplane was just coming into its own so far as regular passenger service to distant points, such as Vancouver, was concerned. As a result, the CPR steamship service which had plied the coast of British Columbia to Skagway, Alaska, serving the Yukon since the days of the goldrush, was losing a great deal of money because of lack of support. As a result of that, it was announced that the service would be discontinued. Well, there was a terrible outcry in Whitehorse. I had only been living there a few years at that time, but I recall that the Board of Trade and every other group in Whitehorse gathered together to prepare petitions. The arguments made were remarkably similar to those being made today. They involved everything from the fact that people could not afford to go on the airplane; some people were afraid to go on the airplane; there was no highway to use; and even down to arguments that elderly people preferred to go by ship because they were afraid they would suffer heart attacks on the airplane because of the high altitudes.

One or two of us—and, I might say, we were in the minority—argued that it was not in the best interest of the Yukon to persuade the federal government to come up with massive subsidies to keep the obsolete ships running up and down the coast to service the few people using them, particularly in the winter months, to go outside, as we used to refer to it in those days, because everybody was going on the airplane. We argued that the millions spent on subsidizing the service would be better spent building a water and sewer system for the city of Whitehorse. While I do not have statistical evidence

available to me, I suspect that more elderly people were saved from heart attacks because they did not have to go out to their outhouses at 40 below zero than by having to get on airplanes to go down to Vancouver.

Some years ago I was a member of the Standing Senate Committee on Transport and Communications. At that time I was in Winnipeg on other business and thought it would be suitable to experience first hand what the situation was relative to passenger rail traffic in western Canada. I quite deliberately took the time to take the train from Winnipeg to Vancouver. That was in the middle of the winter and not the tourist season. It was a fascinating experience for me, at least. I got to the Winnipeg station at 8 or 9 o'clock at night, or whenever the train was leaving. I boarded the train and, I can gladly say, there was a suitable bar car. I had a most enjoyable and illuminating trip. I cannot give you precise figures because people were getting on and off the train, but at one point between two stations I counted all the passengers in the Pullman section of the train where I was. Of a total of 10 passengers, half were travelling on passes. I was on a government pass, another one was on a railway pass, and so on.

The train would stop at a station at 3 o'clock in the morning. Crews would be working outside the train in 30 below zero weather. They would be tapping the wheels with hammers, and so forth. Undoubtedly, they had to be paid a minimum four-hour shift for barely 20 minutes' work.

By the time we got to Vancouver I had made two calculations. I must say that I could not calculate what it had cost the taxpayers of Canada to transport me to Vancouver. It must have been horrendous, but I will get into that later on. A friend of mine who was a director of the CNR gave me a figure in the area of a thousand dollars, or at least said that that was the deficit to go all the way from Toronto to Vancouver. In addition to that cost, my bedroom, meals and tips over this three-day period came to an amount which would have been more than the air fare. So, in spite of the fact that I was on a pass, it was costing me more than I would have spent to take the plane, but I was willing to spend that in the interest of research.

Today we find ourselves listening to the same nostalgic rhetoric that I heard in Whitehorse, without any mention of economics in that rhetoric. The Leader of the Government said a couple of minutes ago, with respect to a matter raised by Senator Macquarrie, that we hear criticism of the federal government and its huge deficit. I have not been backward within my own party to be one of those critics. I also like to applaud the government when it tackles that particular problem. The very people who are the most vociferous critics of the deficit are always the first to leap to the defence of any group that objects to any cut that would reduce that deficit, no matter in what department, or where it is, or how unjustified that particular subsidy might be. One of the most vociferous and articulate spokesmen in criticizing the federal deficit and demanding federal-provincial meetings relative to the federal government monetary and fiscal policies is Premier Lyon of Manitoba, and yet his government was the first in line to present a brief, setting out why these rail cuts should not take place, to the Conservative Party committee which held hearings on the subject.

● (1520)

Similarly, with our friends across the way today, but this is not even a partisan issue. You have people on both sides of the house and all across the country, most of whom never use trains, simply saying that it is dreadful that the steam whistle could possibly be removed—it is not even a steam whistle any more—from any track anywhere in Canada, no matter how inefficient, how little used or how expensive it is to the taxpayers.

Hon. Lowell Murray: Nobody is saying any such thing.

Senator van Roggen: I do not want to sound too facetious, but I am not sure whether I should introduce a bill in this chamber asking for a hundred-million-dollar subsidy for the reintroduction of stagecoaches in western Canada, because you could then get more bang for your buck than if some of these trains were running. They would be a great tourist attraction, and probably the subsidy would be considerably less.

Let us now look at some of the actual facts we are dealing with. I am now referring to the VIA Rail fact sheet which the Leader of the Government in the Senate incorporated in *Hansard* on Tuesday evening. I have updated some of the figures in this fact sheet, and, if any of these figures are incorrect, the committee can take the necessary evidence and look into those figures in detail. I have been somewhat facetious in my remarks today, but I now say, quite seriously, that it is important that the committee take evidence on these types of figures and see if there is any rational alternative to find the money that is going to be needed if we are going to upgrade the rail services in places where it is rational to do so with the new light, rapid and comfortable trains to be manufactured, as suggested for some of the more densely populated runs of the future.

The projected government deficit for VIA Rail—that is, the amount the taxpayers will be subsidizing it with—by 1983-84 will rise to—and this is under the proposal of the present government—$537 million from this year's $449 million. I am quick to say that that is simply a projection of anticipated inflation, so that VIA Rail will have approximately the same subsidy as today. If the management of VIA Rail did not take specific steps in light of that budgetary ceiling, which is not a reduction of the present subsidy being given to it, their escalation in operating costs, as opposed to new capital equipment, would go up from today's $332 million to a projected $460 million in 1985, which would almost absorb the total subsidy which the government would then be giving in that year to VIA Rail. In other words, you get into a Catch-22 situation where everything is going on an operating subsidy and no money is being spent on new capital equipment to make the system viable in those areas of the country where it can be made viable.

The leader has mentioned today—and I believe he mentioned this the other day—the average government subsidy per

ticket of $70. You have heard of the transcontinental service costing much more, namely, half of the total subsidy, and ranging in the area of $160 per ticket, but that includes all the tickets sold on the transcontinental service for short hauls, quite apart from long ones. Therefore, if you consider the Toronto-Vancouver ticket—and the committee might want to look into this—you undoubtedly come very close to the figure given to me by the director of the CNR, as I mentioned a few minutes ago, of almost $1,000 per ticket to haul a passenger across the country. This is money that is yours and mine. This is a subsidy from the taxpayers of Canada to people who, in large measure, are taking that as a form of holiday trip. I have spoken to many who have enjoyed the summer trip on the train across the country, but why should it be at a cost to the taxpayer of $1,000 per passenger?

There has been a good deal said here about Mirabel and the subsidies for other forms of transportation. I will not bore you with all the statistics, as the committee can go into the number of passengers carried, in detail. We all know the numbers are infinitely higher by motorcar, bus and air than by rail. The net government spending for rail is $490 million; for road, $2.5 billion; and for air, $360 million.

Let me deal with those on a per-passenger basis, because total figures are useless if 25 times as many people are using road as are using rail. On rail, as we have already heard, across the board, transcontinental and branch lines cost $70 for every passenger who gets aboard. On road—and this includes both buses and cars—it comes out to $5 as opposed to $70. I asked how they made this calculation and was informed that it is all of the money spent on our highway systems across Canada, provincially, federally and municipally, less the amount of gasoline tax and other taxes collected. That calculation does not include sales tax. If it did, that would drop it from $5 to $4, if you include all the sales tax collected on the sale of automobiles.

We have heard the figure before of $10 per passenger on air. That includes all the costs for operating the airports, the capital costs of the airports, including Mirabel which has a much greater deficit than most, and the cost of the air controllers, the air traffic system and the whole thing, in addition to which—and I totally support this—it is the policy of the department to increase user fees by the airlines in our airports so as to eliminate or reduce substantially that $10. So, I am not sounding prejudiced against rail in favour of air. I believe in user pay. I do not see any reason why the taxpayers of Canada should support me or business commuters or others in this country to the tune of $10 every time we board an airplane.

So that is the size of the problem that we are dealing with: $70 for rail; $5 for road; $10 for air—and the $10 for air being reduced.

When you get to the level of cost recovery, of course it becomes absolutely extraordinary. I have mentioned to you that the transcontinental trains account for half of the $300 million in operating losses we have today, moving up to a projected $460 million by 1985. That is a lot of money; it is almost half a billion dollars.

On the Transcon West, the "Canadian," the revenue/cost ratio—that is, the amount of the cost of these trains paid by the passengers—is 32 per cent. You and I pay the other 68 per cent.

On the Transcon West, the "Supercontinental," which is the one being converted to an inter-city mode, it is 30 per cent recovery; namely, $148 for a one-way typical fare where the government pays $343, for a total of $491. When we come to the "Atlantic" and the "Ocean" in the east, about which Senator Riley spoke, the "Atlantic" recovers 27.9 per cent of its costs and the "Ocean" 27 per cent, which is approximately the same. The other 73 per cent is picked up by the taxpayers.

● (1530)

I asked a briefing officer in the department to give me the approximate air fare for a few of the typical routes that would be eliminated by the "Canadian" or the "Ocean". In both cases the subsidy being provided by Canadian taxpayers to an individual traveller on those lines was approximately double the economy air fare. If we could design a mechanism for locating all those people who travel by train, and they could be separated out from the rest of the travelling public, we would find that we could pay them to travel on the airlines and save as much money as planned by this scheme.

I come now to the west.

Hon. Andrew Thompson: When you say the "Ocean", you mean what?

Senator van Roggen: The "Ocean Limited" is the name of the train serving the maritimes, just as the "Canadian" is the name of the train serving the west. The "Bullet" was the name given to another train.

Honourable senators could seek similar advice in connection with their own regions. I will not delay them by giving details for Ontario, Quebec and the maritimes. I will give only a few examples as they apply to western Canada.

In the case of the Edmonton-Drumheller line, which was mentioned by the government leader a few minutes ago, only 10 per cent of its costs are recovered. Most of the ones I have mentioned so far have been in the region of 30 or 32 per cent. The figure in this case is 10.3 per cent, and the number of passengers travelling each way each day is approximately 15. Incidentally, it is not a train that runs where there are no roads, buses or airplanes. The cost of the subsidy for each passenger is $130.

The Regina-Prince Albert line is one of those lines, together with the Halifax-Yarmouth line, that was ordered by the CTC to continue as an experiment under some new proposals, because it was thought it might become viable. A new program was instituted, but it made little difference because the cost recovery rate on that line is 5.3 per cent, and, on the average, only six passengers travel that line each way each day.

We come now to Lynn Lake-The Pas, Winnipeg-Churchill, and Wabowden-Churchill. They were not dealt with in the order because they were subject to a CTC hearing, and the

CTC has suggested some reorganization of those lines. I will use only the Winnipeg-Churchill line as an example. The department does not suggest abandoning the Winnipeg-Churchill line because there is no highway adjacent to it. But the cost recovery is 9.2 per cent, the fare is $66, and the subsidy per passenger is $651 each time a passenger boards the train. Again, if we could segregate those people from those who travel regularly on the airlines, we could afford to send them to Winnipeg by air each time, pay three days' hotel accommodation, and still be ahead of the game.

Hon. Royce Frith (Deputy Leader of the Government): Charter them there.

Senator van Roggen: The government says, "No, there is no road there, and that line should remain in operation, despite the cost to the taxpayers."

The Winnipeg-Farlane (Armstrong) line is a good example. It recovers 16.5 per cent of cost and it is a non-stop run between those two cities. That line is being discontinued. However, there is a through train going a greater distance, with more stops, connecting those same two cities, but one has to suffer a couple of extra stops. That will eliminate a subsidy of $66 per passenger or 83.5 per cent of the cost of operating that line.

There are some northern Ontario routes listed, but I shall not refer to them because I am not familiar with the geography. If there is no compatible highway, then I agree that we have to give special consideration to them. Their cost recovery is 4.8 per cent, 4.2 per cent, and so on.

I do not wish to take up the time of honourable senators, but I hope that members of the committee will seek full evidence on this subject and will consider whether or not some writers are correct in saying that the minister has not gone far enough in this program. Edmonton is located on the prairies with, as we all know, Conservative members of Parliament, and many people there are up in arms against the reduction in service. Mr. Rod Ziegler, writing in the Edmonton *Journal*, says:

> My grandfather was a CPR engineer, and a damn good one, too, they tell me.

He goes on to completely support the minister. He ends his article by saying:

> Westerners' reaction to the decision is revealing. It will fan the fires of western separatism by increasing resentment against the capricious East, was the consensus.
>
> That's the same type of knee-jerk reaction the Crow freight rate engenders.

I am sorry that Senator Hays and Senator Argue are not in the chamber. I could hold a separate argument with them on the subject of the Crow rate, particularly with regard to shipments of B.C. lumber. However, I will leave that for another day.

Hon. Duff Roblin (Deputy Leader of the Opposition): I am here and I am following you carefully.

Senator van Roggen: Mr. Ziegler continues:

> Just as economics dictates that the Crow must be killed, economics says the life of our transcontinental train should not be artificially prolonged.
>
> And all the history in the world won't change that.

A writer in the Toronto *Star* refers to a Professor Lukasiewicz who was a critic of cut-backs in the rail service until he did a study of the subject at Carleton University. He reached the conclusion that it was not only an obsolete mode of travel, in most instances—he is not talking about commuter travel—but, says the article:

> He congratulates Pepin for doing some of the painful pruning this week, but says the minister's efforts are too modest and come years too late.

He is quoted as saying:

> Rather than dismantling it in this gradual expensive manner, I think he should get rid of the whole thing, with the exception of the Quebec to Windsor portion and the few cases where rail is the only link.
>
> "Most Canadians will object to this," he said. "They have this traditional concept that trains are the thing that's keeping this country together. That's nonsense. The country is kept together by air travel."

Hon. Charles McElman: Do you agree with that?

Senator van Roggen: Yes. I would not quote it if I did not agree with it.

Senator McElman: I thought it was with that proviso.

Senator van Roggen: I have with me a chart, which I will not have put into the record, because the committee will get all of this material. It graphically shows how automobiles represent 88.8 per cent of the travelling mode; bus travel, 4.3 per cent; air travel, 5.6 per cent; and rail, 1.3 per cent. So, for 1.3 per cent of our transport, we are suggesting that half a billion dollars per year should not be cut back modestly so that more efficient equipment can be purchased within the budget to operate some rational form of rail transport between those places where there is a population density that warrants it.

I believe that Senator Charbonneau was not in the chamber at the commencement of my remarks, when I said how sorry I was that I was unable to hear his speech yesterday. I have not yet had time to read it, but I shall do so. It was mentioned to me that one of the honourable senator's concerns, and that of other honourable senators, was the saving of a few hundred million dollars per year, $100 million from the maritimes and $100 million from the west, and the fact that the money would end up in central Canada, in the LRC equipment to operate along the Quebec-Windsor corridor.

I am from one of the regions and not from central Canada, and I could give honourable senators several hours' dissertation on the unjust way that certain things are handled in the extremities of this country, such as expenditures in British Columbia on ports and other things. All I can say to you is this, that you cannot justify new capital expenditures and operating subsidies for railways, except between centres where

there is some reasonable density of population to justify them—

• (1540)

Senator Frith: And where there is no alternative.

Senator van Roggen: —and apart from those areas—very few—where there is no road running beside them.

People point to Japan, to Europe, to Britain. You should look at the charts of the densities of population that are being connected by trains in those countries, and even then they are running into subsidies.

The Windsor-Quebec corridor is, I think, four times as far as from London to Glasgow. Think of the population being served by that. And the Windsor-Quebec City corridor is the most densely populated part of Canada.

The eastern United States corridor—again, a hundred million people—and that between Tokyo and Osaka are high-density areas. In Japan you have a hundred million people living in a space the size of one of the maritime provinces. Surely, we have to bring some economic rationale to bear on how we approach the subject. I know there is an argument about the process. The committee will undoubtedly go into the question of the process, and see to what extent endless hearings have been held in the past number of years on this whole subject. Should we have another four years of hearings at a cost of $500 million a year, or stay with the $200 million that is being saved?

Quoting Paul Hellyer—and it is a nice, non-partisan quotation, because he has been a leading figure in both of our parties:

> It isn't surprising to hear the politicians yell blue murder because that's what the game of politics is like. But when the press climbs aboard, responsible politicians must wonder if there is any hope. Last week, for example, the *Globe and Mail* attacked government spending as the cause of inflation. Now it condemns the first serious effort the Liberals have made in a long time to cut expenditures. Cynicism is a two-way street.

Well, I have spoken longer than I had intended, honourable senators, but I did want to make it quite clear that there are some of us who are prepared to stand up for some level of fiscal responsibility in this country, even though it is not the most popular thing to do in our own particular region. If there is going to be a diversion of a couple of hundred million dollars of this saving to the Windsor-Quebec corridor, I say, "Hoorah," and I hope it proves to be a successful experiment in light rapid transit, or these new LRC trains. In exchange for that transfer of funds to those areas I can find lots of things to do for the Department of Transport out west—and I am sure you can in the maritimes—that have nothing to do with these railway branch lines, but that have to do with our ports. I refer also to such things as upgrading our track to move freight to the harbours so that we can get it sold abroad. We need to have millions spent in western Canada on our rights of way and double tracking, and that type of thing. We will do much better spending it on that than wasting it on this.

On motion of Senator Frith, debate adjourned.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

SEVENTH REPORT OF STANDING JOINT COMMITTEE—MOTION FOR ADOPTION—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Godfrey, seconded by the Honourable Senator Cameron, for the adoption of the Seventh Report of the Standing Joint Committee on Regulations and other Statutory Instruments.—(*Honourable Senator Macdonald*).

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I think that Senator Macdonald adjourned this debate in the hope that Senator Charbonneau would make a short statement.

Hon. Guy Charbonneau: Honourable senators, I wish to congratulate Senator Godfrey on an excellent report. I certainly agree with the observations of the committee, and hope that the VIA Rail question will go to the Standing Senate Committee on Transport and Communications for study.

Hon. Royce Frith (Deputy Leader of the Government): I take it that this order is not to continue in Senator Macdonald's name.

Senator Roblin: No. I think we consider that the matter is discharged.

Senator Frith: There is an aspect that I want to speak on, and I ask that the debate be adjourned in my name.

On motion of Senator Frith, debate adjourned.

LAW OF THE SEA

THIRD CONFERENCE—REVISION OF DRAFT CONVENTION—MOTION MODIFIED AND AGREED TO

On the Order:

> Resuming the debate on the motion of the Honourable Senator Thériault, seconded by the Honourable Senator Marshall:
>
> That the Senate reaffirm the support given by the Canadian people to the basic objectives of the Third Conference on the Law of the Sea and urge the United States Administration to undertake forthwith the revision of the draft Convention in order to increase the chances of concluding the work of the Conference when the Tenth Session resumes in Geneva in August, 1981.—(*Honourable Senator Thériault*).

Hon. L. Norbert Thériault: Honourable senators, in view of what transpired in the Senate the other day, and in view of the fact that this conference has been postponed until the spring of

1982, with leave of the Senate and pursuant to rule 23, I wish to modify my motion by striking out "August, 1981" and substituting therefor "the Spring of 1982". I also ask that the equivalent modification be made to the French language version of the motion.

The Hon. the Speaker: Is leave granted, honourable senators, to make this modification to the motion?

Hon. Senators: Agreed.

Senator Thériault: Honourable senators, I want to add this to what I have said. I hope that honourable senators will see fit to adopt the motion. I want to point out that the importance that I attach to this matter is the same as it was when I moved the motion in the first place. I understand, though, unfortunately, that during the last session of the conference in Geneva this house was not represented on the Canadian delegation. I hope that those responsible will rectify the situation when the conference resumes at the United Nations in New York in the spring of next year.

I consider this treaty to be of great importance to our country, and indeed to the whole world. I am glad that the United States of America, which has chiefly been responsible for the delay in the signing of the treaty, is now coming around to some degree. I hope that this treaty will be concluded at the next meeting in the spring of 1982.

I therefore move, honourable senators, the adoption of my motion.

Hon. Jack Marshall: Honourable senators, before its adoption, I would like to say how alarmed I was to hear Senator Thériault say that there was no representation from the Senate at the conference in Geneva. It seems that every time there is a Law of the Sea Conference, regardless of where it is held, we have to stand up and remind somebody within government that we are again being ignored. The government was gracious enough to send Senator Thériault to the Law of the Sea Conference last year in New York, but then nothing was done about the conference in Geneva. I can only underline what Senator Thériault has said. I hope that with regard to the conference that is to take place in New York in March 1982, consideration will be given to representation by the Senate.

Motion, as modified, agreed to.

● (1550)

OFFICIAL LANGUAGES

CONSIDERATION OF FIRST REPORT OF SPECIAL JOINT COMMITTEE—ORDER STANDS

On the Order:

Consideration of the First Report of the Special Joint Committee on Official Languages.—(*Honourable Senator Murray*).

Hon. Lowell Murray: Honourable senators, several months ago, in my capacity as co-chairman of the Special Joint Committee on Official Languages, I presented our first report. The committee is now preparing to resume its deliberations and hearings. That being the case, I would be disposed to delay any intervention on my part with regard to this matter for at least several months.

Hon. Royce Frith (Deputy Leader of the Government): To the first sitting in 1982?

Senator Murray: That would be satisfactory, assuming that this session has not been prorogued by then.

The Hon. the Speaker: Is it possible, honourable senators, to set a specific date?

Senator Frith: In that case, so that we are safe, let us keep it to this year. Is Tuesday, December 8 agreeable?

Senator Murray: Yes.

Order stands.

EL SALVADOR

POLITICAL, MILITARY AND SOCIAL SITUATION—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Macquarrie calling the attention of the Senate to

(1) the increasingly dangerous political, military and social situation in El Salvador;

(2) the compelling hazards of third party interventions and the possibility of the escalation of hostile actions within El Salvador;

(3) the further compelling importance of the resolution of the conflict by means of a political settlement rather than through recourse to sustained and bloody armed conflict; and

(4) the value of Canadian encouragement and support of the efforts of those individuals and groups seeking mediation of the conflict in El Salvador.—(*Honourable Senator Murray*).

Hon. Lowell Murray: Honourable senators, as I told the Senate at the time I took the adjournment of this debate, I did so, not with any intention to intervene personally, but because I wanted to leave the matter open for any honourable senators who wish to do so. Therefore, I would like to stand the matter again and keep it open. The issue is still current and, as time goes on, some honourable senator or senators may wish to discuss it.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, could I suggest an alternative? Could we consider this inquiry debated, it being understood that we will support the subject being revived in another inquiry, without the fact that we have considered this debated affecting that decision?

Hon. Duff Roblin (Deputy Leader of the Opposition): I have to raise a technicality, but I wonder whether that might not be construed as debating the same subject twice, which is not entirely proper.

Senator Frith: Perhaps we can look into it, because I do not want to make that mistake. I do not want to close off discussion on this subject. Perhaps we can therefore adjourn it to the date to which we have adjourned the previous order—Tuesday, December 8—on the understanding that, if any senator wishes to speak on it, it can be brought forward.

Senator Murray: Yes.

Order stands.

The Senate adjourned until Tuesday, October 27, 1981, at 8 p.m.

THE SENATE

Tuesday, October 27, 1981

The Senate met at 8 p.m., Hon. Renaude Lapointe, Speaker *pro tem,* in the Chair.

Prayers.

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons to acquaint the Senate with a change in the list of members appointed to serve on the Special Joint Committee on Official Languages.

(*For text of message, see today's* Minutes of the Proceedings of the Senate.)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Correctional Investigator for the period June 1, 1979 to May 31, 1980, issued by the Department of the Solicitor General.

Report on operations under the *Regional Development Incentives Act* for the month of August, 1981, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Report of the National Film Board of Canada, including its accounts and financial statements certified by the Auditor General, for the year ended March 31, 1981 pursuant to section 17(2) of the *National Film Act,* Chapter 22, Statutes of Canada, 1977-78.

Report of the Administrator of the Maritime Pollution Claims Fund for the fiscal year ended March 31, 1981, pursuant to section 747 of the *Canada Shipping Act,* Chapter S-9, as amended by Chapter 27 (2nd Supplement), R.S.C., 1970.

Report of the Department of the Secretary of State of Canada for the fiscal year ended March 31, 1981, pursuant to section 6 of the *Department of State Act,* Chapter S-15, R.S.C., 1970.

Report of Fitness and Amateur Sport for the fiscal year ended March 31, 1981, pursuant to section 13 of the *Fitness and Amateur Sport Act,* Chapter F-25, R.S.C., 1970.

Report of the Commission of Inquiry on Aviation Safety, Volume 2 (Commissioner, The Honourable Mr. Justice Charles L. Dubin), dated October 1981.

Report of the Canadian Advisory Council on the Status of Women for the fiscal year ended March 31, 1981.

Agreement between Canada and the Hellenic Republic on Social Security, signed at Athens, May 7, 1981, together with Order in Council P.C. 1981-2876, dated October 15, 1981, approving same.

Agreement between the Government of Canada and the Government of Saskatchewan relating to energy pricing and taxation, and the joint statement by the Prime Minister of Canada and the Premier of Saskatchewan.

Report on operations under the *Fisheries Improvements Loans Act* for the fiscal year ended March 31, 1981, pursuant to section 12(2) of the said Act, Chapter F-22, R.S.C., 1970.

QUESTION PERIOD

[*English*]

THE CABINET

ABSENCE OF MINISTERS FROM CHAMBER

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, as a preliminary question I would ask the Leader of the Government if there is any reason why we are not blessed with the presence of three of the ministers of the Crown who happen to be senators?

Hon. Martial Asselin: Shame.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, all three ministers were in the city earlier today, and I can only express the hope that at least one or two of them will be here shortly.

Senator Asselin: We share your hope.

Senator Perrault: I know how sorely their presence is missed by the opposition.

Senator Flynn: Their absence is probably explained by the fact that they realize how important our sitting is this evening, with such a heavy load of legislation facing us.

[*Translation*]

THE CONSTITUTION

PUBLICITY CAMPAIGN OF FEDERAL GOVERNMENT

Hon. Jacques Flynn (Leader of the Opposition): My second question, which is less preliminary and in a more serious vein, is directed to the Leader of the Government.

Last week, I asked him what authority or what grounds the government had to conduct its constitutional publicity campaign.

I do not know whether the Leader of the Government received a reply, but I would certainly like to have one, because since the adjournment I was exposed to this campaign and I must say I do not react very favourably to it. In fact, I was wondering whether the campaign was restricted to the French language information media, including television and radio, or whether this program was also being carried by the English-speaking media.

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, when the Leader of the Opposition posed his question last week a number of inquiries went forward. I have been informed that funds for the publicity campaign in Quebec respecting the Constitution are being drawn from the 1981-82 operational budget of the Canadian Unity Information Office. Beyond that I have no information as to a possible extension of the campaign to the other provinces.

• (2010)

Senator Flynn: No doubt the Leader of the Government will take the question as notice and will report. I should like to know if, in the opinion of the government, it is legal, under the authority mentioned by the Leader of the Government, to disseminate what is really partisan propaganda in such a fashion. I would cite, as an example, the fact that the advertisements claim that a charter of rights would afford French-speaking Canadians outside Quebec the same treatment—

Senator Asselin: Wrong.

Senator Flynn: —as anglophones in Quebec. Four instances of decisions made by Liberal governments were mentioned, but they forgot to mention decisions made by the Progressive Conservative government since then. The campaign is really slanted. Is the Leader of the Government satisfied that it is legal to use public funds for what is really Liberal propaganda?

Senator Perrault: Honourable senators, I suppose one interprets what constitutes publicity and what constitutes propaganda depending on one's political views. I do not have the text of the announcements which appear to have offended the Leader of the Opposition, but I will attempt to obtain copies of them. Certainly, from time to time there has been an earnest effort on the part of the government to publicize various programs. The preceding Conservative government sponsored a major publicity campaign. Indeed, I believe a central advertising office was established by the previous government—but not only in relation to constitutional issues, I should add—

Senator Flynn: That's the point.

Senator Perrault: —in order to enhance and expand the publicity efforts of the federal government. I recall that this advertising office became somewhat of an issue. However, I shall attempt to obtain copies of the announcements and will refer the questions asked by the Leader of the Opposition to the minister responsible for this office.

Senator Flynn: In order to be more specific regarding my allegation of slanted propaganda, I should say that in describing the progress or the acknowledgement of the French language in Canada, they mentioned the introduction of bilingual postage stamps in 1927, bilingual money in 1936, and also the Official Languages Act. We could compare the issuing of bilingual postage stamps with the introduction of bilingual government cheques in 1962 and the installation of the simultaneous interpretation system in the House of Commons by the Progressive Conservative government. Both of those innovations could have been acknowledged at the same time, to avoid being partisan.

Hon. Martial Asselin: Honourable senators, I should like to ask a question of the Leader of the Government. Can he tell the house who drafted this publicity on behalf of the government? Can he give us the names of those concerned?

Senator Perrault: Honourable senators, I regret that I am unable to inform the Senate of the name of the person who exercised his or her creative talents in order to make possible this campaign. I feel sure, however, that had the campaign been prepared by either Senator Flynn or Senator Asselin, the copy would have been somewhat different. I concede that point.

Senator Flynn: I would have been more objective.

Senator Asselin: It would have been much better.

Senator Perrault: An effort will be made to obtain more detailed information.

[*Translation*]

COMMUNICATION FROM PRIME MINISTER TO PREMIER OF BRITISH COLUMBIA

Hon. Arthur Tremblay: Honourables senators, my question is directed to the Leader of the Government and is, to a certain extent, along the same lines as the previous questions; there is at least some connection with respect to certain statements which tend to create an impression on the public and which are given a certain bias.

In his telex to the Premier of British Columbia on October 20, the Prime Minister of Canada said as follows:

> I regret that, in spite of your repeated statements that we should meet to discuss the constitutional resolution . . . you have turned down my invitation for a First Ministers' Meeting on six different dates since the Supreme Court decision.

Unless I am mistaken, the Leader of the Government also alluded to these six dates. My questions are therefore as follows: First, what exactly were the six dates Premier Bennett turned down on behalf of his colleagues? Second, in what manner were the six dates proposed and in what manner were they rejected?

The purpose of my question is as follows: By mentioning an apparently impressive number of dates that were rejected, the impression is given that the provincial premiers are not being

co-operative. Hence, I would like some details on the six dates and on the circumstances in which they were put forward and in which they were rejected.

● (2015)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I do not have before me a list of the six dates. Those dates, however, will be obtained from the office of the Prime Minister, and the supplementary questions which the honourable senator has asked will be answered in due time. I think, however, that of some significance is the fact that none of the premiers has disputed the statement in the telex from the Right Honourable the Prime Minister that, in fact, the premiers were offered six dates. Premier Bennett and the other premiers have spoken about many other aspects of that telex message to Premier Bennett, and some points have been disputed, but I have seen nothing, either in public or in private, to indicate that they have disputed the fact that six dates were offered by the Prime Minister for meetings with the premiers to discuss possible changes in the constitutional packages. The information which the honourable senator has requested, however, will be obtained and presented to the Senate.

[*Translation*]

Senator Tremblay: Honourable senators, I have a supplementary, and perhaps more than a question, a gesture of co-operation with the Leader of the Government. I am now referring to the telex sent by the Prime Minister of Canada on October 14 to the Premier of British Columbia—a telex in which he said:

> I shall therefore be expecting you and your colleagues to demonstrate your desire by agreeing to meet with me on October 26, 27 or 28—

After naming the three dates, did the Prime Minister perhaps include these three dates among the six that were subsequently rejected? If that is the case, is this not a case of misrepresentation, at least statistically?

[*English*]

Senator Perrault: Honourable senators, as I undertook to do earlier, I shall endeavour to bring a list of those dates. The honourable senator may wish to ask further questions after that list has been presented. I think the main point to keep in mind is that there has been an earnest endeavour on the part of the federal government to achieve understanding and agreement with the provinces. The talks which are going to take place very shortly will, I think, indicate the positive nature of the federal government's position and its desire to proceed to Westminster with as much support within this nation as possible, but when the honourable senator talks in terms of an alleged unwillingness of the government to meet with the provincial premiers—

Hon. Jacques Flynn (Leader of the Opposition): We did not speak about that tonight.

Senator Perrault: The Leader of the Opposition states that there has been no such suggestion of "unwillingness". That may be. I do not want to infer, or suggest, that there is an unwillingness to meet on the part of either level of government. Certainly, however, the degree of unity among the premiers has yet to achieve its maximum extent. When the Premier of New Brunswick left the talks the other day, he indicated clearly to the Canadian people the frustrations he felt as a member of that provincial first ministers' group.

● (2020)

Hon. Martial Asselin: Choose another premier!

Senator Perrault: He told Canadians that there were some difficulties on the part of the premiers in arriving at a consensus. Well, perhaps the extra time will serve a good purpose after all.

Senator Flynn: If the Prime Minister is as well disposed as the Leader of the Government is suggesting, he might tell the Minister of Justice to be very careful in what he says until then.

Senator Perrault: Honourable senators, I am not aware that the Minister of Justice has played anything but a constructive role in attempting to achieve agreement.

Hon. G. I. Smith: Where have you been?

[*Translation*]

INDUSTRY

GOVERNMENT ASSISTANCE TO CHRYSLER CORPORATION

Hon. Guy Charbonneau: Honourable senators, in the absence of Senator Olson, Minister of State responsible for Economic Development, my question is directed to the Leader of the Government in the Senate. As a very high-ranking member of the cabinet, he should be able to answer my question.

[*English*]

The Minister of Industry, Trade and Commerce has indicated that Chrysler has sought from the government substantial financing in order to resume production in its Windsor engine plant. Could the minister tell us if the government is considering providing this assistance, and, if so, under what conditions?

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice. At the present time I do not have the Chrysler file on my desk, so I am unable to provide the specific detail the senator has requested.

FOREIGN AFFAIRS

IRAN—RECOGNITION OF ROLE OF CANADIAN EMBASSY STAFF IN HOSTAGE-TAKING CRISIS

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government. We note with interest and pride that Canada has recognized the spouses of the Canadian diplomats who helped the American diplomats escape from Iran. I want to repeat that we note this with pride. However, I am wondering what recognition, if any, has been given to the lower ranks, those who were in danger and who performed

duties of a protective nature? Is the Government of Canada recognizing those other members of the staff of the embassy in Iran?

Hon. Raymond J. Perrault (Leader of the Government): The Honourable Senator Marshall is quite aware, I suppose, that the attainment of perfect justice is at times almost impossible. In war, for example, a platoon may engage in an action which requires the highest efficiency, performance and valour. Not all members of the platoon receive awards, but often the leader of such a platoon is singled out for a citation, which reflects credit on the performance of the entire platoon.

The question will be taken as notice. Certainly, the many awards which have been directed to Kenneth Taylor and others associated with those great acts of Canadian bravery in Iran—such as the two diplomats' wives who received the Order of Canada the other evening at Government House—reflect as well on the members of the staff who demonstrated the highest standard of performance.

● (2025)

Senator Marshall: The leader used a poor analogy when he mentioned a platoon and all of them receiving awards. I did not say that they should be recognized by being awarded the Order of Canada. Every Canadian who served overseas was given a CVSM clasp.

Some Hon. Senators: Hear, hear.

Senator Marshall: It was just a matter of their representing Canada in a particular danger zone. I now ask the leader if he will obtain that information and give us an explanation as soon as possible.

Senator Perrault: Senator Marshall has advanced an interesting suggestion, one which will certainly be passed along to the offices of the Prime Minister and the Minister of National Defence. Certainly, all of the Canadians at the embassy acquitted themselves very well.

REFUGEES FROM EASTERN EUROPE—ADMISSION TO CANADA—POSSIBLE INCREASE IN QUOTA—ECONOMIC AID TO POLAND

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have the delayed answer to a question posed by Senator Hicks on October 15. To the reply given on that date concerning Polish visitors to Canada, I should like to add a few words.

Section 9 of the Immigration Act requires that every immigrant apply abroad for admission to Canada and obtain a visa before arriving at a port of entry. However, there are provisions in the act to set aside, in special circumstances, that requirement. Among other provisions, section 115(2) of the act enables the Governor in Council to facilitate the admission of persons for reasons of public policy, or for compassionate or humanitarian considerations.

Reasons of public policy could include those affecting the economic, cultural, social or scientific aspects of life in Canada. Compassionate or humanitarian considerations could involve family dependency, difficulties in returning to the country of origin or long-term commitment to, and *de facto* residence, in Canada. In that respect, the Minister of Employment and Immigration announced today that there would be some special measures for the Polish people. Under these measures, Polish visitors now in Canada, and with relatives who are able and willing to assist them, may apply to be landed as permanent residents without having to leave Canada as is normally required.

I think that announcement will be of interest to all Canadians.

Hon. Orville H. Phillips: Honourable senators, I am sorry to interrupt the Leader of the Government, but while he was making the announcement concerning the admission of Polish immigrants I recalled that highly dramatic scene in which he made the analogy of the people on the bus and those in the queue. Would he now tell us who was on the bus, and who was standing in the queue?

Senator Perrault: Honourable senators, this is a special measure. Canada has done this in the past when extraordinary circumstances existed. This will not affect the queue lining up for the bus. We are putting on an "extra bus." I hope that the honourable senator is pleased.

Hon. Jacques Flynn (Leader of the Opposition): He would rather take the train.

An Hon. Senator: VIA Rail.

Senator Perrault: Honourable senators, I should like to respond now to a question asked by Senator Marshall on October 20 last, about the immigration requirements for hockey players.

There is no difference between our treatment of hockey player refugees and our treatment of other people classed as refugees. The method of processing reflects the needs of individuals and the circumstances in which they find themselves.

While in Austria, the Stastny brothers made their decision to live outside Czechoslovakia. Due to the concern which existed about their safety, and their own fear of remaining in Austria as high profile defectors, the minister authorized the issuance of permits to facilitate their admission to Canada. What is also important in the Stastnys' case is that, once they had made their decision to defect and had been granted temporary haven in Austria, there was every indication that they would face persecution and hardship if they were returned to their homeland. Canada has traditionally provided sanctuary to persons in such circumstances. Over 5,000 other persons from eastern Europe will enter Canada in 1981 under the provisions of this humanitarian regulation concerning self-exiles.

With regard to the admission of athletes, immigration policy is designed with two objectives in mind: First, to ensure that Canadian teams have access to the best talent anywhere in the world; and, second, to provide, through reciprocity, opportunities for Canadian athletes with teams in other countries. Current immigration legislation supports the free flow of athletes. Consider, for example, the hundreds of Canadian

hockey players and coaches who are members of teams in the United States, and those who are on teams in European countries even though they may not be allowed to play on the national team.

● (2030)

Hon. Jack Marshall: Honourable senators, I would like to ask a supplementary question. The Leader of the Government may skate around the issue as much as he wants, but one of the important restrictions is that anyone trying to emigrate to Canada cannot take a job here if there are qualified persons in Canada who would accept that job. This creates a certain inequity, and I am thinking of, not only the Stastny brothers from Czechoslovakia but also other players on other teams.

Senator Perrault: Honourable senators, I trust that Senator Marshall would not penalize the Stastny brothers merely because they are hockey players. Their occupation is high profile and well publicized. The way in which they have been scoring goals for the Quebec Nordiques would seem to indicate that there are very few Canadians who are able to score goals as well as they—

Senator Flynn: Quit while you're ahead.

Hon. Duff Roblin (Deputy Leader of the Opposition): Next question?

Senator Perrault: I see Senator Marshall's point, but, clearly, from the reply provided by the minister, this was a case where the Stastnys were granted political refugee status and, obviously, there would be some difficulty should they return to Czechoslovakia. In this case it has nothing to do with their occupational talents, which they seem to possess in abundance.

JUSTICE

CONFIDENTIALITY OF MEDICAL RECORDS—JUDGMENT OF SUPREME COURT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a reply to Honourable Senator Haidasz' question of October 21, 1981, concerning the government's reaction to the Supreme Court decision regarding the confidentiality of medical records.

The Solicitor General referred the matter to the Supreme Court of Canada when the decision of the Court of Appeal was received because he felt it was necessary for the RCMP, and all other police forces in Canada as well, to have a privilege in their relationship with informers. The Supreme Court of Canada has upheld that privilege. The government is pleased that the Supreme Court confirmed its belief that such activities are lawful.

THE ENVIRONMENT

ACID RAIN POLLUTION—EMISSIONS OF SULPHUR OXIDES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the reply to Senator Sherwood's question concerning Canadian action in reducing acid rain is rather lengthy. I would be pleased to incorporate the reply in the record of today's proceedings.

Hon. Senators: Agreed.

(*The answer follows:*)

The U.S. emissions of sulphur dioxide are about 29.7 million tons while Canada's are about 5.3 million tons. The U.S. emissions of nitrogen oxides are about 22.3 million tons while Canada's are about 2.2. The differences in the ratios of emissions results from the difference in our industrial bases. In the U.S. approximately 62 per cent of their electricity is generated from coal and oil while in Canada these fuels provide only about 25 per cent of our electricity. The non-ferrous smelting industry is responsible for about 50 per cent of Canada's sulphur dioxide emissions. In the U.S. this sector contributes only 7 per cent.

Since 1970 Canadian emissions of sulphur dioxide have been reduced by about 25 per cent. The recent regulations promulgated by Ontario for the Inco facility at Sudbury and Ontario Hydro and the intention of Quebec to require a 40 per cent reduction in sulphur dioxide emissions from the Noranda smelter will reduce eastern Canadian emissions about 25 per cent below current levels.

My colleague, the Minister of the Environment, indicated on Friday that it is our goal to reduce eastern Canadian emissions of sulphur dioxide by about 50 per cent over the next decade. A reduction of this magnitude coupled with a similar proportionate reduction in emissions in the eastern U.S. would move us a long ways toward resolving the serious problem of acid precipitation which both countries face.

My colleague, the Minister of the Environment, has said that we support many of the recommendations in the report. A number of the recommendations related to control strategies and scientific studies are already underway. Many of the other recommendations are already being addressed by the Department of the Environment and by other agencies involved in the acid precipitation issue. Some of the more complicated ones require further assessment. Still others may, at an appropriate time, need to be brought before Parliament for new amending legislation.

The findings of the subcommittee are most welcome and they are to be commended for their work. They have provided some constructive recommendations that should provide guidance for the days ahead.

EDUCATION

FEDERAL GRANTS TO POST-SECONDARY INSTITUTIONS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have here the reply to questions asked by Senator Macquarrie and Senator Murray on October 22, 1981, concerning federal grants to post-secondary institutions.

I directed the questions to the office of the minister and received this rather lengthy reply in quick order.

Hon. Jacques Flynn (Leader of the Opposition): Is it as long as the replies you gave the other day?

Senator Perrault: I hope it will be shorter.

Regarding established programs financing (EPF), the post-secondary education financing program is one of the three established programs financed under Part VI of the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977. Under this act, the federal government makes contributions to provincial and territorial governments for the financing of medicare, hospital insurance and post-secondary education. These contributions take the form of tax transfers and cash payments.

In 1981-82, the government's estimates show that $1.8 billion in cash was transferred to the provinces for post-secondary education, and I am sure that honourable senators will agree that it is a rather generous and necessary program. The 1977 agreement also provides for the transfer of tax points, which have increased the amount available to the provinces for post-secondary education by several billion dollars. These tax transfers and cash grants constitute an extremely large program.

Established programs financing transfers related to post-secondary education are unconditional and escalate automatically from year to year according to a formula linked to GNP. They are not tied to provincial spending. That is, there is no direct link between changes in the size of EPF payments and provincial spending on post-secondary education institutions or on provincial decisions with respect to tuition fees. In fact, provinces have not—and this is worth placing on the record, honourable senators, since this is the issue—been passing all the increasing EPF payments on to the colleges and the universities. As a consequence, EPF represents an ever-growing percentage of post-secondary operating costs. The federal contribution via EPF and the students' contribution via tuition fees together make up much the largest portion of post-secondary financing in Canada.

● (2035)

In addition to EPF, the federal government supports the post-secondary system through adult occupational training, through official languages in education programs, through research support, student loans and many other programs.

The federal government places high priority on a strong post-secondary system and on the development of the trained human resources needed by the economy. The government is, therefore, concerned that federal funds allocated for post-secondary education in fact reach the colleges and universities and that they benefit students and contribute directly to the achievement of the national objectives. The then Secretary of State outlined these national objectives and the need for new policy directions in a presentation to the parliamentary task force on the fiscal arrangements. This presentation also explained the need for a strong federal presence in post-secondary education.

The government is sympathetic with the conclusion in the NUS letter of September 18, 1981 circulated to members of Parliament that:

> Before any new funds are channelled into the system, . . . there must be a clearly articulated and realistic role for post-secondary education and an understanding of how this role relates to the other goals of our society.

The government is also sympathetic with the students' conclusion that "any new formula designed to fund education should tie the money to the area for which they are intended."

A review and restructuring of federal support of post-secondary education is a high priority for the Secretary of State. Over the next several months he intends to consult with his provincial counterparts and with interested groups to hear their views on the appropriate directions for federal policy.

Regarding student aid, the NUS letter refers to their submission to the Federal-Provincial Task Force on Student Assistance which pointed out inadequacies in the means test used in the federal Canada Student Loan Program and the associated provincial loan and grant programs and which recommended that all assistance be in the form of non-repayable bursaries rather than the present mix of loans and bursaries. The NUS letter is not entirely accurate in suggesting that the task force rejected their views. The task force presented five alternative programs for further discussion, one of which was the all-bursary program proposed by the NUS. As well, the task force recommended that, regardless of which alternative is chosen, the means test and existing aid ceilings be modified to remove the problems pointed out by the NUS and other groups who made presentations to the task force.

While the task force did not reject the NUS position, it did find that the main problems with existing aid programs were related to the methods used to determine need and to the ceilings placed on aid, rather than on the existence of loans per se. It also reported the results of a survey conducted for the task force by Statistics Canada, which found widespread public support, even among students, for a mix of loans and grants.

The government is also aware of the recommendations of the task force and the NUS regarding the changes needed in student assistance programs. A decision has not been taken with respect to the best methods of delivering aid and on the appropriate balance between loans and bursaries. The Secretary of State will soon be meeting with his provincial counterparts to review the task force's findings and to decide on appropriate action.

Regarding established programs financing arrangements cutbacks, the following paragraph may be of particular interest to honourable senators.

The October 1980 budget indicated the intention to achieve net savings in the social affairs envelope beginning in 1982-83, and that these were expected to include reductions in transfers to provinces in areas under their control. It was widely inferred that this meant reductions in EPF. The other large social transfers are made under the Canadian Assistance Plan.

On February 28, 1981, the Honourable Minister of Finance stated in the other place that the net savings expected were $1.5 billion over the two years 1982-83 and 1983-84. This amount was confirmed in response to questions when he appeared before the Parliamentary Task Force on Fiscal Arrangements.

The $1.5 billion continuous savings are built into the fiscal framework adopted in the last budget. It has been made clear to provinces that we remain committed to this objective.

Specific proposals will be made to the provinces in the near future. The Minister of Finance already indicated to provincial Ministers of Finance that he would like to hold a meeting on the fiscal arrangements shortly after the budget.

It is important to note, honourable senators, that there will be savings in the growth of expenditures rather than cuts in existing levels.

Hon. Heath Macquarrie: Honourable senators, I understand that there will be a further delayed instalment, and I certainly look forward to perusing that. I have the feeling that the government is trying to attain exculpation by excessive verbiage, and I am convinced, further, that this whole matter requires deeper and sustained scrutiny by this particular chamber.

Senator Perrault: Honourable senators, further information will be provided for honourable senators when it has been made available. I would say, however, that I took a personal interest in determining the degree of support for higher education in Prince Edward Island, and I hope to have that information very shortly. Preliminary reports indicate that the federal government has been a model of generosity.

Hon. G. I. Smith: Honourable senators, I have a supplementary question which I would direct to the Leader of the Government when his amusement has run its course.

● (2040)

I thought I heard him say something to the effect that it was clear that money furnished to the provinces by the federal government for the purposes of post-secondary education was not in fact used by the provinces for post-secondary education. I wish to ask him, if he makes that assertion, and, if so, upon what grounds.

Senator Perrault: Honourable senators, this is the response provided by the Minister of Finance.

Senator Smith: That does not answer—

Senator Perrault: Well, honourable senators, I said this evening that I was not in a position to provide a complete reply to the question. I committed myself to providing further information, and I intend to do so. I read what I was sent, and it states:

> In fact, provinces have not been passing all—

And I repeat "all".

> —the increasing EPF payments on to the colleges and the universities. As a consequence, EPF represents an ever-growing percentage of post-secondary operating costs.

[Senator Perrault.]

The allegation was not made that all the funds were being withheld by the provinces, but that some of them were being withheld by the provinces.

Senator Smith: I thank the honourable gentleman for his answer. However, I wish to say that if he had paid any attention to the question I had asked—which is doubtful, I suppose—he would not have had any reason to believe that the question concerned all such funds. I am more intrigued than ever as to why he—not knowing anything about it, as he has just told us—should say, as he did during his lengthy answer, that it was worth repeating. He was not content with just reading it, but felt it desirable to read it again. Now I find that he does not know anything about it, so I suppose I can pay as much attention to this as I do to most of his fulminations.

Hon. Arthur Tremblay: I have a supplementary question. Are the figures that the Leader of the Government has given us overall figures for all provinces, or is there a breakdown, in terms of provinces, relating to the so-called discrepancies between the growth of the expenses of the provinces for post-secondary education and the growth of the federal transfers for post-secondary education?

Senator Perrault: The question will be taken as notice.

TRANSPORT

VIA RAIL—USE OF COAST GUARD HELICOPTER TO REMOVE DUST FROM TRACKS

Hon. Daniel Riley: Honourable senators, I should like to ask the Leader of the Government if it is true that the Minister of Transport has decided to remove the Canadian Coast Guard helicopter from Saint John for the purpose of blowing the dust off VIA Rail tracks from Halifax to Montreal via Saint John.

Hon. Raymond J. Perrault (Leader of the Government): The Minister of Transport is a very innovative minister.

Hon. G. I. Smith: "Destructive" is a better word, I think.

Senator Riley: Do I get an answer to the question?

Hon. Duff Roblin (Deputy Leader of the Opposition): He has done his best.

REGIONAL ECONOMIC EXPANSION

NEWFOUNDLAND—1981 EVENTS AND ATTRACTIONS DEVELOPMENT FUND—APPLICATIONS

Question No. 54 on the Order Paper—**By Hon. Jack Marshall:**

> With regard to the applications received from the Province of Newfoundland under the 1981 Events and Attractions Development Fund, (i) how many were received (ii) how many were approved and how many were turned down (iii) who were the applicants and what locations did they come from?

Reply by the Minister of Regional Economic Expansion:

(i) ten (10)

(ii) five (5) approved
four (4) rejected
one (1) withdrawn by applicant

(iii) a.	Witless Bay Fisheries Fair	Witless Bay	Approved
b.	Corner Brook Summer Festival	Corner Brook	Approved
c.	Indian Summer Days	Flat Bay, Port au Port	Rejected
d.	West Coast Regatta	Corner Brook	Withdrawn by applicant
e.	Bonavista Day	Bonavista, Bonavista Bay	Approved
f.	Bakeapple Festival	L'Anse Amour, Labrador	Approved
g.	Bloomfield Lions Summer Festival	Bloomfield, Bonavista Bay	Rejected
h.	Fortune Mini Museum	Fortune	Approved
i.	Demolition Derby	Victoria, Conception Bay	Rejected
j.	Stephenville Winter Carnival	Stephenville	Rejected

VIA RAIL CANADA INC.

MOTION TO INSTRUCT TRANSPORT AND COMMUNICATIONS COMMITTEE TO MAKE STUDY—DEBATE CONTINUED

The Senate resumed from Thursday, October 22, the debate on the motion of Senator Riley:

That the Standing Senate Committee on Transport and Communications be instructed to inquire into and report upon the national rail passenger service provided to Canadians by VIA Rail Canada Inc. and, in particular to examine

(a) the Federal Government's plans for reorganizing Canada's passenger train services announced by Transport Minister Jean-Luc Pepin on July 27, 1981;

(b) the changes in passenger train services effected by Order in Council P.C. 1981-2171, dated August 6, 1981, made pursuant to subsection 64(1) of the *National Transportation Act*; and

(c) the procedure followed by way of Order in Council P.C. 1981-2171 in varying the Canadian Transport Commission's Orders and Decisions respecting Canada's passenger train services.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with one reservation—a technical one, I might say—I propose to support the motion of Senator Riley, not necessarily for all the same reasons but probably for the same basic reasons. Perhaps I should deal first with the reservation that I have.

Honourable senators will remember that the motion reads:

That the Standing Senate Committee on Transport and Communications be instructed to inquire into and report upon the national rail passenger service provided to Canadians by VIA Rail Canada Inc. and, in particular, to examine

(a) the Federal Government's plans for reorganizing Canada's passenger train services announced by Transport Minister Jean-Luc Pepin on July 27, 1981;

(b) the changes in passenger train services effected by Order in Council P.C. 1981-2171, dated August 6, 1981, made pursuant to subsection 64(1) of the *National Transportation Act*; and

(c) the procedure followed by way of Order in Council P.C. 1981-2171 in varying the Canadian Transport Commission's Orders and Decisions respecting Canada's passenger train services.

I understand that another committee the Standing Joint Committee on Regulations and other Statutory Instruments, will be looking at that third subject. I hope that the chairmen of both committees will get together so there will be no duplication.

On the main burden of the motion, I say this obviously is an appropriate matter to be referred to the Standing Senate Committee on Transport and Communications so that the various allegations, statistics and points of view can be aired or studied in the terms of the motion by way of an inquiry and a report. I know that under the impeccably objective and non-partisan chairmanship of Senator Smith—and I say that, incidentally, without any sarcasm but with sincerity—that that committee will look into the various allegations, charges, opinions, facts and statistics that the Senate has heard all about in the debate so far, and that the country has been hearing about for some weeks now. I say that because I remember that Marx—and I am speaking of Groucho, not Karl—when someone stated with great conviction an opinion,

backed up heavily by statistics, would say, "Unfortunately, the opposite is also true." If we look at the debate that has taken place just in the Senate, let alone the debate in the country, we find that Senator Riley intervened with a number of opinions, views, statistics and facts, followed by Senator Charbonneau, who did the same thing in support of what Senator Riley essentially had said. We then find that Senator van Roggen's opinion was that the opposite was also true, and that Senator McElman supported Senator Riley.

I know that neither Senator Riley, nor Senator Charbonneau, nor Senator McElman, nor Senator van Roggen have any interest in this matter's going forward to the committee except to inquire objectively, as is the Senate's custom, into these various conflicting facts and allegations. Therefore, I do not propose to review everything Senator Riley has said, or what Senator Charbonneau has said. Senator McElman said that he supported Senator Riley. I also do not want to repeat what Senator van Roggen said.

What I do want to do this evening is define the issues, as we say in court proceedings, and focus attention on a few points raised by Senator Riley and some of the points raised by Senator Charbonneau. I shall try not to repeat what Senator van Roggen has already said. I then want to make one comment on a matter that has been the focus of attention in public debate, but not, as far as I am able to find, something covered during the debate in this house.

● (2050)

For example, one question I found in Senator Riley's intervention that was not dealt with by Senator van Roggen—and I hope the committee will deal with it—concerned increased revenues. I asked about increased costs, and was informed that transcontinental trains are inherently more costly because of the full dining and sleeping facilities provided, and that results in less revenue space per train. The information I found was that the transcontinental system alone accounts for one half of VIA Rail's operating loss—$115 million on the Montreal-Vancouver run, and $45 million on the Halifax-Montreal run.

It appears that once the decision is made to reduce the system to a single coast-to-coast transcontinental service, the question then has to be which service to eliminate. The decision was made, and I am sure the explanation will be given. The committee will weigh it, and consider whether or not it is impressed by it. I understand that the decision was that in the east both services have similar financial characteristics, but the "Atlantic" runs largely through United States territory and was, therefore, dropped. In the west the "Canadian", with its southern route, lends itself more to tourism, but the "Supercontinental", with its northern route, fulfils an inter-city function and, therefore, the decision was made to convert it into an inter-city train over much of its route. I am sure details of that decision and reasons for it will be given, and the committee will weigh them as well.

I was somewhat stunned by Senator Riley's mention of an occupancy rate of 75 per cent. Therefore, I asked for an answer to that. I was told that the actual occupancy rate on the eastern transcontinental is 53.4 per cent, and that it may climb to 75 per cent or more for short distances. But the feeling of the department is—and I am sure they will tell the committee this too—that the service cannot be justified on that basis.

In moving to the second part of my argument, I wish to mention a few points raised by Senator Charbonneau. He gave cost recovery figures which are to be found at page 2873 of *Debates of the Senate*. I enquired as to those figures because they too surprised me, and, if correct, would certainly throw some doubt on the allegations being made as to rail cost recovery. I was told that those figures are three to four years out of date. In due course, the committee will find out if that is correct or not.

The level of cost recovery for air in 1980 was 54 per cent; in highway transportation in 1979—this is the latest figure I could get—that level was 55 per cent. From the research material I have available, I believe that figure is debatable, and I am not sure whether it is debatably high or debatably low. However, that is the only figure I could get on highway transportation. I found through research that Senator Charbonneau's figure of 82 per cent on rail could only be correct if it includes freight which, of course, overwhelmingly dominates rail revenue. Rail passenger service alone, on the figures I checked, recovers only 30 per cent of its costs. I could not find anyone who had claimed that the Havelock-Toronto service makes money, although there has been a dispute on the amount that it loses. That is mentioned at page 2872 of *Debates of the Senate*.

The third point which I found had not been dealt with was raised by Senator Charbonneau at page 2873, and it refers to cuts being made so that money can be spent in central Canada. I was told that the cuts are being made largely to free money for the purchase of additional LRC trains to be used in eastern and western Canada within two years. Those issues, I am sure, will also be considered by the committee.

The third item I hope the committee will focus on is the high cost of rail travel, and the heavy subsidy that is necessary. I do not recall hearing its being discussed in this chamber, but I have seen it discussed in the press and believe it is a rather important item because many of the critics of the proposal to cut rail service in the hope of saving money for better purposes, including better railway transportation purposes, admit the figures insofar as inefficiency is concerned. Those same critics say that it is all very well to talk about the high cost of rail service and the consequent need for a heavy subsidy, but the reason for that is because CN and CP grossly overcharge VIA Rail for the services that they perform.

The formula that is used is a complex one but its principle is, I think, an established one. My father was a railroader. I worked on the railroad during the summers for, I guess, seven or eight years. So I may say, in parenthesis, that I know from my own personal experience and from family life that both in the army and on the railroad everyone seems to know how to do it better than those that are doing it. Sometimes they are right, but I just cannot believe they always are. I cannot believe that those of us that are not in the business know that

much more than those who are in the business, but that does not change the fact that anyone can fail to see the forest for the trees. That is the kind of thing I assume the committee will look into.

I do not know about the formula in Europe, but the principle and concept of charging for service in North America, be it provision of track or locomotive power to pull freight cars or passenger cars, is as old as railroading itself. Everyday railroads all across North America are charging each other for hauling freight cars and, in some cases, passenger cars. It is not as if what has happened is that CN and CP have suddenly invented some terribly punishing formula in order to make rail passenger transportation more expensive for VIA Rail than it would otherwise be. The formula is a complex one and I am not going to go into it in any more detail than I have, but I do want to say that I found through research that the costing order has been acknowledged by independent consultants—I hope the committee will call these people as witnesses—to be an adequate and, in principle, an appropriate costing mechanism. If there is still doubt about it, honourable senators, I know the committee will remember that a joint CTC-Transport Canada task force is working on further improvements. In the meantime, the CTC has strengthened its audit capability which, until now, has resulted in long auditing delays. Also, there is the question of disclosure of costing information by the railways to VIA Rail, which is increasing but it is an area that can be improved. I think everyone agrees with that.

On further checking I found that the appropriateness of the methodology with regard to charging of costs to VIA Rail by CN and CP has been substantiated on a number of occasions, most recently during a three-year study completed by the CTC at the request of the then Minister of Transport. I respectfully request that the committee consider that report in order to avoid any duplication, and that they look at it as critically as they will, of course, all evidence that is brought before them.

• (2100)

I have discovered that VIA Rail pays approximately 64 per cent of its total expenditure to the railways. We have to remember, however, that VIA Rail rents daily from the railways a large number of locomotives, and its costs include crew wages and fuel. VIA Rail also pays for its share of track maintenance and station costs, which, as I recall, was a formula that was applied on certain pool services. I worked for CN and I know that CP used some of the CN tracks, and I assume that CN, in the course of its service, used certain of the CP rights of way. The railways also perform all repairs and maintenance on VIA Rail's fleet. So the committee will have to determine what was included in the study by the Canadian Transport Commission and whether or not that figure of 64 per cent is reasonable.

I also found reference to what is called the thirteenth bill. I had not heard it referred to as such here. I discovered that it relates to an annual adjustment invoice, and that it has been the subject of a great deal of criticism concerning the railways. There the procedure is provided for under regulation 6313, and during the past two years the so-called thirteenth bill—namely the year-end adjustment—has represented less than 5 per cent of the total payment to the railways.

I am told, in connection with the costing system, that the CTC has made considerable progress in improving its audit capability and the effectiveness of the costing order and its application to railway passenger services. The costing order recognizes only those costs which are variable with traffic movement over the long term. It does not recognize fixed costs, nor does it provide an allowance for profit. Its suitability to railway passenger service has been demonstrated over approximately 15 years. It was originally intended as a basis for a government subsidy payment of 80 per cent of losses, but it is now used as a basis of payment of 100 per cent of losses as called for under the present railway passenger program.

Hon. Duff Roblin (Deputy Leader of the Opposition): Operating losses?

Senator Frith: So far as I know, it is operating losses.

Senator Roblin: If you can define "losses".

Senator Frith: I believe it does mean operating losses. That is exactly the sort of thing that I hope the committee will inquire into. I believe that all Canadians would be well served by a committee which, as objectively as possible, will look into these questions and define such matters as losses, percentage of costs, relationship to fixed assets versus operating costs, and so on. I assume that the CTC study covered some of those points, but in my view the matter should be subjected to critical evaluation, review and even update.

I am informed that the railways say that if payment were based on the costing order using replacement value accounting, with an allowance for fixed costs and profit, payment to the railways would be almost double the present level. I did not research that. That is a claim made by the railways. They can make that claim before the committee, and the committee can decide whether or not it is substantiated.

Honourable senators, I support, from information I have received, the position taken by the Minister of Transport. I am sure that many Canadians share a genuine curiosity to have all the conflicting opinions, allegations, charges, statistics, facts and formulas studied by what is recognized as being one of the most useful of Canadian institutions—namely, a standing or special committee of the Senate. We could not have chosen a more distinguished, highly reputable and well staffed committee than that under the chairmanship of Senator Smith. Therefore, I support the motion because I believe that the matter should be referred to committee.

Hon. Guy Charbonneau: May I direct a question to the honourable senator? In the light of his recommendation, is he of the opinion that the minister might stand the order until the Senate brings down its report? The order in council is due to take effect on November 15, and it will certainly take the committee more than two weeks to examine the points raised by the honourable senator. I commend the honourable senator for his remarks and agree that the subject should be referred to committee. Does he feel that the Honourable Mr. Pepin

would be prepared to postpone implementation of the order in council until the Senate has made its report?

Senator Frith: Honourable senators, I am sure the minister would be prepared to appear before the committee to explain his position, but in my opinion, he will not wait for the committee's report.

Hon. Daniel Riley: Honourable senators, I was advised today by other maritime members of the Liberal Party that the Minister of Transport wished to meet with me and several Liberal members of the other place to discuss this problem. I am wondering if the minister wishes us to drop our study of this subject; or is it that, no matter what the committee decides, he will implement the arbitrary, cavalier discontinuance of rail services on November 15?

I will go further and ask, does it mean that the minister will laugh us off, as he did those persons who appeared before him yesterday and today? Does it mean that he is going to tell the people of Canada, and Parliament, that he has made his decision and that he will not engage in any dialogue?

When the Prime Minister first took office he seemed to encourage dialogue. He said that he wanted dialogue and that he wanted decisions to be made based on the results of dialogue. It seems to me that the present situation is simply a brush-off. The Deputy Leader of the Government spoke about the transcontinental passing through the State of Maine. I would remind him that the "Atlantic" travels through the State of Maine, from Vanceboro to Megantic in Quebec. It is a short trip. I do not wish to see the "Ocean Limited," which was referred to by Senator van Roggen, discontinued, but I believe the Halifax to Montreal route, via Moncton and Saint John through Maine, is shorter. For years we in New Brunswick have been screaming for a highway route through Maine to get us into central Canada.

Hon. George van Roggen: Is the honourable senator asking a question or closing the debate?

Senator Riley: I have heard the honourable senator make long speeches instead of asking a question, and I believe I am entitled to the same privilege. If I were to tear apart the speech you made the other night—and I would do it tonight, but I do not want to prolong this debate—I would point out that you got all your information, every bit of it, from the experts, the bureaucrats, in the Department of Transport. What you told us, however, I can refute in the committee.

● (2110)

I can tell you about the CN. My father was not a railroader, nor were my uncles presidents of railroads in Santa Fe and elsewhere in the United States. Also, I never smelled the smoke of a locomotive, as Senator Frith's father did, and as he did himself as a young man. I am, however, telling you this—and I am not going to go on very much longer—that the bureaucrats in the Department of Transport have juggled the accounting of VIA Rail, CN and CP. They will not say what they are charging VIA Rail for the use of their tracks. They will not give any accounting whatever. They just send bills every month.

[Senator Charbonneau.]

Senator van Roggen, I will tell you this, that your experts, your bureaucrats in the Department of Transport, did not tell you, or give you any details of, how they make these charges month by month, and then at the end of the year put an extra charge on the VIA Rail usage of their tracks. What they are doing is to use the tracks, hitting the roadbed hard with their freight trains, and putting the passenger trains into what we call holes, delaying them all over the lines. Your bureaucrats did not tell you this either, Senator van Roggen, that they are charging the same amount for the use of lighter passenger trains as they are charging—

Senator Frith: Honourable senators, I think we should have an understanding. I certainly have forgotten the question I was asked, but I think that Senator Riley is entitled to do two things, but that he had better do one first, and then the other.

Senator Riley: Well, all right—

Senator Frith: I am on my feet. Do I have the floor, Madam Speaker?

Senator Riley: No, you don't.

Senator Frith: I think the Speaker decides that.

Senator Riley: The Speaker cannot decide that. I am speaking.

Senator Frith: On a point of order, Madam Speaker—

Senator Riley: I am ending the debate on this motion.

Senator Frith: Oh. That is what I wanted to find out. If Senator Riley is closing the debate, according to the rules, before he does so we should ask if any other senator wishes to speak, and warn senators to that effect, and then of course he can close the debate quite properly. I take it, however, that I do not need to think about the question that I was asked.

Senator Riley: Well, the Speaker did not ask if I was going to close the debate.

The Hon. the Speaker *pro tem:* It is understood that Senator Riley is closing the debate.

Hon. Joseph-Philippe Guay: Honourable senators, in that case I would like to ask a question. I did not know that the senator was closing the debate.

Honourable senators, I would like to ask my leader, or the Deputy Leader of the Government, whether or not they are aware of the writ that was supposedly presented by some of the western provinces with regard to the order in council, and whether they can tell me if this was in order or not. I am not going to go into details, but I feel the leader should know what I am talking about. Apparently, this has taken place just today, and I understand that there are other provinces having similar thoughts.

Could you enlighten me on this particular subject? If it is so, would that delay what Mr. Pepin is trying to do at the moment?

Senator Frith: Honourable senators, I saw the same stories about the possibility of a writ. I also heard the Minister of

Transport say that, of course, if the court granted an injunction he would naturally have to comply with its terms.

As far as the procedure is concerned, if it is the normal procedure leading to an injunction, the steps would be: the issuance of a writ claiming an injunction; an application to the court for an interim injunction, sometimes for a certain period; and then a later application to continue the injunction until trial. So there will be several steps. It may be that the court will accept the application and issue an interim injunction, or it may be that it will not. Certainly, however, according to the Minister of Transport—and I am sure that everyone would agree—if the court does grant an interim injunction it will be obeyed by the government.

Hon. Martial Asselin: When will the case be heard?

Senator Frith: Usually you issue your writ—

Senator Asselin: I know that. But when?

Senator Frith: Well, I am not the lawyer involved. All I can tell you is that normally, when you issue your writ—

Senator Asselin: I know that. What I am asking is, has the case been introduced yet?

Senator Frith: I do not know. All I know is what I have read in the papers. Normally, that first application for an interim injunction would be heard on affidavit evidence before the actual trial. It would also be subject to appeal, of course.

Hon. Sidney L. Buckwold: Honourable senators, I move the adjournment of the debate because there is a short statement I would like to make tomorrow, in view of the fact that this discontinuance of service seriously affects the city in which I live.

Senator Riley: Madam Speaker, I think you have already ruled that I am closing the debate.

The Hon. the Speaker *pro tem:* As Senator Riley asked a question, I was under the impression that he just wanted an answer. Otherwise I would have warned honourable senators that Senator Riley was closing the debate.

Senator Riley: Madam Speaker, I asked you if I was closing the debate, and you said yes. You made your ruling.

Some Hon. Senators: No! No!

Senator Riley: I am sorry. The record will show that I was closing the debate.

Hon. Raymond J. Perrault (Leader of the Government): Surely you can extend a courtesy to another senator?

Senator Riley: Well now, it may be a courtesy to other senators, but I feel that if we continue the debate—

The Hon. the Speaker *pro tem:* The Honourable Senator Riley said that he was asking a question, but he made a speech. I did not know that he was trying to close the debate. Therefore, I think I should allow Senator Buckwold to adjourn the debate.

Senator Riley: Madam Speaker, that means the debate goes on for another day. You have already said that I was closing the debate.

Hon. Senators: No.

Senator Riley: Well, the record will show that.

The Hon. the Speaker *pro tem:* The honourable senator said he was closing the debate, but that was not understood by the majority of senators, so I will allow Senator Buckwold to move the adjournment of the debate.

On motion of Senator Buckwold, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, October 28, 1981

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

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Superintendent of Insurance for Canada, Volume I, Abstracts of Statements of Insurance Companies in Canada, for the year ended December 31, 1980, pursuant to section 8 of the *Department of Insurance Act,* Chapter I-17, R.S.C., 1970.

Report of the National Museums of Canada, including accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1981, pursuant to section 22 of the *National Museums Act,* Chapter N-12, R.S.C., 1970.

Report of the Department of National Revenue containing Tables and Statements relative to Customs, Excise and Taxation for the fiscal year ended March 31, 1981, pursuant to section 5 of the *Department of National Revenue Act,* Chapter N-15, R.S.C., 1970.

DISTINGUISHED VISITORS IN GALLERY

THE HONOURABLE CAMERON IRWIN McINTOSH, LIEUTENANT GOVERNOR OF SASKATCHEWAN, AND MRS. McINTOSH

Hon. Sidney L. Buckwold: Honourable senators, I draw your attention to the presence in the gallery of the Honourable Cameron Irwin McIntosh, Lieutenant Governor of Saskatchewan, and Mrs. McIntosh.

I may say that the McIntoshes are providing distinguished leadership in the office of Lieutenant Governor in Saskatchewan, and we are proud of the Queen's representative in that province.

Hon. Senators: Hear, hear.

QUESTION PERIOD

[*English*]

THE ECONOMY

REPORT OF CONFERENCE BOARD OF CANADA

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, we are pleased to have with us today the Minister of State for Economic Development.

Some Hon. Senators: Hear, hear.

Senator Flynn: The Leader of the Government told us last night that the minister would be with us in no time at all, but unfortunately he did not appear.

Hon. Raymond J. Perrault (Leader of the Government): I merely expressed the hope.

Senator Flynn: The hope, yes.

Hon. Duff Roblin (Deputy Leader of the Opposition): The pious hope.

Senator Flynn: As a result the Question Period last night lasted only half an hour.

In any event, I must underline Senator Olson's return to our midst with a question about the Conference Board of Canada, which has just released its seasonally-adjusted index of consumer attitudes, showing that confidence in the Canadian economy has plunged to a new low. Would the minister care to comment on that? I am not asking for a speech, of course.

Senator Roblin: You will likely get one, though.

Senator Flynn: We will try him again.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, first, I should like to thank the Leader of the Opposition and his colleagues for expressing last night the sentiment that they missed me. It was one of the few times that I had missed the Question Period. However, if there was half an hour of good questions and good answers, it was, even in my absence, probably a very productive half hour.

The Conference Board's report indicates there is a low in consumer confidence in the economy, and I suppose that is one way of putting it. I really do not know the nature of the questions or the poll that was taken. I am not questioning it. They have been doing that in the past. However, it seemed to me that at one point the questions they were asking concerned whether Canadians intended to make major purchases in the near future.

An Hon. Senator: That's right.

Senator Olson: I expect anyone would think very seriously about making a major purchase, if a large part of it were to be on a loan basis or a time-payment basis, at a time when interest rates, as has been indicated, are substantially higher than they have been in the past. It seems pretty obvious to me that, if there is a hope in the minds of the Canadian people that interest rates may ease off—and they have eased off a little—the Canadian people would want to make those payments at a lower rate of interest.

Senator Flynn: Would the minister suggest that Canadians might change their attitude once Mr. MacEachen has delivered his budget speech on November 12?

Senator Olson: I think the budget speech on November 12, and its provisions, will give a great lift to Canadians.

Some Hon. Senators: Hear, hear.

Hon. Jack Marshall: It might lift them right out of their skulls.

• (1410)

Senator Olson: However, I would remind the honourable gentleman opposite that both the members of this house and the members of the other place must live with the reality of the real world.

Senator Flynn: Except during election campaigns.

Senator Perrault: That is your philosophy.

Senator Flynn: Your way of dealing with the situation is to make Canadians believe that you will solve every problem, but once you win the election you do not show the same concern.

Senator Olson: Perhaps the honourable gentleman will find a great deal more expertise in his party than in our party with regard to that subject.

Hon. G. I. Smith: Eighteen cents?

Senator Olson: Usually one becomes an expert in a field where one has had a lot of practice.

Senator Flynn: Certainly, you have better results than we.

Senator Olson: I think enough time has passed that we can go back to the nine months' tenure of the last Conservative administration. There is certainly a lesson there which the honourable gentleman ought to take into account, and that is that the Canadian people passed judgment on the performance of that administration.

Senator Flynn: The only lesson to be learned from that is that, in politics, honesty is not always the best policy.

Hon. Orville H. Phillips: Honourable senators, I have a supplementary question arising out of the answer given by Senator Olson. Did I understand him to say that the "dire straits" budget which is anticipated would give Canadians a "lift" or a "blast"?

Senator Olson: I would remind my honourable friend that I have never described the coming budget as a "dire straits" one. That phrase was fabricated by the opposition, and they must take the responsibility for it.

Senator Flynn: The Prime Minister said that.

Senator Olson: He said that he would help people in dire straits.

YUKON TERRITORY

WATER BOARD—APPOINTMENT OF CHAIRMAN

Hon. R. James Balfour: Honourable senators, may I pose a question to Senator Austin arising out of the response he gave last Thursday to my question regarding the Yukon Water Board? In his response the senator stated that the federal government has the legal prerogative to appoint a chairman from among the nine members of the board. However, if the senator will take another look at the original question, he will discover that at no time did I doubt the right of the federal government to make the appointment.

What is at issue here is that in the case of each appointment since the inception of the elected government in the Yukon, the federal government has adopted the recommendation of the Yukon government for the position of chairman of the Water Board. What I would like to know from the minister is why the federal government has now rejected the initial recommendation of the Yukon government, to the effect that the previous chairman be reappointed, and why it also rejected a supplementary recommendation of that government. At the same time, perhaps the honourable senator could enlighten us as to why the first nominee of the Minister of Indian Affairs and Northern Development resigned so soon after accepting the appointment?

Hon. Jack Austin (Minister of State): Honourable senators, with respect to the Yukon Water Board I shall try to be more specific in my answer to Senator Balfour. According to advice I have received from the Minister of Indian Affairs and Northern Development, he has from time to time extended to the territorial government of the Yukon the courtesy of accepting their suggestions with respect to appointments, which are his prerogative. However, with respect to the appointment of the chairman, it was the minister's wish and desire to make his own selection, and he did so, as Senator Balfour is obviously aware. He chose an individual who is well regarded in the Yukon, but who resigned shortly thereafter for reasons of which I am not totally aware.

With respect to the suggestions made by members of the Yukon territorial government, I understand that they were not acceptable to the minister. He has not advised me why that is so.

EDUCATION

FEDERAL GRANTS TO POST-SECONDARY INSTITUTIONS

Hon. Lowell Murray: Honourable senators, I have a question for the Leader of the Government in the Senate. Only a moment ago did I have an opportunity to read the reply he delivered last evening to questions asked earlier by my colleague Senator Macquarrie and me concerning established programs financing. In the course of that reply the minister stated:

> In fact, provinces have not... been passing all the increasing EPF payments on to the colleges and the universities. As a consequence, EPF represents an ever-growing percentage of post-secondary operating costs.

• (1415)

My question is this: How does the minister reconcile that statement with the statistics put out by the Department of

Finance and by Statistics Canada, as set out at pages 133 and 134 of the document entitled, *Fiscal Federalism in Canada,* which shows that in 1967-68 federal cash and tax transfers paid for some 60.8 per cent of the operating costs of post-secondary institutions; in 1976-77, 62 per cent; in 1977-78, 58.7 per cent; in 1980-81, 69.8 per cent; and in 1981-82, 63.6 per cent?

The statistics put out by the Department of Finance and by Statistics Canada indicate that over that period of time there has been very little change in the amount of post-secondary institutions' operating costs accounted for by federal cash and tax transfers.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I stated last night that I proposed to bring to the Senate additional information on this important subject. Hopefully, that further information can be provided in the near future.

For example, however, I understand that in the province of Prince Edward Island almost 100 per cent of higher education is supported by the federal government rather than by the provincial government. I hope to support this fact with more exact information and a statistical base at some future time.

Of course, the honourable senator has cited percentage figures rather then dollar amounts actually contributed by the federal government through tax transfers or direct grants. In dollar terms, the trend line over the years has seen an increasing amount of that burden supported by federal taxpayers.

Senator Murray: With regard to Prince Edward Island—and it is not my role in this place to speak for that province—the particular statistical anomaly to which the minister refers—and it is a statistical anomaly—is explained in some detail on pages 75 and 76 of the parliamentary task force report entitled *Fiscal Federalism in Canada.* While I will not quote from that document here, I would draw the minister's attention to that explanation.

When the minister is bringing in further information, will he undertake to answer this question: Accepting for the moment, for the sake of argument, the federal government's contention that the provinces are under-funding post-secondary education, why is the federal government encouraging them to continue under-funding by reducing its transfers?

Senator Perrault: Honourable senators, the surprising fact about Senator Murray's line of questioning is that, as a mentor of the Right Honourable the former Prime Minister, Mr. Clark, he was a supporter, at one time, of discussing with the provinces new divisions of responsibilities. He supported the view that there should be a re-examination of cost-sharing programs, provincial and federal. This was part of the Conservative policy thrust, and this is precisely the process in which we are engaged as a government today—that is, to determine where the burdens lie; whether a disproportionate burden is being borne by the federal government; and whether the provincial governments, in certain areas, are bearing too much of that burden.

[Senator Murray.]

This is an essential part of the process largely set in motion by the Conservative government to re-examine where we stand with respect to the provinces and to attempt to make sure that there is not a costly duplication of services, federal and provincial, and that taxpayers' dollars will be spent efficiently. This is the whole thrust of the program which, apparently, today is being opposed so vociferously by Senator Murray. Frankly, it is difficult to understand where the Conservative Party really stands.

• (1420)

Hon. G. I. Smith: It is difficult to know what you are talking about.

Senator Perrault: You are a slow learner; that is your problem.

FISHERIES

PRINCE EDWARD ISLAND—CANCELLATION OF SCALLOP FISHING LICENCES

Hon. Heath Macquarrie: Honourable senators, I should like to direct a question to that autistic child across the way, the Leader of the Government. The question is not in the area of jurisdiction, where he can blame the provinces, but concerns deep-sea fisheries. We in the Atlantic region are disturbed by the greedy fishing-out of scallops on Georges Bank by the Americans. Our anxiety and concern about this are accentuated by what is going on in our own Department of Fisheries and Oceans.

In my beautiful home village of Victoria, I heard just the other day that fishermen who were granted licences to fish scallops in the Northumberland Strait found that, after obtaining their licences, and just hours before they put their draggers into the water, their permission to fish had been cancelled.

There seems to be no way whereby clear-cut information on anything like a long-range basis can be obtained. I wonder if the minister from another province which has important fisheries can find out what in the world is going on in the federal Department of Fisheries and Oceans. Are they trying to make our fishermen an endangered species, just like the haddock?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the Honourable Senator Macquarrie knows a great deal about international affairs. Surely he must admit the basic unfairness of his question. He is aware of the fact that we are involved in a dispute with a powerful neighbour; he knows the international problems involved in this entire question; and yet he suggests that there is some unilateral action which can be taken by the Minister of Fisheries and Oceans to correct what is a serious and worrying problem.

Senator Macquarrie, I am sure, knows that we are in the process of finalizing some outstanding technical details with the United States regarding the establishment of the Chamber of the International Court of Justice that will hear the Gulf of Maine Boundary Dispute. He is aware of that. Does he suggest that that process be aborted and that there be some action

taken by the government to solve this problem facing the scallop fisheries on the east coast?

Once this negotiation with the United States is finalized, we will proceed to exchange instruments of ratification to bring the Boundary Settlement Treaty into force. Canada will appoint its own judge to the Chamber of the ICJ for this case. We are hoping to work out some *modus vivendi* with the United States government regarding conservation measures for Georges Bank scallops. It is a regrettable thing that is going on there now, and nobody regrets it more than members of the government.

The differences in our respective management approaches will, however, make this a difficult task. I am sure that Senator Macquarrie does not underrate the difficulty of that, given the nature of the negotiations with the Americans over the past few months and years.

These differences underline the urgency of having the boundary settled once and for all by binding international adjudication. Yes, there is a problem; yes, we are acting rapidly to attempt to solve the problem; but, no, it is not the fault of the Minister of Fisheries and Oceans, as the honourable senator has suggested.

Senator Macquarrie: Honourable senators, hard as it is to believe, it would appear that the honourable minister has misunderstood my question; harder still to believe is that I was not clear in putting my question. I was not asking for instant action on Georges Bank. I am not advocating gun-boat diplomacy. I was asking him why it is necessary, in the face of what has happened in the scallop fishing industry—and I concentrate on scallops—for our own government to act with such irrational uncertainty vis-à-vis our own fishermen. The United States has nothing to do with the granting of licences in Northumberland Strait, but the Minister of Fisheries and Oceans is involved because of the short-range change of policy. This is affecting the fishermen most seriously. That is not what I want to know. Why do we have to add to the international problems certain domestic ineptitudes? That is my question.

• (1425)

Senator Perrault: Honourable senators, the question concerning the alleged issuance of a regulation prohibiting scallop fishing will be taken as notice. However, the general question relates to the diminishing size and supply of scallops and the danger in which this industry now finds itself.

Senator Macquarrie: I do not want to pursue this just because I used to teach geography, but Northumberland Strait and Georges Bank are not exactly side by side. My marine biologists would not say it is practically the same problem.

ENERGY

ALASKA HIGHWAY GAS PIPELINE—STATUS

Hon. Stanley Haidasz: Honourable senators, I would like to ask the Minister of State for Economic Development whether he has been monitoring the progress of the Alaska Highway gas pipeline—the $30 billion project—and whether it has been delayed by any United States-Canada squabble over the National Energy Program and other developments.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have not been personally monitoring hearings that are now before both houses of the Congress, but I have been listening with interest to some Canadians and other people who have been down there. My impression at this time is that there is a rather in-depth examination of those component parts of the waiver package being undertaken, and that the explanations made by the Canadian sponsors of the pipeline here were well explained to the committees. I guess our assessment is that they are being held in a sound, responsible way and, indeed, that progress is being made on those explanations.

Senator Haidasz: Can the minister assure us that there is hope, at least, that the project will be put on stream before the end of 1983, as planned?

Senator Olson: Honourable senators, the 1983 date that was mentioned two or three years ago has long since been changed to an operational date, by the end of 1985. Indeed, that was contained in the resolution that was passed by the United States Senate, I believe, on June 27, 1980. It is well known that 1983 is no longer a feasible date for operation of that line.

[*Translation*]

REGIONAL ECONOMIC EXPANSION

QUEBEC—FINANCIAL AID TO INDUSTRIAL COMMISSIONS

Hon. Arthur Tremblay: Honourable senators, my question is directed to the Minister of State for Economic Development—

Hon. Jacques Flynn (Leader of the Opposition): Not regional, universal!

Senator Tremblay: —and for regional economic expansion as part of our overall economic development, since my question is concerned with regional economic expansion.

In this connection, yesterday morning in *Le Devoir* I read the following:

> The Minister of State "responsible for Quebec Affairs", Mr. Serge Joyal, announced Sunday evening that the Department of Regional Economic Expansion (DREE) was prepared to provide direct financial assistance to the industrial commissions which until now had been 30 per cent subsidized by the Quebec government.
>
> Sunday evening, Mr. Joyal told reporters that DREE would be able to set aside "several millions per year" of its total budget envelope to help the commissions, whether or not they received assistance from the Quebec government.
>
> In answer to questions by *Le Devoir*, the assistant deputy-minister at DREE for the Quebec region, Mr. Claude Huot, replied that two or three million dollars per year could be given in the form of direct aid to help economic development agencies.

I have the following questions: First, could the minister confirm that this is a definite plan on the part of the government

and that the government intends to give $2 million or $3 million per year from now on to the industrial commissions in Quebec?

My second question is as follows: Does the government intend to include a plan of this kind in the general development agreement which, if I am correct, is still in effect between the federal government and the Quebec government, an agreement which covers various so-called subsidiary agreements for more specific projects, which could therefore also include assistance to industrial commissions?

If it be the government's intention to add such a program to the general agreement in the form of a subsidiary agreement, are negotiations now taking place between the federal Government and the Government of Quebec to have the agreement in question set up in the same way as similar agreements, also mentioned in the article, concluded with British Columbia and New Brunswick?

● (1430)

[*English*]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I shall communicate the text of the question to the minister responsible for regional economic expansion and to the Honourable Serge Joyal, Minister of State, and will try to obtain an answer as quickly as possible.

AIRLINES

GOVERNMENT POLICY RE WARDAIR

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Minister of State for Economic Development relating to the Government of Canada's policy concerning airlines, and more particularly Wardair, which, as the minister knows, is a western airline. Is it correct that the government has decided, and is firm in its decision, not to allow Wardair to become a third international carrier or even a national carrier?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I shall take that question as notice, because the honourable senator has asked whether it is a firm policy decision. I know that this matter of regional air carriers, as well as national and international air carriers, has been under consideration. It is necessary for me to check before I start making announcements for and on behalf of another minister. After an announcement has been made, I would be glad to provide an expanded explanation to satisfy my friend's legitimate curiosity.

Senator Smith: I believe I am able to thank the minister for his reply, but the warmth of my thanks depends upon whether I understood his answer correctly. Perhaps he will permit me to explore it a little further. Is he saying that he will reply more fully to my question after the minister responsible for the matter makes an announcement; or is he saying that he will make an inquiry and will provide the best answer he can, and if the policy declaration is made later he will then modify his reply? Exactly what did the minister mean?

[Senator Tremblay.]

Senator Olson: Honourable senators, I believe what I said was perfectly clear, but I am prepared to repeat it and perhaps be more specific in reply to the supplementary question.

My honourable friend knows that the matter of regional air policy and a number of other related matters have been under active consideration for some time. Honourable senators opposite, including Senator Smith, have agreed that when such changes are being made there should be consultation with the people who are likely to be affected—in this case, the industry. I am not sure whether the minister has made any announcement directly related to the first part of the honourable senator's question. That is what I wish to check. I shall give a full and complete explanation if an announcement has already been made. If it has not, then, of course, I would take the advice of the Minister of Transport as to when he is prepared to make the announcement. I would then follow it and give a more detailed explanation after that.

● (1435)

Senator Smith: I appreciate the fuller explanation, honourable senators, and, I may say, from my point of view at least, the substantially clearer explanation which the minister has now given. I shall await with interest and anticipation his fuller reply.

INDUSTRY

GOVERNMENT POLICY RE DEREGULATION

Hon. G. I. Smith: Honourable senators, I wonder if the Minister of State for Economic Development would be kind enough to inquire how the policy he will announce ties in with the speech made by the President of the Treasury Board to the Canadian Bar Association last month—I think it was around September 1—in which he said, in effect, that it is important to deregulate government control of various aspects of industry as quickly as possible—he mentioned some fairly early deadline, and I think it was 1982—by some policy or program, and to get rid of a great many regulations that inhibit the activities of industry.

Hon. H. A. Olson (Minister of State for Economic Development): Yes, I will give that undertaking too. I do not quite see how that relates to the previous question, unless it relates specifically to air regulations—and perhaps it does. Of course, my honourable friend knows that we gave a commitment a long time ago, in response to a first ministers' meeting, that we were going to try to remove those regulations that were not serving a useful purpose, and where the paper burden produced in compliance with them, as well as the waste of the valuable time of a lot of employees, could be removed. I made a full and complete announcement only a few months ago here on some very significant progress that we had made on that question of removing the paper burden, and the regulations it is based on.

Senator Smith: Well, as the honourable gentleman points out himself, that undertaking was given a long time ago. What I am referring to now is a speech made by the President of the

Treasury Board a matter of a few weeks ago, at the most, in which he seemed to indicate that so much remained to be done that there was still an unnecessary burden of regulation upon the consumers of this country which costs them, to use the words he is reported to have used, billions of dollars.

Senator Olson: Yes. I think I could expand my reply and tell the honourable senator that there was a termination date, or a sunset clause, if you like, to the so-called paper burden office, where they received a lot of recommendations from business and industry, and even from the service sectors, on a pretty broad basis. Those were responded to, and there was indeed a very significant reduction in that paper burden.

That office was, in fact, phased out, but I have to say—and I suppose this is along the lines of some of what the President of the Treasury Board said—that there was still a number of recommendations that had come in through that office that had not been finalized to the point of relieving the paper burden, and, of course, the regulations that give rise to the paper burden. Indeed, there are still some left.

As I say, that office no longer exists, but there is a capability within the Department of Industry, Trade and Commerce, with the Minister of State (Small Businesses), to continue that process. Certainly, as good ideas as to phasing out are produced they will be examined to find out whether the phasing out will cause problems.

Senator Smith: I thank the honourable gentleman, and I shall continue to watch with interest to see what happens if the prophesy of the Treasury Board turns out to be true, namely, that this program will be completed by next summer.

● (1440)

FEDERAL-PROVINCIAL RELATIONS

PRINCE EDWARD ISLAND—REDUCTION IN TRANSFER PAYMENTS

Hon. Orville H. Phillips: Honourable senators, I have a question for the Leader of the Government. Recently the federal government and the Province of Prince Edward Island signed an agreement for the third phase of the Prince Edward Island Development Plan, an agreement which resulted in the reduction of transfer payments to the Province of Prince Edward Island by at least $100 million. Would the Leader of the Government enumerate those programs which are affected—that is, cut back or discontinued by the cut in the federal transfer payments to the province—and which have resulted in the loss of 161 civil service jobs, which have been terminated?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, it is a sad thing that the official opposition seems to literally wallow in any suggestion that there has been a cutback anywhere; that it has this penchant to look on the bad side of everything. The fact of the matter is that since the Honourable Bennett Campbell was brought into cabinet, a great deal has been done for Prince Edward Island. A number of positive agreements have been signed. If honourable senators would like some specific information on what has been done for that great province, I will be pleased to bring it to their attention very shortly.

Senator Phillips: Honourable senators, in reply to the statement made by the Leader of the Government, I would remind him that we on this side, like most Canadians, are in dire straits. One notices that on the edge of a strait there is a certain amount of muddy soil, and it is difficult to get out of the strait without wallowing through that soil.

The Leader of the Government said he would provide information. I would ask him if he will be kind enough to give us a list of the programs to be implemented. Could he inform us whether the programs initiated to replace those terminated will provide opportunities for those who have lost their jobs, particularly the 52 employees of the Department of Agriculture in an agricultural province?

An Hon. Senator: Shame!

Senator Perrault: When honourable senators are made aware of the contents of the budget, even the honourable gentleman may have difficulty restraining his enthusiasm. The information contained in the budget will bring real hope to him as an advocate of his province.

ENERGY

COLD LAKE AND ALSANDS OIL PROJECTS—PRESENT STATUS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised on October 22 by Senator Manning which concerned the Cold Lake and Alsands oil projects.

I am informed that with respect to consultations between the government and the consortia, there have been technical meetings at the officials level. Of course, we would all like to see the resumption of these two projects. I will endeavour, therefore, to keep honourable senators abreast of any new developments.

VIA RAIL CANADA INC.

TRANSPORT AND COMMUNICATIONS COMMITTEE INSTRUCTED TO MAKE STUDY

The Senate resumed from Tuesday, October 27, the debate on the motion of Senator Riley:

> That the Standing Senate Committee on Transport and Communications be instructed to inquire into and report upon the national rail passenger service provided to Canadians by VIA Rail Canada Inc. and, in particular, to examine
>
> (a) the Federal Government's plans for reorganizing Canada's passenger train services announced by Transport Minister Jean-Luc Pepin on July 27, 1981;
>
> (b) the changes in passenger train services effected by Order in Council P.C. 1981-2171, dated August 6,

1981, made pursuant to subsection 64(1) of the National Transportation Act; and

(c) the procedure followed by way of Order in Council P.C. 1981-2171 in varying the Canadian Transport Commission's Orders and Decisions respecting Canada's passenger train services.

Hon. Sidney L. Buckwold: Honourable senators, I would begin by saying to my colleague, Senator Riley, that I moved the adjournment of the debate yesterday not in any objection to the motion which he has placed before the chamber. I fully support the objectives of the motion, because I think the subject of rail passenger transportation in Canada is something worthy of an in-depth committee study and review. I congratulate Senator Riley on his initiative in drawing this matter to the attention of the Senate, and I personally hope that his motion will be agreed to. It can do nothing but good.

I too, like Senator Riley, come from a community that has been seriously affected by the VIA Rail cutback. My home city is Saskatoon, which is on the main line of the CNR. The "Supercontinental" was an important part of the life of the community, though perhaps less so in the last few years. Nevertheless, it somehow seems incomprehensible that we in Saskatoon will no longer see that great "Supercontinental" coming through our city, even if it is true that not that many people use it.

Therefore, when I stand to speak to the motion, I want to put on record the concern of my community and that of my province over the procedures that have been followed with respect to the projected cutbacks which are effective on November 15. One of the major concerns, I believe, has to do with the way in which the cutbacks were announced—by way of an order in council. I do not think I will elaborate upon that; it has already been well documented. Normally, a series of hearings would have been held. This is a procedure that has been followed in the past. I believe that people in my area are concerned that the precedent which has been set by the government in this regard, as it affects the transcontinental rail services, could be used in other branch-line abandonments which would normally require the procedure of public hearings to allow people to state their views.

It is true that we think of the railway as a means of long-distance passenger travelling, with a certain nostalgia. I often say to my wife, "Wouldn't it be nice, instead of going by air to Ottawa, to travel by train?" We tend to think back to the days when we travelled in this way as students, or when we came east before air travel became so common, and it has that great nostalgic ring.

Unfortunately, however, that does not necessarily attract too many passengers. I, too, like the members of the opposition, am concerned about government deficits. I, too, am concerned about the quality of the passenger equipment on the railway. There is an estimated saving of $100 million in the proposals of the Minister of Transport. He has assured me that that money will be used to upgrade passenger facilities and equipment, so that, in fact, the equipment that will be used will be more up-to-date. I was rather astounded to discover that the equipment presently used on the transcontinental routes is an average of 23 years of age. That is not very new, as an average, for passenger equipment in what we would like to think of as a modern technological age. There are many new pieces of equipment that can be purchased with the amount of savings that will be made.

Having said that, I will say that, of course, I bleed, with Senator Riley, for my community. I bleed for the communities that will have no rail service. As you are aware, the plan is to eliminate the transcontinental service on the CNR line between Winnipeg, Saskatoon, Edmonton, Jasper and Vancouver. In its place there will be short inter-city runs. I agree that that is probably the future for railroads. I am not entirely sure whether, even with energy shortages, we will see any great number of people spending two or three days on the trains. Therefore, the objective is a good one.

Even so, I speak with mixed emotion. All honourable senators will have heard the old definition of a mixed emotion. It is what you feel when a fellow drives your mother-in-law over a cliff in your new Cadillac. I have this ambivalent feeling. I want to see money saved; I know the facts of life, yet I realize the pride of a community in being on the main line of a railroad, having the facilities and the service available, and the loss which it will feel at the discontinuance of that service. That hurts a little bit. I also have to feel for the 1,600 people who will lose their employment as a result of these changes. That fact has to be considered.

I have to feel, as well, for the communities that will lose their rail service completely. There will be commuter runs between Saskatoon and Regina to pick up the CPR transcontinental if one wants to go west to Vancouver, or east to Toronto or Ottawa. There will be a line from Saskatoon to Edmonton, on which there will be some sort of dayliner run. From what I gather, there will not be a line from Winnipeg to Saskatoon. A person who wants to travel by rail will have to go to Regina first, and then back up to Saskatoon. This will affect many major communities along the route, because they will be without rail transportation. Keeping that in mind, I have to say it certainly hurts. Not only is it a blow to the service but it is also a blow to regional pride. That is important, especially in some of the newer and smaller communities.

● (1450)

Some years ago, in my days as mayor of Saskatoon, I was involved as the representative of a whole group of communities at hearings objecting at that time to the CPR's removing its passenger service from Winnipeg through Saskatoon to Edmonton. For those of you who know the area, there was a line that went through Yorkton, Saskatoon and Wetaskiwin. That line had been running for 50 years—trains Nos. 51 and 52. I will always remember those numbers. That must be 20 years ago.

The mayors of all the little towns came to me and said, "You are the mayor of the largest community affected and we want you to be our spokesman." So I went to the hearing before the Board of Transport Commissioners, and I stated my

case as strongly as I could. The lawyers and witnesses for the railroad showed how many passengers got on at every little station all the way along. Really, it was pretty discouraging. We would hear such things as, "Plunkett, Saskatchewan: Four people got on all year round." I am not sure that that is fair to Plunkett, but it may have been something like that.

They looked at the use made of the express service. People were using trucks because they made the handling of express easier. Nevertheless, the communities said, "We want the railway because it could snow in the winter and the highways could be closed, and we have to get in if somebody is sick"—the usual comments.

I was able to convince the board that they should delay their decision for a year so that we could see whether any improvement could be effected by the communities. The board did that. They said they would give us one more year, and then they would come back to look at the figures. Well, at the end of the year the board did come back to look at the new figures, and instead of there being four passengers getting on at Plunkett, there were only three. Instead of any improvement it was even worse, in spite of the fact that I had called in the heads of all these communities, the little chambers of commerce groups and so on, and had said, "Okay. You have a year now. Let's see what you can do to really improve the patronage of the railway in order to show that the railway is important to your communities." They had all agreed that they would do so. But, in fact, the figures that came in at the end of the year were even worse than those of the year before.

Consequently, when the hearings came there was a little bit of a whimper instead of a great cry, and the passenger service was eliminated. That is almost 20 years ago. Life has gone on, but it did hurt. I only cite that example to indicate the problems of a rail passenger service and of maintaining that service when perhaps more suitable alternative forms of transportation exist.

You know, sometimes statistics can really get you. On that Viva VIA train which came through our city a man by the name of Mr. Len Turple, a spokesman for the consumer lobby group Transport 2000, indicated that the "Supercontinental" last year carried more than 145,000 passengers between Winnipeg and Watrous, and 174,000 between Watrous and Edmonton. That would be through Saskatoon. Where Mr. Turple obtained his statistics I am not sure, but we then have a statistic given by the transport minister, who was quoted in the *Citizen* as saying:

> An average of 18 persons use the Vancouver to Jasper service every day—

That is the other end.

> —and this jumps to about 75 to 100 in the summer months.

So he suggested that it was hardly reasonable to run that whole train for the 100 people or so who would use it for three months of the year. What he does there, of course, is use the statistics relating to the people who get on in that area, and not the statistics relating to the through passengers. I presume that is what he has done, although again, as some people say, statistics are used by some people as a drunk uses a light post—more for support than illumination. When I look at the various statistics that are available, I find them very confusing. In the end, however, it seems to me that, unless there is a court injunction, the order will probably go through. As I say, it hurts, and yet it is understandable when we look at the overall transportation picture.

I would say, if this matter comes before our committee, that there could be some rather significant benefits, not in terms of the resumption of the transcontinental service, because it is probably beyond the power of our committee even to reactivate that—although I hope it can—but in terms of an improvement in the intercity service, because that really is important and it has been rather neglected by the railways. There is a need for improvement of time schedules. It is unbelievable how unrealistic many of the passenger schedules are in making connections with the main line, and providing the kind of service that customers should have, if they are to be attracted to using railway passenger service.

I even have another suggestion for Senator Riley when this matter comes before the Transport and Communications Committee. If things are so good on the "Supercontinental" during the summer months—and keep in mind that Jasper has been seriously affected by this cutback—then perhaps it would be feasible to run a second transcontinental during the three summer months. Perhaps it would fill right up, although it seemed to me as I listened to Mr. Pepin that the more passengers they have the more they lose. Again, it is like the businessman who said that every day he was open he lost money. Somebody asked him how he made a living, and he said, "Well, I close on Saturdays and Sundays." That may be the way it is with the passenger service—it seems to lose. The more passengers there are, the more trains have to be provided; the more trains, the more money seems to be lost on the bottom line.

Having said that to Senator Riley, I want to congratulate him again. I will vote for his motion. I wanted to express the concern of my area, and I thank honourable senators for listening to me this afternoon.

Motion agreed to.

STATUTE LAW (MILITARY AND CIVILIAN WAR PENSIONS, COMPENSATION AND ALLOWANCES) AMENDMENT ACT, 1980

CONSIDERATION OF REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—DEBATE CONTINUED

The Senate resumed from Wednesday, October 21, the debate on the consideration of the report of the Standing Senate Committee on Health, Welfare and Science entitled *They Served—We Care*, tabled in the Senate on October 20, 1981.

Hon. Jack Marshall: Honourable senators, I welcome the opportunity to respond to Senator Bonnell, who gave an excellent presentation in tabling the report entitled *They Served*—

We Care. His clear and precise presentation laid out in detail the background leading up to the Health, Welfare and Science Committee's inquiry into Bill C-40, and also its review of the inequities still remaining in the Veterans Charter, which the committee was able to do because there was the unanimous consent of the Senate to refer the annual report of the Department of Veterans Affairs to that committee.

Because one of the most important aspects of the committee's work embraced recognition of the veteran's spouse, I feel it is important to pay tribute to the lady members of the committee. Senator Bird, the deputy chairman, contributed, in my opinion, more than any other member. She wrote practically every word of the report. I commend also Senator Inman and Senator Rousseau.

Hon. Senators: Hear, hear.

Senator Marshall: To emphasize their strength in the committee proceedings, I will say that their contribution was the subject of an article on the work of the committee in the War Amputees Association publication *The Fragment*.

Honourable senators, I feel I should also record the appreciation of the committee for the efforts of the executive director of the War Amputations of Canada, Mr. Cliff Chadderton, who in his capacity as a witness represented the National Council of Veterans' Associations, which takes in about 12 strong veterans' associations across Canada. The expertise reflected in his evidence was, in my opinion, the highlight of our proceedings; and he is deserving of every word of praise, not only for his help to the committees but also for his continuing devotion to the veterans' cause.

● (1500)

The report, as is reflected in the title, is directed, to a great extent, to the lot of wives of disabled veterans. Certainly, the events leading up to Bill C-40—which finally recognized the spouse of the disabled veteran who died while in receipt of a payment of less than 48 per cent—showed that, until that point, upon the death of the husband the spouse was cut off without a pension. In its wisdom, while patting itself on the back, the government introduced Bill C-40, which recognized the plight of those widows, indicating that since the cost was so exorbitant they would introduce it, under a graduated scheme, over a period of six and a half years.

It was the feeling of the committee that this was unfair and discriminated against widows because of their husband's rated disability. It was this inequity, along with others, which prompted our motion. Subsequently, as a result of pressure during our committee proceedings, the then Acting Minister of Veterans Affairs, the Honourable J. Gilles Lamontagne, said the following in his evidence of March 31:

> As I mentioned, I realized very quickly that in Bill C-40 there were some discrepancies, and that was one of them. I felt there was an injustice to some of the widows who, as some people said, would die before they received any benefits from it. I told the Department of Veterans Affairs when I arrived that this is one thing they should look at right away—to evaluate the cost and see how we can do it. This has been done and it is in the finishing stages. I do not think I can be indiscreet in front of senators because they always know everything sooner or later, but we already set a date for the hearings—

Subsequently, the minister took as his objective the paying of these pensions immediately, rather than having them phased in over a period of six years. As honourable senators know, that obligation was fulfilled and resulted in the introduction of Bill C-82, which disposed of the phasing-in period, for which we are grateful.

Unfortunately, the minister and his government ignored or neglected again to recognize the further steps which should have been included in the bill—the long-standing recommendation of the House of Commons Standing Committee on Veterans Affairs, of the Royal Canadian Legion, of our committee and other organizations, that the pension be paid to the widow in double proportion to the assessed degree of pensioner's disability for those veterans who are in receipt of a pension of less than 48 per cent. It would have been fairer in recognizing the widow after the husband's death.

One of the most serious anomalies that exists within the charter concerns the wide variations in the schedules of rates for the disability pensioner and the war veterans allowance recipient with regard to the related benefits and the dependants' benefits.

Let us look at the widow of the deceased veteran who was entitled to the maximum widow's pension when her husband was receiving 50 per cent or more, and that amount was $608.60. To become entitled to that amount the widow's husband had to be receiving 50 per cent, and in this instance the two of them had to be receiving a pension of $507.16. So, on the veteran's death that widow was entitled to $608.60, or $101.44 more than she was receiving together with her husband. Indeed, the widow would receive after his death the same amount as a veteran and his wife are receiving from their disability pension of 60 per cent. Somebody in the Department of Veterans Affairs must have seen that a widow, whose pensioned husband had been getting 50 per cent, needed $101.44 more at present rates. This was only fair.

However, if we take the veteran who is in receipt of the maximum pension of 100 per cent and he and his wife are receiving $1,014 per month, upon his death his wife's pension, after the first month following his death, is reduced to $608.60, or $405 less. So, again, those experts in the department, in their wisdom, must have felt that that widow, who with her husband had been getting $1,014 a month, upon the death of the husband only needed $608. I grant that as a widow she does not need any more than another widow, but certainly, by all that is decent, she should be allowed a period of adjustment of more than a couple of weeks or a month, as the regulation states.

The discrepancy is more glaring in the case cited by Mr. Chadderton. In that case a veteran may, in addition to his 100 per cent disability pension, be in receipt of exceptional incapacity allowance and attendance allowance which, with his

wife's portion, would amount to over $1,400. After the death of such a veteran, for some reason or other, the widow drops, after one month, to $608, or a difference of $800. I wonder how those wise people in the Department of Veterans Affairs could ever recognize that this was fair.

This is not a new problem; it has existed since 1968. Here is what the Woods committee recommended and what the National Council of Veterans Associations said about this matter in 1968, 13 years ago:

> The existing provision to the effect that, on the death of a pensioner, pension and attendance allowance shall cease on the first day of the month following the death, represents another serious defect in Canada's pension legislation. This has been a subject of much concern to veteran organizations for a number of years and we are pleased to note the recommendations of the Woods committee to the effect that the widow would continue to receive pension at the married rate for one year, and attendance allowance for two months.

This matter had been a subject of much concern to veterans' organizations for a number of years preceding 1968. We are pleased to note the recommendations of the Woods committee, to the effect that the widow should continue to receive the pension at the married rate for one year following, and the attendance allowance for two months following, the death of her husband. This was the same national council as appeared before our committee and which, for years and years, asked for recognition of the widow. They concluded their remarks by saying:

> It seems neither reasonable nor humane to reduce the pension income without giving her an opportunity to re-arrange her finances to meet the new circumstances.

They singled out those two recommendations to emphasize the inadequacy of the legislation in an area which, at the time, warranted the fullest possible sympathy and consideration—that is, the care of a pensioner's widow immediately following her husband's death.

The other serious anomaly is the variation between the allowances under the WVA, CWA and the Pension Act. There is a gap there which is getting out of proportion. Let me explain the War Veterans Allowance Act, which was introduced in 1930. It grants allowances to veterans and their families, based on an income test, that are paid because of age or incapacity or because the veteran is unable to work or has insufficient financial resources. It is a good act. Whoever introduced this act, regardless of party stripe, deserves full marks. At the present time, under the War Veterans Allowance Act the veteran is entitled to an allowance of $752.30 a month at the married rate. I do not know whether that figure is above or below the poverty line, but by today's standards it seems reasonable, though, it is probably below the poverty line and should be improved.

However, those receiving disability pension for a wound or a disability caused during war, battle or while in service receive a pension on a graduated scale of between 5 and 100 per cent, depending on the degree of disability under present rates. So the veterans' allowance recipient now receives almost the equivalent of a disability pensioner at 75 per cent, and certainly the disability pensioner is disabled because of a serious wound or condition. Furthermore, the WVA recipient is entitled to all drugs, while the disability pensioner is only entitled to drugs related to his condition. These provisions are all outdated. Some disability pensioner may be suffering from a new physical condition which is a direct result of his wound, and yet he will not receive the drugs.

● (1510)

The widow of the war veterans allowance recipient is protected after his death for 12 months, during which period she receives the sum of $752.30. She then receives the single rate of $446.09 for life, which sum is increased every three months. Not only is she protected, but she receives $150 more than the disability pensioner who is receiving the full widow's pension, and more than the widow of the 100-per-cent disability pensioner who is receiving, together with her husband, over $1,000 per month, which, after the death of the disabled pensioner, is reduced almost immediately to $608.

While everyone is concerned and is appreciative of the benefits to the war veterans allowance recipient and his wife, is it not complete hypocrisy for the government to deny the widow of the veteran with complete disablement the same recognition of adjustment as the widow whose husband had the lesser degree of disablement?

Once upon a time veterans were employed in the department to look after veterans' affairs, and I am wondering whether the new management-by-objectives system gives the same recognition to the service of World War I and World War II veterans and those who served in Korea.

Honourable senators, I now turn to the problem of the delays in the processing of pension applications, which is commonly referred to as the "backlog." This is certainly not a new problem, since it has persisted over the past 10 years or more. The creation of the backlog came about, first, as a result of the Woods committee report. That committee was commissioned by the then minister in 1965 to survey the organization and work of the Pension Commission.

In short, one of that committee's recommendations gave to every veteran who had previously applied for a pension and had been turned down, the right to re-apply. He was able to re-apply as many times as he wanted to, provided he could produce new evidence. Naturally, this resulted in thousands of renewed applications and a heavy burden on the commission. Therefore, it followed that a build-up of unattended applications would occur, and it did.

I say again that the problem is not a new one. It has been the subject of countless questions, representations and debates over the past 10 years in and out of Parliament. Even before the Woods committee report, which recommended the new process, this problem existed.

I could quote the many questions which have been asked in the other place and in this chamber regarding this matter, but

instead I would refer to a document which my party produced prior to the 1974 election. By doing so, I am in no way bragging that my party recommended a correction; I do so only because this subject was documented at that time. In March 1974 the following appeared in the PC policy paper:

> We would take immediate steps to provide administrative and support assistance to the Canadian Pension Commission, the Pensions Review Board, and the Bureau of Pensions Advocates. This would be done by decentralizing the Pension Commission and strengthening district offices with regional commissioners, medical and administrative support staff. We would also, in consultation with veterans' organizations, review the present procedures in order to speed up adjudication.

Honourable senators, this was stated seven years ago, but nobody listened.

I would also put on the record a letter I received from the chairman of the Pension Commission, Mr. Allan O. Solomon, who recently retired but who is retained on an advisory basis. I received this letter in reply to my letter of November 23, 1979, when I complained about the length of time it took to process applications. The letter reads as follows:

> Please refer to your letter of 23 November in which you commented on the matter-of-fact way in which "time" is treated. Problems relating to time are always a matter of concern. As you know, a considerable amount of investigation and work must be done with respect to every application for pension, whether it is at the First Decision level or Entitlement Board level. Depending on the volume in front of us at any given time, the availability of experienced personnel to deal with the applications and the research needed, the claims may be dealt with at the first level from three months to as much as 15 months. The average length of time is currently about 6½ months although there were times when it was less and earlier times when it was much more.

I understand that, under present conditions, 6½ months is a very short period of time. However, this was the situation on December 3, 1979. The letter goes on to state:

> Similarly with the preparation of Statements of Case. The law requires that each such statement contain all the evidence relating to the case that is available on our files, the citation of all legislation relevant to the claim, the Commission's interpretation of the law relevant to the case, including any policy applicable to it, and a medical precis of the case including any medical opinion expressed thereon by any medical practitioner whose opinion was sought by the Commission. It now takes us some six months to prepare the average required statement. At one time it took as much as 18 months to prepare a Statement of Case. That time was eventually reduced to about four months a year ago, but has crept up to six months. I would hope that before long we will be able to effectively reduce the preparation time once again.

[Senator Marshall.]

I may be boring some honourable senators, but I should like to build up a case to show that many things caused the delays in the adjudication of pensions, of which I will speak a little later.

At this point I would indicate what the National Council of Veterans Associations said about the Pension Commission, which was getting all the blame. In a brief, the association said:

> It would be difficult to be critical of the Canadian Pension Commission, having regard for first-hand knowledge of the achievements of the Government Agency, which arose out of the major amendments to the Pension Act recommended by the Committee to Study the Work and Organization of the Canadian Pension Commission (the WOODS Committee). These amendments created an almost inhuman work load.
>
> In the main, the complaints from the member-associations have concerned the delays in adjudication. It has been the consistent viewpoint of National Council that this situation has been created primarily by the heavy influx of new applications and new appeals. It is understandable that there should be a rather heavy turnover in Commissioners, and in this respect it is our view that the Chairman has, through effective management, gotten the highest performance possible, from this group. From our certain knowledge, the problems have been created at the staff level and this may well have several causes—

Honourable senators, the companion agency of the Pension Commission, the Pension Review Board, indicated in March of this year that, as a result of improvements in the staffing of the Pension Review Board, the adjudication of pensions and the processing of applications were now proceeding on a reasonable basis and would be for some time after the changes in the legislation which had caused many of the delays.

We should keep in mind that, as a result of the Woods committee recommendations, new legislation such as the Compensation for Former Prisoners of War Act, and the operation "service" of the Legion, thousands of new applications were received. The introduction of the provisions of Bill C-82, concerning the proportion of pensions for widows, will also encourage many more applications and ensure that more criticism will be aimed at the Pension Commission. We must also bear in mind that the relocation of the department to Prince Edward Island will certainly slow down the processing of claims.

This evidence indicates that the problems arose as a result of changes in policy and the systems laid down. The action being taken to correct the problem is not as a result of the sensational W5 program which appeared on television a couple of months ago; it was brought about by the persistence of veterans' organizations and interested MPs and senators. Certainly, the inquiry by the Standing Senate Committee on Health, Welfare and Science did not hurt the cause. It probably helped the cause because of our proceedings, and the witnesses we heard.

● (1520)

I do not absolve the government of blame either. I feel that they should never be forgiven for failing to act sooner on the advice of interested parties. I refer to the Statements of Case. This only means that the government needs more clerks and typists to type up the case. There is the "benefit of doubt" clause, which was never interpreted flexibly, and the evidence which had to be sought because a veteran who applied for a pension could not give evidence and had to find a buddy to verify his story.

There is a clause in the Pension Act which gives the veteran the benefit of the doubt if the evidence is uncertain, but it certainly has not been recognized. It would appear that, as a result of the efforts of the committee, this situation will improve.

Another recommendation put forward by the committee has to do with the basic rate of pension. Veterans' organizations would, if this recommendation were accepted, no longer have to go through the agony every three or four years of begging the government to increase pensions to the level of parity with the composite group in the Public Service. At the moment, the Pension Act provides for escalation based on the Consumer Price Index. This does not represent an actual increase but merely keeps the purchasing power in line year after year. Secondly, the approach of veterans' associations is one of principle—that is, that the pensioner should be entitled to an annual escalation based on either the Consumer Price Index or wages for the composite group of the Public Service, whichever is greater. This particular recommendation could be adopted and put into effect on January 1, 1982 at no increase in cost to the government, because the wages for that composite group are, in fact, some $540 less than the amount paid a new pensioner. However, with new collective bargaining starting for the Public Service, the need for entrenching this in the legislation is even greater.

Under the War Veterans Allowance Act, it seems ridiculous at this stage that a veteran, who happened to leave the country to live in England or in the United States for health purposes, is required to return to Canada to qualify for his pension. He must reside in Canada for 365 days, even though as soon as he comes back he is entitled to receive that allowance.

I have received a letter dated October 14 from a fellow who has just had a heart bypass operation. He cannot work now, and wants to know whether he is entitled to a war veterans allowance. In order to qualify, he must move from New York to Canada. As soon as he gets here he can start collecting his war veterans allowance, but in order to be with his family he will have to bring them with him to Canada at great cost.

I shall not be much longer, honourable senators, but I now wish to deal with the final recommendation of the committee. In our discussions with the minister, it was recommended that because there are still many anomalies and inequities in the act, a committee should be set up to review the inequities which I mentioned, and which Senator Bonnell mentioned. These have to be dealt with. There is no reason why our committee could not continue to deal with those matters on the advice of people such as Mr. Chadderton and Mr. Solomon.

Finally, after 40 or 50 years, we should have legislation that should have been perfected 10 or 15 years ago, and we could then repay our commitment to our veterans.

After reading the committee's report, I received a letter from someone who stated:

> This has reference to my comments regarding the report of the Standing Senate Committee on Health, Welfare and Science entitled "They Served—We Care."
>
> I think this title will become a classic. We have reached the point in time when the World War II veterans are having to leave their work in Veterans Affairs.
>
> The task will be taken on by younger staff and I believe the average age of the departmental people now must be somewhere about 30 or 35. If they latch on to this slogan—They Served—We Care—it will be extremely helpful.

I think it is up to us to ensure that this is so, to ensure that the work goes on in the Department of Veterans Affairs, and, to ensure that the veteran is cared for—the veteran who is now between 60 and 100 years old.

A journalist working for the *Globe and Mail* a few years ago, in a column entitled "Let's Abolish a Few", stated that the Commonwealth National War Graves Commission in the Department of Veterans Affairs should be abolished. I do not know how old that fellow was, but if he had gone to Europe to see the money spent on the war graves located in Europe, the graves of lads who were only 17 or 18 years of age, the same age as he probably was, perhaps he would change his mind. He wants to deny care to those graves, the graves of those who sacrificed their lives for Canada. He also wants to abolish the Army Benevolent Fund, which looks after the poor and indigent who cannot qualify for any other benefit. He wants to eliminate the Pension Review Board, which we are dealing with right now, which must ensure that the veterans are cared for and that their applications for pensions are looked after.

This is the type of thing we must guard against. We must ensure that Canada fulfills its commitment to her veterans for as long as they live.

On motion of Senator Bird, debate adjourned.

NORTH ATLANTIC ASSEMBLY

TWENTY-SEVENTH ANNUAL SESSION, MUNICH, WEST GERMANY—DEBATE ADJOURNED

Hon. M. Lorne Bonnell rose, pursuant to notice of Thursday, October 22, 1981:

> That he will call the attention of the Senate to the Twenty-seventh Annual Session of the North Atlantic Assembly, held at Munich, Federal Republic of Germany, from 11th to 16th October, 1981, and in particular to the discussions and proceedings of the Session and the participation therein of the delegation from Canada.

He said: Honourable senators, from October 11 to 16, 1981, I had the privilege of representing the Government of Canada at the Twenty-seventh Annual Session of the North Atlantic Assembly at Munich in the Federal Republic of Germany. At this annual session, Mr. Leonard D. Hopkins, M.P. headed the Canadian NATO Parliamentary Association delegation, and also did an excellent job of co-ordinating the work of the committee and assigning us to specific committees to ensure that the Canadian Branch of the North Atlantic Assembly was represented at all committee meetings.

During the meetings, the following committees were set up: Economic Committee, Committee on Education, Cultural Affairs and Information, Military Committee, Political Committee, and a Scientific and Technical Committee. I had the honour to represent the Senate on the Scientific and Technical Committee. The House of Commons was represented by Mr. Ian Watson, M.P., who was the general rapporteur; Mr. Thomas H. Lefebvre, the special rapporteur on Energy Alternatives, prepared by the Special House of Commons Committee on Alternative Energy and Oil Substitution; and the Honourable Alvin Hamilton, M.P.

Since other members of the delegation will likely speak concerning their specific committee, I will confine my remarks to the Scientific and Technical Committee.

On this committee we discussed such topics as Alliance energy problems, update on transfrontier air pollution and microwave radiation, the work of NATO's Science Committee and of NATO's Committee on the Challenges of Modern Society (CCMS), and the future prospects for the space shuttle and other space activities. I will restrict my remarks mostly to the space shuttle and its importance to the alliance and future science technology.

● (1530)

As you are well aware, a new era in space was heralded by the successful launch on April 12, 1981 of the world's first manned reusable space transport system—the space shuttle—which promises a revolution in the exploration and use of space.

The shuttle is a spacecraft with vast potential. Its extreme versatility offers enormous possibilities for novel and wide-ranging scientific, industrial and military applications in space.

It is anticipated that within 10 to 15 years a regular shuttle commuting service will be operating between earth and space and, as well as launching, repairing, retrieving, refurbishing and realigning all kinds of satellites in space, it will carry the building materials for constructing permanent space stations for living and working in space for many conjectured purposes, including, possibly, the erection of satellite solar power stations which would trap the energy from the sun and beam it to earth as microwaves for conversion to electricity.

The space shuttle also offers in-space experimental facilities for laboratories and perhaps small automated factories where industry could use the microgravity environment of space to manufacture pharmaceuticals, metals and crystals of almost perfect purity. There are also plans for the placing in orbit and servicing of a giant unmanned optical telescope capable of viewing light from sources up to 14,000 million light years away and expanding the known volume of the universe 350 times.

Above all, however, it is the military significance of the shuttle that is important. About 40 per cent of the shuttle missions up to 1987 will carry military payloads and, in the longer term, the American Department of Defense share of the total cost of shuttle missions will be about one-third. The American Department of Defense is planning to spend over $500 million on shuttle research and development in 1982.

A further major feature of the shuttle is its apparent economy as a launch vehicle based on plans to reuse each orbiter vehicle for 100 missions, and so avoid the prohibitive capital costs of expendable rocket launchers.

As far as comparative launch costs are concerned, a single payload on the currently used Delta 3914 rocket with its 5,733 pounds of lifting capacity costs $22 million, rising to $25 million from 1982. The European Space Agency Ariane launcher, with a 10,580 pounds of payload lifting capacity, costs between $25 million and $50 million, depending on whether one or two payloads are launched on a single flight. The cost of an entire payload, however, in the space shuttle with its vast 65,000 pounds of cargo carrying capability, is expected to be about $35 million in 1982.

These figures, comparing launch costs and payload lifting capability, show a considerable cost advantage in favour of the shuttle. The significance of this can be realized from the fact that the satellite launch market is estimated to be worth about $5 billion over the next nine years.

It is hoped that the shuttle will eventually be able to reduce the overall average payload cost to about $300 per pound. This figure, however, currently depends on an average of at least 25 flights per year.

Plans are now under way to have 34 shuttle launches between now and 1985. You might well ask: What is the application of the space shuttle and what benefit will it be to scientific and industrial development?

During the 1990s, when the shuttle will be commuting between earth and space on a regular weekly basis using four solid rocket boosters to carry very heavy payloads—up to 100,000 pounds—it is considered feasible that astronaut crews and equipment will be carried into orbit to build and maintain large orbiting communication satellites, solar power stations and automated factories where industry will use the environment of space to make things that are difficult or impossible to make on earth.

Space is free from vibration, provides a near perfect vacuum and is, of course, gravity-free. This condition of weightlessness or microgravity means that convection currents do not exist so that neither low density nor heat causes warmer, or less dense materials to rise or flow; on the other hand, cooler or denser materials will not sink. Therefore, it is much easier to separate the different parts of a liquid, and keep them separated, in space than on the earth. This means that pharmaceutical

substances such as drugs, vaccines, hormones and enzymes of almost perfect purity could be manufactured in space.

This purity factor is very important in the preparation of antibiotics whose adverse side effects are usually due to impurities. An important example of this is the possible preparation of an anticoagulant drug made from urokinase—an enzyme produced by about 5 per cent of the kidney cells—which dissolves clots in the blood almost immediately, and is of immense medical value to treat victims of heart attacks, strokes and vein inflammations.

On earth it is very difficult to extract the enzyme-producing cells from the kidney tissues. In space, however, the cells in a liquid suspension with other kidney cells can be isolated by electrophoresis, which entails passing an electric current through the cells and separating them according to their electrical properties. Another similar application could be used for isolating beta cells, which control the body's absorption of insulin, from the pancreas. A pure concentration implanted into a diabetic could possibly enable the sufferer to generate and use his own insulin.

The absence of convection and sedimentation in space also allows a process which is the opposite of obtaining pure substances by separation. It makes possible the mixing of molten or powdered metals with widely differing densities such as aluminum and lead. Thus, new alloys of materials which, on earth, would separate in melted or sintered form can be prepared in space. It has been estimated that up to 400 completely new alloys could be produced by orbiting space foundries.

Pure metals, also, can be melted and cooled without the influence of gravity. As their atoms and molecules would tend to line up with more perfect regularity, this would mean structurally stronger metals and steel magnets six times more powerful than any now known to man.

Superior semiconductors may also be possible by space manufacture, in stabilized conditions, of larger and more perfect crystals than is possible on earth. A ten-fold increase in quality is expected to result from microchips grown in orbit.

The problem of making pure glass on earth is that the mold or container often contaminates the glass which is being produced. In space, however, glass can be melted and solidified while hovering, and need not come into contact with any surrounding surface. This means that glass of ultrapure quality can be produced for high technology optical systems, including lasers.

● (1540)

The industrialization of space resulting from the successful preparation of pharmaceuticals and materials processing will be enhanced by initial research undertaken in complete scientific laboratories carried aboard the space shuttle.

The ninth or tenth mission of the shuttle, scheduled for June 1983, will include the first of these so-called space laboratories which is a manned orbital laboratory designed to fit precisely into the payload cargo bay of the orbiter vehicle and to perform wide-ranging scientific, industrial and technological research in the low-gravity, high-vacuum environment of space.

Spacelab missions will comprise mainly intensive, short duration experiments, aimed at complementing the long-term observation programs of orbiting satellites, and will include studies of the sun and solar wind, comets and high energy radiation from distant regions of the universe; measurements of the earth's electromagnetic environment and upper atmos experiments in space; experiments in space processing of industrial and biomedical products; studies of the effect that conditions in space have on humans, plants, animals and cells; and the testing and calibration of sensors which will be used in earth-survey satellites.

In 1984 or early 1985 a space telescope will be launched—the most powerful telescope ever built and one of the few genuinely scientific applications of the space shuttle program.

The space telescope is an unmanned, multipurpose, optical telescope observatory which, from an orbit height of 312 miles, will get sharper images by avoiding the distortions caused by the earth's atmos experiments in space, including shifting air currents, stray light and the airglow—all of which limit the capabilities of earth-bound telescopes.

The space telescope will be capable of seeing objects 50 times fainter than ground-based telescopes, and it will also look farther into space and therefore in time—14,000 million light years as opposed to the 2,000 million light years possible from earth.

It will be used to search for planets orbiting stars other than the sun, to view the early stages of star and solar system formation and many other astronomical applications, including offering more precise information on the origin of the universe.

The space telescope will cost about $750 million to construct and it will be under remote control from the Goddard Space Flight Center, Maryland, U.S.A. It has a design life of 15 years and will weigh 24,000 lbs., with a length of 43 feet and a diameter of 14 feet.

The main mirror of the telescope is 94 inches in diameter and 13 inches thick. The pointing and stabilization control system can point the telescope to an accuracy of 0.01 arc second or 1/36,000 degrees and can hold a target for extended periods within 0.07 arc second.

One of the most widely discussed applications of the shuttle has been in assisting in the assembly and construction of an orbiting satellite solar power station which, unhindered by bad weather or limited sunlight, could generate a steady stream of energy from space to earth.

This space structure would transmit microwaves from orbit to a ground receiving station which would convert the microwaves to electrical energy and be capable of generating 5 million Kw. of power.

It is estimated that the power generation costs could be halved by using solar power stations, but it is felt that "effects such as microwave radiation will continue to require study."

A shuttle application foreseen for the 1990's is the public service platform, which is a communication system orbiting the earth and consisting of a group of high-powered antennae and transmitters for radio, television and data processing, each operating on a different frequency but sharing the same control system.

The advantage of the public service platform is that it would reverse the present position, in that equipment on the ground need only be small and simple, whereas the bulky broadcasting and relaying equipment would be in orbit.

People could then have wrist radios and could communicate with one another all over the world via the public service platform. Other applications could include wrist television, an electronic global mail service, holograph transmissions and disaster warning and search and information services. The public service platform would probably be carried in parts by the shuttle for assembly and then lifted into high orbit for operation.

It is also planned to launch interplanetary spacecraft. One such mission is the Galileo Jupiter orbiter/probe planned for shuttle launch in 1985, which will send a probe to study the atmos experiments in space of Jupiter by dropping a capsule to a level where the pressure is 10 times greater than on earth. Information from the capsule will be relayed to the mother spacecraft which will orbit the planet for about 20 months observing the higher atmos experiments in space of Jupiter.

Military interest in space has increased rapidly in recent years and earth orbit is rapidly becoming another theatre for routine military operations where both super powers are putting more and more military devices on to satellites each year.

These devices are currently used for intelligence—that is, the location of troops, missiles, industrial and military targets; arms control verification; interception of radio messages and radar emissions; prediction of weather—planning for offensive and defensive operations; navigation—to allow surface ships, submarines and aeroplanes to determine their precise positions; early warning of enemy missile attack and communication.

An enhanced future military use of space has been widely predicted, including space defence, anti-satellite devices and space laser weapons, and any future war between the super powers might well be decided by which side makes the best use of its space war fighting capabilities.

The Soviet Union spends at least twice as much on its military activities in space as it does on its civilian activities. In 1980, for example, while the United States was launching 12 satellites, the Soviet Union made 89 launchings, of which 81 were for military purposes, and three of these launchings each placed eight satellites in orbit for communications purposes.

This compares with a total of 74 military satellites launched in 1979. Up to the end of 1976 Soviet military satellite launchings had exceeded United States efforts by almost 50 per cent, mainly due to the preponderance of photographic reconnaissance and communications satellites. On the other hand, the United States had launched more early warning and geodetic satellites. The significance of early warning has been accepted by the Soviet Union, and in 1980 they launched five satellites, the highest yearly launch total for this purpose.

The military use of space is, in fact, proscribed by the 1967 Outer Space Treaty signed by the United States, the Soviet Union and over 70 other countries. The treaty declares outer space, including the moon and other planets, a zone of peace.

The shuttle appears about to give the United States an overall strategic military advantage over the Soviet Union. An estimate prepared by the Rockwell Corporation considers that within four to five years the United States could deploy a partial space defence system based on technology developed for the shuttle, together with high-energy laser weapons. There is no doubt that the shuttle opens up considerable opportunities for military exploitation of space.

• (1550)

The space shuttle has the ability to place in orbit, more economically and more efficiently, satellites of all kinds, including reconnaissance and early warning, communications, meteorological and navigation satellites.

Its huge payload capacity, manoeuverability and capability make the shuttle an ideal launch vehicle for very large, sophisticated and complex satellites.

The U.S. Department of Defense intends to replace the highly sensitive "Big Bird" reconnaissance satellites, which have been operational since 1971, with heavier, shuttle-launched satellites which can be returned intact to earth and re-used.

A new type of early warning aircraft detection satellite—the "Teal Ruby" space infra-red sensor system—is due for shuttle launch in 1983. This system is a single axis scanning radiometer with 95 detector elements arranged in 12 linear arrays, with each array sensitive to a different part of the electro-magnetic spectrum. The "Teal Ruby" will eventually replace or augment ground based surveillance systems currently in use.

Also being prepared for shuttle launch in 1983 is a laser communications measurement unit in space called "Lasercom" which is a satellite-to-satellite, or satellite-to-aircraft, communications link with high data rate transmission, increased transmission security and greater jam resistance.

The U.S. Navy's transit navigational satellite system is due for early replacement by the shuttle which will provide world-wide navigational information to aircraft, ships, ground vehicles and personnel, with position accuracy of about 30 feet and speed accuracy of one-tenth of a mile per hour. Receivers will be installed in tactical aircraft, bombers and fighters, submarines, missile systems, (ICBM's, SLBM's), ground vehicles, and carried by individual troops in backpacks. The NAVSTAR system will also help to improve the accuracy of artillery and night bombing.

The shuttle will also be used to launch into space 12 communications satellites to replace those in the defence satellite communications system which provides world-wide communications for fixed ground stations.

Satellites can be lifted out of, or hauled into, the cargo payload bay of the orbiter by a remotely controlled manipulator arm system. The manoeuverability of the orbiter allows it to get close enough to an enemy satellite to allow the manipulator arm to retrieve the satellite for inspection, dismantling, immobilization or destruction.

The same capability allows the shuttle to retrieve damaged or faulty "friendly" satellites, either for return to earth in the cargo bay or for repair and reprogramming in space.

The feasibility of in-space satellite repair may well be tested on the next flight of the shuttle. Apparently, the Solar Maximum Mission, launched in February 1980 to study solar flares during the peak in the current 11-year cycle of solar activity, has lost its ability to point accurately at the sun because of a simple fuse failure in the attitude control module.

The Solar Maximum Mission is, in fact, the first satellite to use a "multimission spacecraft bus" with subsystem modules specifically designed to be replaced in space in the shuttle's open cargo bay unit by shuttle crews.

If this project is undertaken, the operation will probably entail the shuttle rendezvousing with Solar Maximum in the spacecraft's anticipated orbit of approximately 300 miles. The shuttle's remote manipulator arm would attach to the grapple connector built into the satellite and lift Solar Maximum onto the flight support system of the shuttle, where either the remote manipulator arm or an astronaut on a spacewalk, or a combination of both, would remove the faulty module, replace it with a new one, check the system and finally return the Solar Maximum satellite to orbit again using the manipulator arm.

Honourable senators, the capabilities and the scientific possibilities of the space shuttle are enormous. In light of the fact that the Soviet Union, which invests about $100 million annually in X-ray and gamma ray laser research, may be significantly ahead of the United States in directed energy weapon development for ballistic missile defence and, following the announcement in March 1981, that they had successfully tested a killer satellite, possibly using a laser homing device, much attention has been focussed on the space shuttle's future role in space warfare using laser systems.

Realizing that the space shuttle is again making a mission to the orbiter in the next few days, I believe that it would be to the advantage of the Canadian government and Parliament to send one or more representatives from the science committee of the Senate and the House of Commons to view the shuttle take-off, to see first hand the tremendous scientific and research capabilities for the future advancement of science and the increasing military use of the space shuttle and orbiter for the protection or destruction of mankind.

Honourable senators, I would like to spend more time telling you of further research and development in microbiology, molecular manipulation, the dangers of microwave emitting products and the dangers of long- term occupational exposure to low levels of microwave radiation. There are studies taking place today in France on lighter-than-air aircraft, and in the United Kingdom concerning contaminated land. There are studies on air pollution control strategies being carried out by the Federal Republic of Germany, a study in Canada concerning man's impact on the stratos experiments in space, and many other such interesting studies around the world.

I think it is a necessity that we, as parliamentarians, take part in these discussions and studies and be able to report back to our respective parliaments on the great advances in science and communications technology, genetic manipulation and space technology.

Hon. Andrew Thompson: Honourable senators, I wonder if I could ask Senator Bonnell a question.

Before doing so, I would like to congratulate Senator Bonnell on a fascinating, detailed and erudite explanation of the "Star Wars" era that we are moving towards.

I was interested in your reference to the fact that satellites were being used for intelligence, and also for military purposes. You mentioned that there had been 89 launchings by the Soviet Union, and I was wondering whether there was any evidence that the Soviet Union is arming these satellites with missiles. Secondly, you mentioned that at the end of a four-year period the United States would have X-ray weapons—laser and gamma—and you referred to an aerospace treaty involving over 70 countries. I did not completely catch what you said, but I think you said that the basis of the treaty was that space would be used for peaceful purposes. Does it, however, actually outlaw the use of destructive weapons based on satellites?

Senator Bonnell: Honourable senators, no, I do not think that that treaty outlaws the use of laser beams, and so forth, in space; but it is an agreement among those 70 countries, including the United States and the Soviet Union, that declares outer space a zone of peace. I think the treaty is really outdated in the light of the technology we have today, and some consideration should be given by parliamentarians across the world to expand the treaty and make it even more tightly protective of the peoples of the world who might very well be destroyed. I do not really think that the treaty as it is today is strong enough to stop the use of such things as laser beams in outer space. It is, however, strong enough that there should not be a war in outer space.

● (1600)

Senator Thompson: May I ask if there was any discussion on whether there was evidence of the Soviet Union actually arming satellites with missiles?

Senator Bonnell: There was some discussion but, as you know, it is difficult for the western world to find out just what the eastern world is doing. There seems to be an Iron Curtain there. We anticipate that they are doing a lot of things. They

are certainly spending a lot of money and are making a lot of missions into space. However, they must use different rockets in each mission. They do not have a shuttle which can be used over and over again. It is our feeling that the western world will probably advance more quickly than the eastern world because of the economics of using the same shuttle repeatedly.

Hon. Paul Yuzyk: Honourable senators, I move the adjournment of this debate on the understanding that I shall definitely speak tomorrow.

On motion of Senator Yuzyk, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, October 29, 1981

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

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Agreement between the Government of Canada and the Government of the Province of British Columbia, dated September 25, 1981, pursuant to section 20(3) of the *Royal Canadian Mounted Police Act*, Chapter R-9, R.S.C., 1970.

Public Accounts of Canada, Volumes I and III, for the fiscal year ended March 31, 1981, pursuant to section 55(1) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

[*Translation*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Léopold Langlois: Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until next Tuesday, November 3, 1981, at 8 o'clock in the evening.

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

Hon. Senators: Agreed.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, we could hardly have refused permission to proceed with this motion, considering the substantial number of measures that are before the Senate—very urgent ones, there is no doubt about that. However, for the record, I should appreciate it if the Acting Deputy Leader of the Government in the Senate, Senator Langlois—we are very pleased to see he has resumed his former duties—would tell us why it is so urgent for us to sit next week?

Senator Langlois: Honourable senators, I wish to thank the Leader of the Opposition for his words of welcome upon my resumption of my former duties, but I must add it is only temporary.

Regarding his question on the need for sitting next week, I should like to point out that it is necessary as a matter of principle and is also desirable that this Chamber should sit while the other Chamber is in session.

First of all, there is a possibility that tomorrow, in the other place, they will be considering Bill C-48 and three other non-controversial bills; I believe that there is ample justification for our presence in this Chamber next week.

Senator Flynn: In any event, Senator Langlois' words are supported by the fact that we see so many ministers here today.

• (1410)

[*English*]

Hon. Lowell Murray: Honourable senators, for what reason does the acting deputy leader believe the Standing Senate Committee on Banking, Trade and Commerce will have completed its study of the subject matter of Bill C-48 by the time he suggested? Has he had any indication of that kind from the chairman of that committee?

[*Translation*]

Senator Langlois: I shall answer my colleague, Senator Murray, that in politics, optimism is the secret of success; in fact, that is why we are always on this side of this Chamber!

Senator Murray: The Acting Leader of the Government knows perfectly well that the Senate has given this committee a sufficiently broad mandate to cover the entire energy policy of the Canadian government. Now, I find it very strange that the government expects the committee to finish this very important business within a few weeks.

Senator Langlois: In any case, as I said earlier, honourable senators, Bill C-48 is not the only bill to be considered tomorrow in the other house. There are three other non-controversial bills which may also be attended to in the other place, and I feel these three bills are sufficient reason for us to return to the Senate next week.

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I would also add that next week could well be a very historic week on Parliament Hill in light of the scheduled constitutional discussions involving the First Ministers. It seems to me that every parliamentarian would wish to be present in this city during the time of those discussions.

Senator Flynn: On the contrary, I believe that we should all be away so as not to impair the possibility of a compromise and so as not to provoke the Prime Minister's instinct for provocation and confrontation.

Hon. H. A. Olson (Minister of State for Economic Development): We on this side would be helpful.

Senator Flynn: You do not need to be in this chamber to be helpful.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE CABINET

SASKATCHEWAN—LOCAL OFFICES OF HON. HAZEN ARGUE, P.C.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I would like to begin—perhaps I am continuing—in a light vein. I have in my hand a communiqué wherein the Minister of State for the Canadian Wheat Board—and I am glad to see he is present—describes himself as the minister of the national government responsible for Saskatchewan.

An Hon. Senator: Is that what the order in council says?

Senator Flynn: I do not believe that it can be found in any order in council. The minister's official position has never really been made clear. In any event, he is a member of the cabinet, and that is the main problem, or, I should say, the main consideration.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I can agree with you on that.

Senator Flynn: I withdraw the word "problem". The problem is not for the people of Canada, but for the cabinet. In this communiqué the minister tells us that he has opened a new office in Saskatoon. He already has an office in Regina.

Hon. Duff Roblin (Deputy Leader of the Opposition): Prince Albert is next.

Hon. Martial Asselin: It is expensive for the taxpayer.

Senator Flynn: Could the minister tell us whether he appears at those two offices and, if so, at what times? If the minister wishes to be sure that all residents of Saskatchewan have equal access to the minister, then he himself should be there occasionally, rather than relying on his special assistant. I would like to know the minister's schedule, and I am sure that it would be very helpful to the people of Saskatchewan if they knew when to go to Saskatoon and when to go to Regina, or whether they should press on and perhaps go to an office in Prince Albert or another centre.

● (1415)

Senator Argue: Honourable senators, I am very interested in the question posed by the Leader of the Opposition in the Senate. Senators work under great difficulty in representing their provinces—

Senator Flynn: You mean to say "ministers".

Senator Argue: No, I mean to say "senators".

Senator Flynn: I see.

Senator Argue: —because senators do not have the facilities available to them in their home provinces that are enjoyed by members of the other place. However, that is not the question put by the Leader of the Opposition.

Yes, I have an office located in Saskatoon and an office located in Regina. I have a special assistant working in each of those offices. Those offices are used to quite an extent by citizens of Saskatchewan who wish to make inquiries of the government on many subjects.

Just before I came into the chamber today, I had a call from my office in Regina saying that people had been into that office to ask certain questions about the Department of National Revenue. It is really a service that is there for the people of Saskatchewan. However, I am not in Saskatoon or Regina when I am in Ottawa.

I seem to be in Saskatchewan almost every weekend. I was in my office in Saskatoon, which is a Government of Canada office, last Friday and Saturday. I was in my office in Regina on Monday of this week, and I will be in my Saskatoon office again this weekend.

The hours are irregular and, in a sense, not satisfactory because I cannot be there as much as I should like to be, but almost every day I am in one of the three offices.

Senator Flynn: You have two offices in Saskatchewan and two in Ottawa. That makes four offices altogether.

Senator Argue: Well, not really.

Senator Flynn: Don't you have two in Ottawa?

Senator Argue: I do the best I can, and I am out in those offices some of the time. If there were more hours in the day, or more days in the week, I suppose I could be out there even more than I am.

Hon. R. James Balfour: May I ask a supplementary question of the minister? In light of his sympathetic attitude towards the difficulties his Senate colleagues from Saskatchewan operate under in terms of representing regional interests in the province, I should like to ask whether the honourable senator would be prepared to make available to me, for example, some space, telephone and secretarial facilities in his office in Regina so that I, too, may discharge my responsibilities to those in Saskatchewan who might prefer to consult with a senator from this side rather than a senator from the other side.

Senator Argue: I do not think I could encourage my honourable friend in that respect. I think it would really be unprecedented to have a member of the opposition party sitting in a minister's office.

I sympathize with the general request of the honourable senator, and I do think those kinds of facilities should be made available to members of the Senate. It is going a little too far to make available a minister's office, but I would be happy to make inquiries on office space, if my honourable friend is serious and wants office space in a government building in Saskatchewan for the purpose of performing his duty as a senator. As I have just said, I would be most happy to make inquiries to see if something can be done. It might create a good precedent if something could be done. I do not know if anything can be done, but I would like to promote that. I think it would help senators from both sides of the house if they had access to an office with telephone and secretarial facilities within their home provinces in carrying out their duties and responsibilities.

• (1420)

Hon. Jack Marshall: How about a sublet?

Senator Flynn: I suppose we should waive consideration until the government has decided on the budget cuts that were talked about in Toronto last night.

As a supplementary question, and not particularly addressed to the minister responsible for Saskatchewan but to the Leader of the Government—and, possibly, Senators Olson and Austin—is he satisfied that with only one office in Vancouver he can discharge his responsibilities to the people of British Columbia? Does he think he should have an office in Prince Rupert—

Hon. Joseph-Philippe Guay: Kamloops.

Senator Flynn: —Kamloops, or elsewhere? Perhaps Senator Austin, who is responsible for the Yukon, should have an office in Whitehorse or Yellowknife.

As far as Senator Olson is concerned, I think he has an office at Calgary airport, but what about Edmonton?

Hon. H. A. Olson (Minister of State for Economic Development): I have one there too.

Senator Flynn: What about Peace River? I would like to hear from all three ministers, according to seniority, of course, starting with Senator Perrault, then Senator Olson and, last but not least, Senator Austin.

Senator Argue: Don't go too far or we will not get to you.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Flynn, who is pursuing this line of questioning, perhaps nurtures the hope that he will be back in the ministry at some time in the future.

Senator Flynn: God forbid!

Senator Perrault: Perhaps he would like to know the terms and conditions of his employment.

Senator Flynn: I don't want to go back, for anything.

Senator Perrault: I was interested to note as well that he wanted to know when the office of our distinguished colleague, Senator Argue, opened in the morning and when it closed in the evening. Is he really asking for an appointment at the office in Saskatoon or in Regina?

Senator Flynn: I am asking a question to which I want a reply.

Senator Perrault: All the ministers would be pleased to arrange an appointment with the distinguished Leader of the Opposition at any time.

I have an office in Vancouver. I would point out that every province has different geographical features.

Senator Flynn: What about yours?

Senator Perrault: The population of Saskatchewan is distributed very evenly north and south.

Senator Flynn: But that is not so in British Columbia.

Senator Perrault: British Columbia is somewhat different.

Senator Flynn: Victoria.

Senator Perrault: Every minister who is a member of this chamber is earnestly striving to represent his province and the interests of the country as effectively as possible, and this requires different physical facilities.

Senator Flynn: In some cases, we would not need many offices in order to do our jobs properly.

Hon. Heath Macquarrie: Honourable senators, as Senator Argue is approaching this subject in a very agreeable manner, I should like to say right now that the logical place for my office would be at the Charlottetown airport. However, considering the slow pace of construction of that terminal, which has been delayed by about 10 years by this government, passengers being "cabin'd, cribb'd, confin'd" every day, I would like him to look for another site for me.

NORTHERN PIPELINE

DELAY IN COMMENCEMENT OF CONSTRUCTION—IMPACT ON NATIVE PEOPLES

Hon. Paul Lucier: Honourable senators, I have a question for Senator Austin.

Hon. Jacques Flynn (Leader of the Opposition): It's about time.

Senator Lucier: The deferral of the Norman Wells project on the northern pipeline was considered to be a good move both by the company and by the native peoples involved in the Northwest Territories. The native peoples would derive economic and other advantages from the building of the pipeline. However, since nearly 25 per cent of the two-year delay period has now expired and no action has yet been taken by the government, would the honourable minister tell us whether some moves have been made to start programs very quickly so that, when the delay is over, the native peoples of the Northwest Territories will be prepared to take advantage of the opportunities inherent in the building of that pipeline?

Hon. Jack Marshall: He is too busy opening up an office out there.

Hon. Jack Austin (Minister of State): I thank Senator Lucier for his question. I have now been able to participate with native peoples in discussions relative to the Norman Wells oil pipeline project and also in other discussions relative to the gas pipeline project that will go through the Yukon, the area Senator Lucier represents. I am satisfied that the time being spent now in focusing on the concerns of native peoples and also on environmental concerns is being well spent. I think that we have moved, in the Northwest Territories and the Yukon, into what I would call the "post-Berger period." The focus of all people is on the optimum economic growth for their community within the context of optimum social and economic results.

• (1425)

With respect to the question relating to the awarding of funds for participation, I have no specific information, but I will seek it and advise Senator Lucier in due course.

Senator Flynn: Would the minister define for us the "post-Berger period"? Exactly what changes does that imply?

Senator Austin: I thank the Leader of the Opposition for the opportunity to talk further on this subject. As honourable senators know, Mr. Justice Thomas Berger headed a royal commission inquiry—

Senator Flynn: I know that.

Senator Austin: —in the Northwest Territories and in the Yukon with respect to gas pipelining down the Mackenzie River valley. What he found was much concern about pre-economic questions—questions of the impact on societies in those communities, particularly native societies, and the impact on the environment—which were not settled. Also, he outlined certain political circumstances in the Northwest Territories that he felt needed to be addressed before an economic decision with respect to pipelining could take place.

What I am saying to honourable senators, when I call the current circumstances the "post-Berger period", is that many of those social, political and economic conditions have been addressed in the intervening period, and all peoples in the Northwest Territories are now ready to deal with the question of economic growth in the context of the debate about social and political conditions which were laid out in the Berger report.

Senator Flynn: You mean that these worries really were non-existent?

Senator Austin: Just the opposite. I think that the worries raised by Mr. Justice Berger had reality in the minds of the people—

Senator Flynn: And now they have not?

Senator Austin: —and they have been working their way through those realities, and I believe there is some consensus now developing in the Northwest Territories which will allow economic growth to take place.

Senator Flynn: I think you mean exactly the same thing.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Joseph-Philippe Guay: Honourable senators, my question is directed to the Leader of the Government in the Senate with regard to concerns of the people of Manitoba and others—I understand some of the members of the opposition are also concerned—about the Garrison project. We have been told many, many times that the Garrison is gone, that we do not have to worry about it. We seem to get that type of assurance from time to time.

I have before me an article from the Winnipeg *Free Press* dated Saturday, October 17, 1981, in which it is stated that a member of the Reagan administration says that that administration favours the diversion project. I could go on to read it, as some of the members of the opposition read various quotations yesterday, but it would be burdensome.

[Senator Austin.]

I have another article from the Winnipeg *Free Press* dated October 22, 1981, which states that Senator Quentin Burdick, a North Dakota Democrat, is again attempting in the Senate Appropriations Committee to have the sponsoring Interior Department directed to proceed with the project. We are really getting concerned because it certainly will pollute our fresh water in Manitoba.

But what intrigues me most is an article which appeared in the Ottawa *Citizen* on Friday, October 23, 1981 under the headline "Garrison Project Funds Okayed"—that is, okayed by the Senate Appropriations Committee in Washington. I shall read just part of the first paragraph:

● (1430)

> The Senate Appropriations Committee Thursday approved a $12.4 billion water and energy bill . . . including funds for the controversial Garrison.

My God! If that is the case, then I believe it is time someone made representations on our behalf to seek assurance that the project will not proceed without some discussion between the Manitoba and federal governments, and also that assurance will be sought that they will not spoil everything we have north of the American boundary—because that is exactly what it would do. At one time, an honourable senator suggested they would proceed with the project but would turn the water south. But that is questionable, because in one of the articles it is suggested they should explain how it would be done, because apparently no consultant or engineer has come up with a solution. Yet the funds exist; they have been given the money to carry on with the project.

I would therefore say to the government leader, with complete sincerity, that the people of Manitoba are concerned about the matter and feel that the government is not making appropriate representations to ensure, once and for all, that our fresh water interests will be safeguarded. I have not discussed the matter with the government leader, and perhaps my intervention today surprises him. At the same time, he should be aware that we in Manitoba are concerned about this urgent matter.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a few days ago I provided some information with respect to a statement attributed to a United States senator who is reported to have expressed his support for continuation of the Garrison project.

Despite vigorous Canadian protests which have been registered not only by our ambassador to the United States, Ambassador Towe, but also by provincial officials and others, the Senate Appropriations Committee, on October 21, approved a $4 million appropriation for the Garrison project and instructed the Department of the Interior to proceed with construction on the Garrison. It did, however, reiterate Congress's 1980 stipulation that none of the funds be used for construction on features affecting Canada.

Despite that assurance, concerns remain in this chamber and in the other place, and certainly throughout the country. We believe this instruction to be open to a legal challenge,

because an appropriation act may not be an acceptable vehicle for such a substantive legislative initiative. The government, of course, is disappointed by this development. It is following the matter closely and will do everything in its power to ensure that Canadian interests are protected.

Senator Guay: Honourable senators, I have a supplementary question. I believe the Leader of the Government is sincere in his reply, but, at the same time, will he discuss the matter with the Minister of External Affairs and the Minister of the Environment and ascertain what they intend to do about the matter. Possibly further information could be made available to the Senate. It might cool us down a little and enable us to reassure Manitobans that the government is doing everything possible to get the matter dealt with properly and is acting sincerely on their behalf. We need to obtain a positive answer once and for all.

Senator Perrault: As usual, the honourable senator has advanced a positive and constructive suggestion, and careful consideration will be accorded his proposal.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

NATIVE LAND CLAIMS—REQUEST FOR TABLING OF CABINET DISCUSSION PAPER

Hon. Martha P. Bielish: Honourable senators, I have a question for Senator Austin, the Minister of State. A cabinet discussion paper made public last month notes that settling native land claims could cost the government as much as $4.1 billion, in 1980 dollars, over the next 15 years.

Would the minister undertake to table that document in the Senate so that we may all be apprised of the federal basis for land claims negotiations with the native peoples?

● (1435)

Hon. Jack Austin (Minister of State): Does Senator Bielish say that the document was released by the Government of Canada, and is in public distribution?

Senator Bielish: It is a cabinet discussion paper.

Senator Austin: Where did you get that?

Senator Bielish: From the *Globe and Mail.*

Senator Austin: I assure honourable senators that I will look into the subject matter that has been raised by Senator Bielish and advise her.

INDIAN ACT—DISCRIMINATORY PROVISIONS

Hon. Martha P. Bielish: Honourable senators, the new minister responsible for the status of women last week confirmed that the government will abide by its commitment to the United Nations to amend the Indian Act in order to remove discriminatory provisions. Would the minister indicate if the government will so act to amend the legislation simply by introducing the appropriate amendment, or if it is the government's intention to introduce those necessary and widely supported amendments as part of a package of amendments to the Indian Act, some of which are rumoured to include changes to municipal governments and are highly controversial within the native community?

Hon. Jack Austin (Minister of State): I will look into the options available to the government and report back.

Senator Bielish: Honourable senators, the minister responsible for the status of women said last week that the government would not act to compensate those who have been previously wronged by the discriminatory provisions of the Indian Act. Would the minister seek further explanation as to why this decision has been taken?

Senator Austin: I am not accepting the premise; but, excluding that permise, I certainly will look into the subject matter of Senator Bielish's questions, and respond.

ENERGY

NATIONAL ENERGY PROGRAM—NATURAL GAS BANK

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like to ask some questions of the Minister of State for Economic Development in connection with the petroleum industry, and remind him, if he needs any reminding, that when the National Energy Program was brought down about this time last year—

Hon. Jacques Flynn (Leader of the Opposition): It is the first anniversary of it.

Senator Roblin: Yes. I saw some people yesterday wearing a flower in their buttonhole. I do not know whether it was in celebration or in mourning.

Hon. H. A. Olson (Minister of State for Economic Development): It depends on the flower.

Senator Roblin: In any event, we will leave that to one side. It depends on the flower? That is a pretty good answer. It also depends on the policy.

I would like to ask my honourable friend something about the Natural Gas Bank. He will probably recall that when the National Energy Program came down a Natural Gas Bank was proposed, to be funded in the amount of $400 million, and having as its purpose assisting small Canadian gas producers by buying and storing their product, if it was not marketable, by going into joint ventures with producers, and perhaps even by providing production loans. When was the Natural Gas Bank opened?

Senator Olson: Honourable senators, Senator Roblin is correct in that an announcement was made in the National Energy Program that was related to, or concurrent with, the announcement of the budget last year.

Of course, in this connection a number of matters had to be taken into account. One was the setting up of the criteria under which purchases could be made, giving some cash flow to the companies having gas requiring to be held for a longer period of time than would be the case if there was an immediate market for it.

A number of things have happened in the intervening period. Of course, my honourable friend will understand that much of the expenditure in the NEP was dependent on reaching an agreement, and I will not repeat those arguments because they are well known to my honourable friend. That did not happen until September of this year.

There were also very important hearings held during the course of the past year on the amount of gas reserves that we have in Canada, particularly in relation to the Canadian requirements for that gas over whatever projected length of time the National Energy Board had under consideration. I could check again, but I do not believe that any payments have been made to anyone for the cost of holding that gas, because there are obviously a number of complex regulations and, I might even add, criteria that have to be worked out with respect to the basis upon which those payments would be made.

● (1440)

Senator Roblin: In that case, honourable senators, what on earth did the Minister of Energy mean when speaking on Tuesday in Calgary? He said to his audience of petroleum people: "In addition, we stand ready to help out with our Natural Gas Bank to assist smaller producers with cash flow problems." He announced the policy a year ago. He referred to it two days ago. Yet, as far as I know, there is no information before the gas industry as to what this means to them. How can he offer to help them in this respect without telling them what the facts are in connection with it?

Senator Olson: My honourable friend can have it one way or the other. I do not want to identify the occasions, but he will recall that in a number of cases in the past he has complained about the consultation with the people affected—in this case, the gas industry—to the effect that the consultations have been inadequate in terms of working out a plan that will satisfactorily meet the problem that was described about a year ago. Those negotiations are still under way.

Senator Roblin: It does seem remarkable to me that it takes 12 months for the ministry to resolve this question. I ask the minister what price will be allowed for the gas that is taken over by the government in this connection to help the small companies with the cash-flow problem?

Senator Olson: My honourable friend knows that is one of the details that would come out of the discussions and negotiations. I hardly think that it is fair for him to say it is astounding—I believe he used that word—that it takes so long to make these kinds of arrangements. The government has a responsibility to see that it is done fairly and equitably to everyone involved. He knows very well how long it took to reach an energy agreement. It is not only the government presently in office that has had that problem, so I do not think he should be astounded by that factor.

Senator Roblin: Well, the present government certainly has the problem in spades. To that extent, I would agree with my honourable friend. I would also agree with him that it is necessary for the government to act in a prudent manner and to conduct its affairs properly. The National Energy Program, however, is a policy that affects the small gas producer in an immediate and direct way, as my honourable friend knows. "Hope deferred maketh the heart sick." How can these people plan their businesses if they are relying on the Natural Gas Bank to help them out and they do not know what the policy of the government is?

Accepting the excuses, which is all they are, in my opinion, may I ask—

Senator Olson: They are explanations, not excuses.

Senator Roblin: I regard them as excuses, and I think I have the right to do so.

Senator Olson: I have the right to disagree.

Senator Roblin: If you cannot make up your mind over a 12-month period, it is typical, perhaps, of your performance. I want to ask my honourable friend this: Disregarding our disagreement about matters, can he give me a target date, at which time the information about the Natural Gas Bank will be available so that those who hope to take advantage of it will know what is in store for them?

Senator Olson: In reply, I will give this undertaking: I will refer that inquiry to the Minister of Energy, Mines and Resources to see whether he believes he is in a position to give a proper target date. My honourable friend knows better than I that one should not predict when someone else is going to make up his mind or when negotiations are going to terminate in an agreement.

Senator Roblin: All that is true, but what did the minister say in Calgary? He said, "We stand ready." That is what he said: "We stand ready to help out." Where is this readiness? What is being done? What is the policy? He cannot stand up and tell these people who need assistance that he stands ready without telling them what he is going to do.

Senator Olson: I think it is an important declaration to say that you stand ready with $400 million to help that industry, if you can identify and then prescribe or design a set of rules or criteria under which it can be made operative.

Senator Roblin: That is all very well, but when you stand ready, you want some action. And that is exactly what we don't get.

AGRICULTURE

FARM CREDIT CORPORATION—INCREASE IN RETURN ON INVESTMENTS

Hon. Orville H. Phillips: Honourable senators, I shall direct this question to the Leader of the Government in the Senate. If he is unable to answer it, perhaps he would like to refer to it one of his colleagues who is more familiar with agriculture than is the Leader of the Government.

The Minister of Agriculture has been making statements to the effect that the banks and financial institutions are making increased profits from farm loans. This morning I received a

copy of the Public Accounts, and table 1.2 contained therein is most interesting.

The Farm Credit Corporation, a corporation established to help farmers and a corporation reporting directly to the Minister of Agriculture, has increased its non-tax revenue, or its return on investments, from $133 million in 1977 to $243 million in 1981.

Some Hon. Senators: Shame!

Senator Phillips: This is an annual increase, honourable senators, of $110 million.

An Hon. Senator: Unbelievable!

Senator Phillips: Would the minister responsible for the Wheat Board request the Minister of Agriculture to return the drastic increase to the farmers and thus help out those farmers who are in dire straits?

Some Hon. Senators: Hear, hear.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I am interested in having that information because I did not have it prior to listening to Senator Phillips. I understand, however, that this profit, this return which was made by the Farm Credit Corporation, is returned to the treasury for loans and advances that have been made. Perhaps it is an indication that the Farm Credit Corporation is in very good shape. Perhaps this will be an additional argument to be used by the Minister of Agriculture in his continuing campaign to strengthen the Farm Credit Corporation and to increase the facilities at its disposal.

Senator Phillips: I have a supplementary question, honourable senators. I wish I could share the minister's joy about the improved financial situation of the Farm Credit Corporation.

Hon. Raymond J. Perrault (Leader of the Government): Just try.

Senator Phillips: Actually, I am more interested in the financial situation of the farmers. I hope that the minister shares that concern.

Since $243 million will be paid as return on investment this year, a year in which the Federation of Agriculture is requesting that an additional $300 million be available to the Farm Credit Corporation for loans to farmers, would the minister responsible for the Wheat Board recommend to the Minister of Agriculture and to his cabinet colleagues that the $243 million paid as return on investment this year be loaned out at the rate that was in effect before the government raised it by about 3¼ per cent on October 1? This would be an excellent example to the banks and to other financial institutions, and I am sure they would follow the example of the government.

Senator Argue: I appreciate the concern of Senator Phillips for the welfare of the farmer. I am not going to comment on the details of the question that he has put to me. I believe that anything that can be done to make it possible for the Farm Credit Corporation to expand its operations should be encouraged.

Senator Perrault: Hear, hear!

Senator Argue: I will be pleased to study, at greater length and in more detail, the important suggestions that the honourable senator has made.

Senator Phillips: I thank the honourable minister for his expression of concern. The Minister of Agriculture has stated that he has written to the Minister of Finance stating that the high interest rates established by the federal government are the major cause of the financial difficulties of farmers.

• (1450)

Hon. H. A. Olson (Minister of State for Economic Development): No, he did not say that.

Senator Phillips: Would he join the Minister of Agriculture in making these recommendations to the Minister of Finance and the Prime Minister?

Senator Argue: Those recommendations have already been made and they have already been supported, so there is no need for any encouragement from the honourable senator.

Hon. Duff Roblin (Deputy Leader of the Opposition): You could use a little encouragement.

Senator Argue: I certainly do not know what is in the budget, any more than anyone else in this chamber knows.

Senator Flynn: You attend cabinet meetings.

Senator Argue: I am optimistic that the budget will consider the concerns expressed by the Honourable Senator Phillips and will be addressing government policy towards those ends.

EDUCATION

FEDERAL GRANTS TO POST-SECONDARY INSTITUTIONS

Hon. Lowell Murray: Honourable senators, my question is for the Leader of the Government in the Senate. Has the minister replied, and, if so, in what terms, to the representations made by the Western Regional Conference of University Faculty Associations calling on him as a—

> —representative of the Liberal Party in Western Canada to state whether he supports or opposes the proposed drastic cuts in the fiscal transfers to the provinces under the Established Programs Financing legislation, particularly the funds for post-secondary education. The Associations commend to Mr. Perrault the unanimous report of the Parliamentary Task Force on the Established Programs Financing opposing any significant cuts in federal financial support of universities. If Mr. Perrault supports such cuts, the Associations call on Mr. Perrault to resign his parliamentary responsibilities since these proposals will undermine the educational, scientific and cultural development of Western Canada.

Has the minister replied to those representations? If so, in what terms?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators may be aware that I reply assiduously to all letters addressed to my office. I cannot say whether I have received that letter as yet. Apparently, a copy was rushed to

the office of the Honourable Senator Murray before the letter was delivered to mine. I would appreciate it if Senator Murray would provide me with a copy—

Senator Murray: With a draft reply.

Senator Perrault: —with a copy of the letter from this apparently non-partisan source so that I will be able to answer earlier than is my accustomed fashion, which is very quickly.

THE ECONOMY

UNEMPLOYMENT RATE

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State responsible for the economy—which is quite a title. Having heard of the Prime Minister last night urging Canadians to join with him in exercising restraint, as he and his friends sat down to a $175-a-plate dinner, which is certainly a great example of restraint, it occurred to me to wonder whether the Prime Minister is aware that there are nearly one million Canadians already joining him in exercising restraint, as they go round the countryside looking for jobs. That includes thousands of people in Newfoundland, about whom I have inquired several times in this house. Can the minister tell me whether, in the exercise of this restraint, there is any future for these people in terms of employment?

Hon. H. A. Olson (Minister of State for Economic Development): Yes. Honourable senators, the government is very keenly aware of the unemployment levels in this country and the hardship that goes with them. The government is also keenly aware of the inflation problem in this country, which, of course, in the long run leads to exacerbating the first part of the problem. What the Prime Minister was saying was slightly different from what the honourable senator reported him as saying. The Prime Minister said that he hoped Canadians across the country would join him and follow the example of restraint in government spending.

Hon. Jacques Flynn (Leader of the Opposition): Join him? What does he do?

Senator Doody: Let me ask a supplementary question. I know what the Prime Minister said. He was speaking to a $175-per-plate, blue chip, Liberal audience. He asked for "collective support of collective restraint." He said:

> I am asking Canadians to support their national Government in its determination to fight inflation as the No. 1 enemy.

How much of that $175 can be accounted for by inflation? How many people who are unemployed can afford to have even a $175 six-month grocery bill? This sort of thing is just incredible! I ask the honourable minister what plans he has to try to ease the burden of those people out there who cannot afford a $175 anything.

Senator Olson: Honourable senators, I am not quite sure there is any difference between the $175 per plate paid for that fund-raising dinner and the amount paid by the substantially higher number of people, according to the Conservatives, who went to hear the leader of that party, and which, in any event, probably doesn't have any effect whatever, one way or the other, on the people who cannot afford $175 for that kind of dinner.

My honourable friend knows quite well what distribution is made of funds collected for party matters at functions such as the one that took place last night. It applies equally to all parties in this country.

Senator Doody: The Honourable Senator Roblin earlier was asking what had happened to the gas bank. It seems fairly obvious where the gas bank went.

What I want to know is what the Right Honourable the Prime Minister is doing in terms of unemployment in the country. I was not asking for a breakdown of party expenses or for any guidelines on party fund-raising.

Senator Olson: You were not, but you were trying to relate it to the so-called $175 a plate, and my honourable friend can have a detailed explanation about that, if he wants one. I can get one showing the manner in which the Conservative Party sells those tickets as well. It is exactly the same.

In terms of what the Prime Minister is doing with respect to unemployment and measures to alleviate that situation, there is a very long list of programs and enhanced programs undertaken by a variety of departments to be as helpful as possible in that situation. I will bring the list into the chamber, but it will take me at least 40 to 60 minutes even to give a cursory explanation of each one of the items on the list. In my view, that is not the kind of question that can be adequately answered in Question Period.

GRAIN

1981 HARVEST—SALES TO POLAND

Hon. Stanley Haidasz: I should like to ask the Minister of State for the Canadian Wheat Board whether he can report to this chamber on the results of the grain harvest in Canada for 1981, and whether there is any grain available in the Canadian inventory to sell to needy countries such as Poland, which is experiencing food shortages.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I thank the honourable senator for his question. The western producers had a record grain harvest this current year. I believe the total was approximately 44 million tonnes. The grain is in very good shape because harvest weather was generally excellent. Consequently, it is of high quality.

With respect to Poland, I can say that there is an existing long-term agreement which was signed in 1979, in which Canada, through the Canadian Wheat Board, agreed to make available to Poland between 1 million and 1.5 million tonnes of grain per year. Negotiations have taken place for sales of grain to Poland for the calendar year 1982. Those sales are going forward and the quantities will be within the same range, between 1 million and 1.5 million tonnes. The grains will be a

mix of spring wheat and Durum and barley and oats. The Government of Canada has made available to Poland credit to the extent of $500 million, most or all of which will be used for the purchase of grain covered by this long-term agreement.

Senator Haidasz: Can the minister divulge to us any information about the terms of that credit sale, in particular, and whether one of the terms was an extension from three to five years of the period for payment for such grain?

● (1500)

Senator Argue: Honourable senators, I understand that the extension is for at least three years. The system being used is the normal one, and the Canadian Wheat Board will make the grain available and complete the sale. The money will be obtained from the chartered banks of Canada and will be guaranteed by the federal government. The $500 million is not the full amount of the sale, but it is a very substantial part of it.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I have a supplementary. Quite often, Canada and other industrialized countries have allowed Third World countries a remission of debt when they were unable to meet their payments. In view of the extremely difficult economic situation in Poland, has Canada and have other industrialized countries which are providing temporary financing, considered a remission of debt for Poland, in view of the fact that they do so for Third World countries who are in financial difficulty?

[*English*]

Senator Argue: Honourable senators, I can reply to Senator Asselin that the postponement of payment of monies owed to Canada was made by Canada in recent months, and that Canada has extended for a further period payment of 90 per cent of the monies owed to Canada by Poland.

Senator Asselin: Would the minister ask the Secretary of State for External Affairs to look into the matter to determine whether it would be possible for Canada to make a remittance of the debts of Poland?

Senator Argue: Is the honourable senator referring to a gift?

Senator Asselin: Not a gift, a remission.

Senator Argue: Does the honourable senator mean, extend the 10 per cent?

Senator Asselin: Yes.

Senator Argue: I would be happy to pass along the senator's suggestion. I believe that Canada has been responding to Poland's needs in a very constructive way. The honourable senator's question shows generally underlying support for this action in light of the difficulties which we all recognize that country now faces. I think the honourable senator's suggestion is important, and I will be very happy to relay it to the Secretary of State for External Affairs.

VETERANS AFFAIRS

RETIREMENT OF CHAIRMAN OF PENSION COMMISSION—QUESTION OF PRIVILEGE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question of privilege was raised by Senator Marshall on October 20 concerning the distribution to the Senate of press releases from the Department of Veterans Affairs. The particular press release that Senator Marshall referred to was, indeed, sent to Joint Distribution by the Department of Veterans Affairs. Apparently there was some sort of confusion at that source.

I have contacted the minister's office and I have been given the assurance that a sufficient number of copies of press releases will be made available to honourable senators in the future. I want to apologize to honourable senators for the fact that there was a breakdown in the system in some fashion. I believe that personal explanations as well have been extended to Senator Marshall concerning the matter.

INTERNATIONAL TRADE

SALE OF CANDU REACTORS TO KOREA

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Muir regarding the visit of the Right Honourable the Prime Minister to the Republic of Korea on October 15, 1981.

The Prime Minister visited the Republic of Korea from September 27 to 29 en route to the Commonwealth Heads of Government meeting held in Melbourne. The visit—the first official visit by a Canadian Prime Minister—went some distance in furthering the development of our good relations with Korea, a relationship which has undergone remarkable growth in recent years, particularly in its dynamic economic dimension.

The Prime Minister held discussions with President Chun Doo Hwan, Prime Minister Nam Duck-Woo and a number of Korean ministers. He met with Canadian businessmen, honoured Canadian war-dead at the United Nations Cemetery in Pusan, visited the Canadian community at the Candu reactor site of Wolsung and toured the ancient cultural centre of Kyongju.

The Prime Minister's talks with Korean leaders were friendly and open. Among the subjects discussed were North-South (economic) issues (with a view to Cancun) and strategic-security concerns on the Korean Peninsula and in the region. The Prime Minister reconfirmed Canada's support of President Chun's proposals earlier this year for a dialogue with North Korea and for the membership of both Koreas in the United Nations. He also drew attention to the concern of Canadians over the human rights situation in Korea, while recognizing the security problems posed by the threat from North Korea.

On bilateral matters, the Prime Minister underlined Canada's strong interest in further sales of Candu reactors and enhanced cooperation in the nuclear field. Korea has already

purchased one 600 MWe Candu reactor, which is due to be completed in late 1982, and has expressed interest in additional units, at the Wolsung site. In competition with a number of other foreign suppliers, AECL and EDC are now compiling a comprehensive technical and financial bid for consideration in the near future by Korea Electric Company.

Mr. Trudeau also supported Canadian sales efforts as regards wheat, lumber, telecommunications and aircraft and discussed cooperation and investment potential in the energy sector.

Hon. Robert Muir: Honourable senators, I pose one supplementary question to the Leader of the Government. During the discussions between the Prime Minister and Korea Electric Company, was the question of interest rates brought up? If the Leader of the Government does not have that information with him, would he please attempt to obtain it? There is the possibility that we may lose potential business to other countries.

Senator Perrault: The question will be taken as notice.

STATUTE LAW (MILITARY AND CIVILIAN WAR PENSIONS, COMPENSATION AND ALLOWANCES) AMENDMENT ACT, 1980

CONSIDERATION OF REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the consideration of the report of the Standing Senate Committee on Health, Welfare and Science entitled *They Served—We Care*, tabled in the Senate on October 20, 1981.

Hon. Florence B. Bird: Honourable senators, this report, *They Served—We Care*, is short because we took the time to make it say what needed to be said as strongly and concisely as possible. By keeping it short we hoped it would be read carefully and thoughtfully and that, most important of all, it would lead to action. I am sure that by now all of you have read it. During this debate Senator Bonnell and Senator Marshall have ably and eloquently summarized our conclusions and our reasons for the recommendations. I am, therefore, only going to speak briefly in very general terms.

The report is non-partisan because party politics should have no place in legislation concerning the well-being of servicemen and women and their families. It was loyalty to Canada, not loyalty to any one party, that sent young volunteers to risk their lives on land and sea and in the skies. The young people, now old people, who lost their health and their dreams of the future fought for all of us, regardless of political party.

The report is compassionate. It recognizes the long years of pain and discouragement endured by disabled men and women. It recognizes the rights and needs of the wives and husbands who have taken care of them under exceedingly sad and stressful conditions. The recommendations do not ask for more than what common decency demands. The report is wise because the recommendations do not ask for more than the government should be able to pay.

I want to thank Senator Marshall for his generous words about me yesterday. He was too generous because the tedious job of research and boiling down the mass of material was largely done by Grant Purves, a member of our secretariat on loan from the Library of Parliament. He and I worked together on the rewriting and editing of the final draft, and, of course, the chairman and Senator Marshall had a great deal to say about the final draft.

Two minor errors in the text have been drawn to my attention and I want to correct them now for the record. In paragraph 20, it says:

> —in addition to the exceptional incapacity allowance, the pensioner gets a clothing allowance which amounts to a maximum of $60.84 a month. If in need of attendance, he can draw an attendance allowance which is considered as an encumbered income. Although the latter cannot be spent for unauthorized purposes, this income comes into the family so that the pensioner can employ a person to do the housekeeping, shovel the snow, and so on.

The fact is that there are no strings attached to the attendance allowance. For example, if members of the family perform these services themselves, instead of working outside of the home to earn necessary money, they are free to do so.

There is also a minor error in paragraph 21. The first sentence reads as follows:

> All the above allowances are terminated on the first day of the month following the death of the veteran.

The fact is that the clothing allowance indeed is terminated on the first day of the month following the death of the veteran. The calculations in the report are, therefore, quite correct since they do not include the clothing allowance.

● (1510)

A month after the veteran's death, the widow will find her income cut by $825 a month. A month is obviously a very short time to expect an aged, grief-stricken woman to make a complete change in her way of living. Your committee agreed wholeheartedly that this amounts to ungenerous and even inhumane treatment. That is why we recommended that:

> The surviving spouse of a deceased veteran in receipt of an Exceptional Incapacity and/or Attendance Allowance continue to receive such allowance for a period of one year following the death of the veteran.

Honourable senators, as we are all aware, there are husbands of veterans who have given long-time care to their disabled wives. However, I mention widows specifically because the majority of the widowed spouses of veterans are women, many of them in their late seventies and eighties.

In 1977-78 the number of female veterans receiving disability allowances was 286, while the number of male disabled veterans was 107,609. The wide difference in numbers is, of course, understandable, since women did not take part in

combat duty and so there were a great many more men than women in the armed services.

In conclusion, it is right and proper that members of committees should always undergo careful soul-searching before they make recommendations that would cost the public treasury considerable amounts of money. In this case, no one should have any compunction about urging the government to implement our recommendations. They will, of course, involve an increase in the estimates of the Department of Veterans Affairs, but only for a short time. The added sums of money will shrink rapidly every year because disabled veterans and the spouses of disabled veterans are dying at the rate of between 450 and 500 per month.

If we are spared the agony of another war, this means that the cost of caring becomes less and less as time goes on.

[*Translation*]

I trust that this report entitled "They Served—We Care" will receive the unanimous support of the members of this chamber.

As we all know, the family is essential to the well-being of humanity and to the growth of our society.

For many long and difficult years, the wives of veterans have provided men who were seriously wounded in combat with the security of the family environment. They have also saved the government a considerable amount of money. It costs about $4,000 a month to provide intensive care for an invalid veteran in a chronic care home or a veterans' home such as Deer Lodge Hospital.

Therefore, the widows of these men deserve our gratitude, not only for their dedication but also for their contribution to our country.

Your committee believes that words of gratitude are not enough. We believe there is an obligation to take care of these widows once they are alone, grieving, often poor and almost always old.

We have an obligation because they too have served their country.

[*English*]

As individuals we can show our gratitude to those men and women who served in different ways by buying a poppy on November 11.

As senators, I think we can do much more by demanding immediate action to implement the recommendations in the report of your committee.

On motion of Senator Macdonald, debate adjourned.

NORTH ATLANTIC ASSEMBLY

TWENTY-SEVENTH ANNUAL SESSION, MUNICH, WEST GERMANY—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the inquiry of Senator Bonnell calling the attention of the Senate to the Twenty-seventh Annual Session of the North Atlantic Assembly, held at Munich, Federal Republic of Germany, from 11th to 16th October, 1981, and in particular to the discussions and proceedings of the Session and the participation therein of the delegation from Canada.

Hon. Paul Yuzyk: Honourable senators, following Senator Bonnell's interesting and informative account, particularly in the scientific field, of the deliberations of the Twenty-seventh Annual Session of the North Atlantic Assembly, which was held in Munich, Germany, on October 11 to 16 this year, I should like, first of all, to express profound thanks to the Government of the Federal Republic of Germany and particularly to the Government of the Free State of Bavaria, headed by Minister-President Franz-Joseph Strauss, for the outstanding and gracious hospitality accorded to all delegates and their spouses. The extensive programs, the royal type of entertainment of opera and music, and the lavish variety of tasteful foods and fine beverages reflects the prosperity and the high standard of living of the Bavarian Germans. What is much more important, however, is Germany's solid support of the Alliance, as has been witnessed by the fervent spirit of loyalty and co-operation.

I should like to inform honourable senators that I was very proud of the Canadian delegation, headed by Mr. Len Hopkins, MP. Our delegation, composed of six senators and 12 MPs, unlike most of the other parliamentary delegations of the 15 NATO countries, presented a strong, united front, on a tri-partisan basis, in the standing committees and in the plenary sessions of the Assembly. This has won the respect of the other countries and has facilitated the election of some of our members to rapporteurships of committees and subcommittees, which are responsible for the many-sided work of the Assembly throughout the coming year.

I wish to report on my participation in the Canadian delegation and in the work of the North Atlantic Assembly. I have had the honour of representing Canada for nine years, this being the record for any delegate since the first annual session in 1955. During the past four years I have been rapporteur of the Subcommittee on the Free Flow of Information and People, having been unanimously elected to that position by delegates of the allied countries. Naturally, I am most grateful for having been given the rare opportunity to serve the cause of freedom and democracy at the international level.

Since the ruling of the Canadian NATO Parliamentary Association, of which I have been vice-chairman since 1975, indicates that a delegate may be selected at most for a three-year term, unless such a person is elected at the Assembly to any of its positions, whether on the executive or in the committees, now that my four-year term as rapporteur has expired it appears that I shall no longer qualify to be selected as a delegate to the North Atlantic Assembly. It is only right that other parliamentarians should be given the opportunity to participate in the Assembly of the parliaments of the North Atlantic Alliance.

That being the case, I should like to review briefly some of the more important work of the Subcommittee on the Free Flow of Information and People for which I was responsible during my four-year term, from 1977 to 1981, as rapporteur. I

must admit that I was greatly moved when the subcommittee expressed its gratitude for my contributions, which gratitude was also subsequently expressed in the plenary session.

The subcommittee has constantly monitored the implementation and violations of Principles Seven and Eight of Basket One and all of Basket Three of the Helsinki Final Act signed by 33 European states and two North American countries in 1975. This was done in the *Bulletin*, a quarterly journal published by the North Atlantic Assembly and circulated to all governments and parliaments in the Alliance, as well as to universities, organizations and interested individuals.

Violations of human, group and national rights and the fundamental freedoms perpetrated by the Soviet Union and the Soviet-bloc countries were recorded and protested by the North Atlantic Assembly as well as by parliaments of the member countries.

● (1520)

The subcommittee has heard as witnesses some of the leading dissidents who have been expelled by the U.S.S.R.—to name a few: General Petro Grigorenko, Ludmila Alekseyeva, Leonid Plyushch, Vladimir Bukovsky and many others. Governments and parliaments of the NATO Alliance were urged to protest on behalf of a large and growing number of imprisoned and sentenced dissidents. Some of these protests were effective, with the result that some were released, a notable case being Valentyn Moroz, who is well known in Canada. Outstanding dissidents such as Andrei Sakharov and Alexander Solzhenitsyn have urged the continuation of the protests and support of the Helsinki-monitoring movement in the U.S.S.R.

The subcommittee has closely followed the proceedings of the Belgrade Review Conference and the present Madrid Review Conference, both of which I attended as a Canadian delegate-observer. Dr. Herbert Hupka, of Germany, the chairman, and I, as the rapporteur, were designated by the President of the North Atlantic Assembly, Congressman Jack Brooks, as a working group, to report on the Madrid Conference. In early March 1981 we attended some of the sessions and discussed the problems with several ambassadors, and subsequently presented a detailed report to the subcommittee and the Assembly. We were happy to note that the western countries, under the leadership of NATO, were solidly united on a balanced review to be reflected in the Final Document of the CSCE Conference in Madrid.

The subcommittee has been in constant contact with Radio Free Europe, which broadcasts daily to the Eastern European Communist-bloc countries, and Radio Liberty, which broadcasts daily to the Soviet Union in 21 languages. Members of the subcommittee visited the facilties, employing 1,700 personnel, in Munich in February 1979 and this year on October 13, during which times they studied the operations and the effectiveness of the broadcasting, which is subsidized by the United States Congress in the amount of approximately $100 million annually. For example, Radio Free Europe broadcasts 20 hours daily in the Polish language, and over 90 per cent of the adult population in Poland constantly listens to the programs, which have been informing the people of all events in the Polish revolution, which are not covered by the Communist-controlled government media. Radio Free Europe has had a moderating influence on the course of events in Poland and, to some degree, on the other Communist-bloc states. The effectiveness of Radio Free Europe and Radio Liberty becomes apparent when it is realized that the Soviet Union spends three times more on jamming than on regular broadcasting to Europe and North America. Jamming is a violation of the Helsinki Agreement, which the North Atlantic Assembly and the NATO countries have been protesting, but so far to no avail.

The subcommittee has commissioned and produced several factual reports on various aspects of the human rights movement in the U.S.S.R. These include the Samizdat—the underground press and publications in the Soviet Union; The Helsinki Monitoring Groups of Moscow and Kiev, Ukraine; the repression of religious groups; individual cases such as Andrei Sakharov, Anatoli Scharansky and others; as well as national minorities, for example, the Germans and Tatars, who have been forcibly transplanted. It is planned to produce studies on national groups such as the Ukrainians, Byelorussians, Georgians, the Baltic Nations, the Moslem peoples and so forth. Such reports and studies keep our parliamentarians and readers of the *Bulletin* abreast of events in the Soviet-bloc camp. There is an increasing demand for such information and materials, the knowledge of which will help to facilitate the free flow of information and people and, hopefully, improve the welfare and status of these oppressed nations and minority groups.

The subcommittee has held meetings with world leaders, government officials and parliamentary groups. The meeting with Pope John Paul II on March 12, 1980 achieved co-operation in these matters of religious persecution. There were meetings with government ministers and officials of Greece, Italy and the United States, with members and officials of the U.S. Commission on CSCE and officials of the Voice of America, including Radio Free Europe and Radio Liberty, and with the U.S. Ambassador to the Madrid Conference, Max Kampleman. Intensive discussions were held with top officials of the Division of Human Rights in the United Nations Secretariat in New York and with the U.S. Ambassador to the United Nations, Mr. Lichtenstein, which helped to bring about better understanding of mutual relations in the defence and promotion of human rights in the international arena. Plans include the continuation of such meetings with governments of other NATO countries and with officials of agencies in the United Nations responsible for human rights.

It was a great honour for Canada to have hosted the Twenty-fifth Annual Session of the North Atlantic Assembly in Ottawa in October 1979. The invitation came from the Committee on Education, Cultural Affairs and Information, of which Ralph Stewart, M.P., of Canada was chairman and I a member. The Twenty-fifth Anniversary of NATO's parliamentary assembly was highlighted by a gala commemorative concert in the National Arts Centre which featured cultural

manifestations of each of the NATO countries, composing a mass spectacle of allied unity, the first demonstration of unity in cultural and national diversity in the history of the Alliance.

Honourable senators, I look back on my nine-year participation in the work of the North Atlantic Assembly with some satisfaction and also with some pride, having witnessed the prestige of Canada steadily rising. I hope that my "swan song" will evoke some sympathy and perhaps appreciation of Canada's role in the Alliance.

The Hon. the Speaker: If no other senator wishes to speak on this inquiry, the inquiry is considered as having been debated.

Senator Yuzyk: Honourable senators, there were at least four other members of the Senate who were delegates at this Twenty-seventh Annual Session of the North Atlantic Assembly. Since they are not present today, and in the event that one of them wishes to participate in this debate, I suggest that the Acting Deputy Leader of the Government adjourn this debate on their behalf.

On motion of Senator Langlois, debate adjourned.

The Senate adjourned until Tuesday, November 3, 1981, at 8 p.m.

THE SENATE

Tuesday, November 3, 1981

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

Prayers.

THE HONOURABLE JOHN J. CONNOLLY, P.C.

TRIBUTES ON RESIGNATION FROM SENATE

Hon. George J. McIlraith: Honourable senators, I rise to draw to the attention of the Senate the retirement of my desk-mate, the Honourable John Connolly. I do so with mixed feelings. For personal reasons, which go back a long way, I shall miss him very much; but, on the other hand, I am very happy that he is retiring in such good health, and looking forward to retirement with some eagerness.

John Connolly's career is a rather interesting one. Ever since I came to this chamber, some nine years ago, I have sat beside the honourable senator and I have found him to be a very interesting person. Our discussions were of some interest—at least to the two of us. We seemed to develop a faculty for discussing the affairs of Canada, and quite a few of the affairs of the world, in a way that was easy and agreeable. Unfortunately, our solutions did not get into the statute books, so they had no binding effect. For those reasons, I have fond memories of my association with Senator Connolly.

It is interesting to reflect upon Senator Connolly's career in public life. He was educated at three universities—Queen's University, Kingston; the University of Montreal; and the University of Notre Dame in the United States. He started his career with the concepts of the two larger provinces in the country, and a familiarity with the association of this country with the United States.

Honourable senators, I became a member of the House of Commons in 1940. I am sure you will remember the tragic and sudden loss at that time of the then Minister of National Defence, the Honourable Norman Rogers, from Kingston. Shortly thereafter, the responsibility for national defence was divided up among three ministers—the Minister of National Defence for Air; the Minister of National Defence for Army; and the Minister of National Defence for Naval Services. When the Honourable Angus Macdonald came from Nova Scotia to become the Minister of National Defence for Naval Services, he, like all new ministers, required an executive assistant. John Connolly was highly recommended by the member of the House of Commons for Ottawa West to that friendly and receptive minister, who thought it a good idea and appointed him his executive assistant. Senator Connolly served with Angus Macdonald during the period of time he was a cabinet minister.

Senator Connolly was summoned to the Senate in 1953. In 1964 he was appointed Leader of the Government in the Senate and remained in that position for most of the life of the Pearson government. When he was Leader of the Government in the Senate, I was a cabinet minister and also Government House Leader in the Commons. As a result, I met with Senator Connolly almost daily during that period.

As an aside, I would add that the interests of the Senate were assiduously looked after in certain places where there are discussions that are never disclosed. I can assure honourable senators that we were never permitted to forget the place and importance of the Senate in the Parliament of Canada. Section 17 of the British North America Act had meaning, and Senator Connolly was fully aware of that fact and brought it to our attention on all proper occasions. He did this with good manners, considerable ability and effectiveness.

In any event, Senator Connolly has retired because he has reached the age of 75. I content myself by drawing the matter to the attention of the Senate and wishing him—I am sure I speak for all honourable senators in this respect—a long, happy, and healthy retirement. I also extend to his wife and two sons our good wishes on this occasion.

Hon. Senators: Hear, hear.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, my friend John Connolly wrote to me last week to say good-bye. That is the type of man he is—warm, friendly, considerate; a man who is ever-willing to take that extra step and make that extra gesture. Of him we can truly say that he is a gentleman in every sense of the word.

There was a brief period in the mid-sixties during which John Connolly and I led our respective forces in this place. I was a rookie in the job; he had been at it for a few years. As Senator McIlraith has mentioned, it was in 1964 that he was appointed Leader of the Government in the Senate. Well, I became Leader of the Opposition on October 31, 1967, the date of his 61st birthday. Never would I have expected an adversary to be so kind and so helpful. As a result of his co-operation, understanding and innate sense of fair play, I have nothing but the fondest of memories of that short period.

Now, I would not want Senator Perrault to take offence, nor would I want my friend Paul Martin to, and it was not my intention to make comparisons that reflect badly on them, but the era during which John and I faced one another as leaders was different, very different. That was probably because I was new to the job and was timid.

An Hon. Senator: You were?

Senator Flynn: I was hoping to get some reaction to that remark. Conditions then did not require our being so partisan and militant as we are today, and that had its advantages.

Over the years we have all had the opportunity to listen to speeches by John Connolly. John is a man of letters, a philosopher, with many excellent insights and a fluency equal to the task of articulating them brilliantly, but John was at his very best when he was eulogizing someone. That is when he would let out all the stops. He could paint word portraits of a person which, if put to canvas, would remind one of Rembrandt.

My only wish this evening is that I could be as gifted in this area as is John Connolly. My reason for so wishing is that then I might pay more fitting tribute to a man who has done so much to give politics and politicians a good name.

He is an honest, decent man, one of formidable intellectual capacity. The Senate is much the better for his having spent close to three decades as a member of it. Senator McIlraith mentioned that John was summoned to the Senate 28 years ago. He brought substance, style and grace to the upper chamber, and those of us who have known him best and longest appreciate with great sadness what a significant loss this chamber and the body politic suffer as a result of this retirement.

● (2015)

To my respected former adversary and his beloved wife, Ida, I extend my very best wishes, as well as those of the P.C. caucus, for a long, healthy and happy retirement.

Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator Perrault and the other cabinet ministers were called to a cabinet meeting tonight at 8 o'clock. They will return as soon as they are free to. I am sure that, either this evening or on another occasion, they will want to add to what has already been so eloquently said about Senator John Connolly.

I would like to add a few personal words. I first really got to know Senator Connolly almost 20 years ago, when he was president of the Liberal Party of Canada and I was one of his lieutenants as president of the Liberal Party in Ontario. I worked with him then, and I have learned over the years since that there is much to be learned from Senator Connolly. He wrote to me also—as I think he did to most of us who knew him—on the occasion of his retirement. I told him that I could not really yet believe that he was not still going to be with us because he represents to us, and I think to many people in this country, everything that a Canadian senator should be. I suppose we are going to have to get used to the fact that he is not going to be here with us in the chamber, but I refuse to get used to the fact and will not get used to the fact that that means we are not going to be seeing him, as I hope we will.

I do not believe that many people can truly fulfil the description of gentleman, scholar and statesman. John Connolly is a gentleman. John Connolly is a scholar, as some of us know because of his work at Notre Dame and at St. Michael's College. John Connolly is a politician and statesman in the best sense.

I want to conclude my remarks by quoting my friend George Brimmell in his article in the Toronto *Sun* on October 25, 1981, when he stated:

> I've shared many a chuckle with Senator Connolly over the tragic events in Dallas, on Nov. 22, 1963. His namesake, the then governor of Texas, was severely wounded by Lee Harvey Oswald . . . and in the Medicine Hat *News* the next day there was a photo of our Senator John Connolly, with the caption: "Near death."
>
> Boy, were they wrong!

Hon. Senators: Hear, hear.

Hon. Allister Grosart: Honourable senators, I am glad that as we say a temporary good-bye here to John Connolly we are also able to say that he is still with us and will continue to be, because if there is anyone, in my experience, who has worked harder for the Senate than John Connolly, to retain the importance of the Senate in our legislative system, I do not know who it is. There are many here who are aware of the work that John Connolly did behind the scenes over and over again in times that, with hindsight, were quite critical for the future of this chamber. I know that his interest in the Senate will continue and that he will have a great influence on the future of this Senate, reformed or unreformed, but continuing the work it was designed to do and has already done.

The phrase that immediately comes to mind when one thinks of John Connolly is "unfailing courtesy." My earliest recollection of John Connolly goes back to the year 1957, an important year for me because it was the first time my picture ever appeared in a newspaper anywhere as a result of my having a role in politics. Opposite my picture, as one who was active on the Conservative side, was that of the renowned, distinguished and formidable Liberal senator, John Connolly, who was then said to be my opposite number in the activities of that time.

● (2020)

I recall how scared I was as I looked up his distinguished background, some aspects of which have been indicated by Senator McIlraith and the Deputy Leader of the Government. I said, "I can't be in the same league as this man." When I came to the Senate, before he was Leader of the Government in the Senate, he took me into his confidence, welcomed me and gave me some very useful advice, not all of which I took. I regret that I did not take all of it.

I recall also how helpful he was when he became Leader of the Government in the Senate. Those of us who can look back to our early days here will remember how much we needed the help of those who had been here a long time and were willing to help and guide us regardless of the side of the house on which we sat.

I am sure that many honourable senators will agree with me that John Connolly made a tremendous contribution to what has become one of the distinguishing features of the Senate, namely, the outstanding work that has been and is being done in our committees. I can recall John Connolly on many occasions catching the eye of the chairman and making a

comment which often summarized the discussion and seemed to say exactly what should be and often was the consensus of the members of the committee.

It is typical of John Connolly that he is not in the Senate chamber tonight. I have been told that his absence is deliberate. John Connolly was not one who wished to sit here and hear so many of us say the nice things that we wish to say on an occasion such as this; and I am glad to hear the Deputy Leader of the Government say that in view of the necessary and unavoidable absence of some of John Connolly's friends here, further tributes may be paid on another occasion. I hope they will.

Hon. Senators: Hear, hear.

Hon. Henry D. Hicks: Honourable senators, I should like to associate myself briefly with the tributes that have already been extended by other honourable senators to Senator John Connolly. My friendship with him goes back to the mid-1950s when I was Premier, and Leader of the Liberal Party, of Nova Scotia, shortly after he had become a member of the Senate and just before he became the National President of the Liberal Party. He was always friendly and ready to be helpful to me, a much younger politician in those days, and that friendship continued until I recall his welcoming me when I was sworn into the Senate, now almost 10 years ago.

In those days, the Speaker of the Senate did not automatically hold receptions for new senators, as has become the practice in recent years, but Senator John Connolly extended that hospitality to me and also, I believe, to Senator McIlraith and others who were sworn in on that day.

Senator John Connolly is a wise person. His eloquence and scholarship have already been referred to; his zealous espousal and support of the Senate and its role in Parliament have also been referred to; and I associate myself with all the good things that have been said about Senator John Connolly, a really splendid gentleman.

Hon. Senators: Hear, hear.

[*Later*]

[*Translation*]

The Hon. the Speaker: Honourable senators, I do not intend to repeat all that has been said, first, with respect to Senator Connolly.

[*English*]

I have not known Senator Connolly for as long as Senator McIlraith has known him. However, he was a colleague of mine when I first went into the cabinet in 1965. I remember that at that time he would worry about me, and would give me advice on any subject, be it political or intellectual.

Senator Connolly would worry about all the other members. If he learned that somebody was sick, he always showed his concern by the countless questions he would ask.

John Connolly is a strong man and a philosopher, and the kind of human being that we are all happy to have with us. I cannot accept that he has left. I will take it upon myself to invite him here as often as possible so that we do not lose sight of him.

[Senator Grosart.]

THE LATE HONOURABLE THÉRÈSE F. CASGRAIN

TRIBUTES

Hon. Renaude Lapointe: Honourable senators, I should like to say a few words in homage to a great lady who passed away today. I refer to Senator Thérèse Casgrain.

[*Translation*]

"I am no longer satisfied to be an old lady sitting serenely on the sidelines. I see myself now as a black sheep with grey hair, a rebel who shudders at the thought of any kind of fence, gilded or otherwise, and who wants active involvement."

This is how Thérèse Casgrain expressed herself when asked to elaborate on the theme: Old age, a time for growth.

After fighting for 20 years to get women in Quebec the right to vote and their own entitlement to family allowance, Mrs. Casgrain was subsequently very active in the CCF, in the "Voix des femmes", the Human Rights Foundation, the Quebec Federation of Women and many other reform movements. She later worked very hard for the cause of Indian women who were driven off their reserves because they had married white men.

She also took up the cause of those who lost their jobs upon reaching retirement age. She said that this was classifying people by the year in which they were born, without considering factors such as personality and individual differences.

In a way, this was also what she felt upon terminating her all too brief stay in the Upper Chamber. In fact, she was here only nine months. In 1971, I had the honour of being appointed her successor, but I would never be able to take her place.

During the Quebec referendum, Mrs. Casgrain dedicated all her energy to the campaign. Whenever she appeared on the hustings, she was greeted by thunderous applause. She had become a symbol of down-to-earth common sense and tenacity, she had tremendous confidence in the ability and potential of Canadian women and an unshakeable faith in her Canada "from coast to coast", a Canada she had crisscrossed in all directions in reply to hundreds of invitations and to receive her many honorary degrees.

For 10 years I enjoyed her valuable friendship as well as her frequent visits here, I witnessed her concern, her enthusiasm and her indignation, and I experienced her charming hospitality at home. I now wish to add my simple tribute to those she received this afternoon in the other house.

Her departure fills us with great sadness, and tonight, all women in Quebec will feel as though they had lost a mother.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, upon the death of Thérèse Casgrain, we remember an almost legendary figure in Quebec politics, whose life reads nearly like a novel. Thérèse Casgrain was born into a wealthy family; her father, Sir Rodolphe Forget, built the railway line from Quebec to La Malbaie, a very risky undertaking at the time, at the beginning of this century. She later

married Justice Pierre Casgrain, who was Speaker of the House of Commons and Secretary of State before being appointed to the Superior Court. As Senator Renaude Lapointe pointed out, she was very active in all movements aimed at promoting women's rights, and she was more specifically involved in getting the vote for women at the provincial level in Quebec, a battle which she won in the forties. Thérèse Casgrain became interested in politics after her husband was appointed to the Superior Court in 1941.

She first ran for the Liberal Party in a by-election in Charlevoix county. She was defeated by an independent candidate during the war. It was not easy in those days. But this did not stop her. As they said on the news this evening, she ran nine times, once as a Liberal candidate, and eight times as a candidate either for the CCF or the New Democratic Party.

In fact, she was Quebec leader of that party for several years.

She came to the Senate in 1970, in October, eight or nine months before reaching the prescribed retirement age at the time, and left the Senate a little over ten years ago. This was in July 1971. It is hard to believe that only ten years have gone by, because during the short period she was with us, she managed to charm all the members of this chamber as she had done so often elsewhere. She was interested in almost every aspect of life, whether it was cultural, political, social, et cetera. Her biography in the *Parliamentary Guide* for 1971—the only one because she was with us for only a year; less than a year even—gives us the story of her eventful life and all the various causes to which she was dedicated.

Earlier, Senator Renaude Lapointe mentioned her role in the referendum campaign. She had a remarkable spontaneity, and whenever she spoke to a crowd, she was able to captivate her audience and to arouse its enthusiasm. She was very homesick for the Senate, because here at last she had an opportunity to speak in a legislative chamber. She had tried so often, and finally when she came here, she was able to experience what Parliament or a legislature, in any case the legislative process, was all about. I believe she liked and appreciated her stay with us tremendously.

We were always happy to see her when she came to visit us or when we happened to meet elsewhere. She was always very enthusiastic and had a great love for life. She was a constant fighter for women's rights and social justice. To me, her ties with the New Democratic Party bordered on the sentimental and were mainly based on her desire to help the socially deprived, since in many other ways she was a small "l" liberal as well as a small "c" conservative. We shall cherish her memory. She died suddenly, death came very simply, without warning. I believe it was the best way for this active joyous woman who loved life to leave it.

We offer her family our sincere sympathy, with the assurance that she will have a special place in the hearts of all Canadians.

• (2030)

[*English*]

Hon. Florence B. Bird: Honourable senators, I would also like to say a few words about Senator Casgrain. I admired her immensely. She was a sort of guide, philosopher and friend for a great many years, and I am rather shaken that she is now dead.

[*Translation*]

She was a Québécoise of courage and great charm.

[*English*]

She, as Senator Flynn has said, ran in nine elections and was defeated in nine elections, but I do not think her spirit was ever defeated. I do not believe "defeat" was a word in her vocabulary.

I remember, when I was living in Montreal in the thirties, how I watched her with awe and admiration as she fought to get women the vote. I remember also how she bullied Mackenzie King until he gave family allowances to mothers in Quebec, after he had planned to give them to mothers in all of the other provinces but to fathers in Quebec. I remember she told me that she had bustled down here and, as far as I can gather, she beat him over the head and changed his mind.

Senator Casgrain had a great sense of humour and the gift to be able to laugh at herself, which is a rare quality. She had style—that built-in kind of indefinable quality which some people are born with and never lose. She had elegance, but she was also tough and a fighter. I remember when she, along with Grace MacInnis, brought two carloads of Indian women from Caughnawaga to appear at one of the evening hearings of the Royal Commission on the Status of Women. It was a most dramatic evening and she succeeded in convincing all seven commissioners that Indian women are indeed discriminated against in the Indian Act. I also remember talking to her 10 years ago, when she was in this house. She was about to travel right across the country to attend hearings on, of all things, the Constitution. I said to her, "Thérèse, isn't that going to be very tiring for you?" She replied, "Florence, I have only nine months here and there is so much that needs to be done. There is so very much, that I must go on working."

• (2035)

I think those are words all of us should remember.

Hon. Senators: Hear, hear.

Hon. Hartland de M. Molson: Honourable senators, the news we have just heard tonight comes as a great shock to me. I was not aware that Senator Thérèse Casgrain had died. She was a friend of mine and my wife's for a good many years. Since her retirement from the Senate, I had been seeing her nearly every week, or certainly very frequently, and I had spoken to her often; and recently, when I saw her, she was as full of vitality as ever.

Having only heard this news in the chamber this evening, I am afraid that I have not had time to reflect upon the kinds of things I should like to say; but I do not think that I can accept

the news of her death without rising in this chamber to add my personal tribute.

I have always regarded Thérèse Casgrain as an exceptional woman. I grew up on the same street as her family lived on in Montreal. Her brother was associated with me in Les Canadiens Hockey Club. Incidentally, he did not agree with her political point of view, but then there were many people who did not agree with Thérèse's political point of view. That, however, could not detract from her character, which was really quite exceptional, for not only was she a champion of women's rights but she was also a champion of everything that is right. She had fine ideas and was both involved and keen politically, but that never gave her a distorted point of view about the essential issues in life, whether they were social or economic or moral. She set a great example not only to the women of Quebec, where she certainly was an inspiration, and not only to the women of Canada, but to all Canadians, because she set an enormously high standard as a person. In fact, her standard was of such a high degree that she will always be, at least in my mind, one of our greatest Canadians.

Hon. Senators: Hear, hear.

Hon. H. Carl Goldenberg: Honourable senators, like Senator Molson, I was shocked when I reached Ottawa just a little while ago to hear of the death of Thérèse Casgrain, a very old and dear friend of my wife and me. We were with her a week ago tonight at the swearing in of our friend Alice Desjardins as a Justice of the Superior Court of Quebec. Thérèse was not looking well. She had been ill, but she assured us that she was in good shape, and, as a matter of fact, just three days ago she phoned my wife. She had heard that our grandson, who was visiting us, had a bad cold. He is three and it was nothing serious, but she was concerned. Then she added, "Now remember, I am in good shape again. I am ready for another party." She loved life. She loved parties. The dinners at her house were most enjoyable and she was great company.

I do not have to add to what has already been said about her contribution in obtaining recognition of women's rights, but I was glad that it was pointed out by Senator Molson that Thérèse Casgrain was not only interested in women's rights, she was interested in human rights *per se*. I suggest to those of you who have not read her book, the story of her life, entitled *A Woman in a Man's World*, which is available both in English and in French, that you will find it worthwhile and very amusing.

● (2040)

I first met Thérèse Casgrain in 1933. I particularly remember her from 1935 on as the beautiful wife of Pierre Casgrain, who was then Speaker of the House of Commons. She was a beautiful young woman when I first met her and remained beautiful throughout her years.

Honourable senators, you have heard Senator Lapointe comment on her untiring campaign in the referendum. She was a great Canadian. I recall my wife trying to dissuade her one Sunday from travelling north by bus to make a speech. She was then in her eighty-fourth year. But she could not be held back because she was going to speak for Canada, and so she did.

The passing of Thérèse Casgrain is a great loss to my family. It is a great loss to Canada. She is one of the few Canadians who became a legend in her lifetime.

Hon. Senators: Hear, hear.

Hon. Peter Alan Stollery: Honourable senators, being new to this chamber, I did not come tonight with the intention of saying anything. However, I cannot allow this occasion to pass by without adding my own remarks. While travelling in China some years ago I had occasion to board a train going from Soochow to Shanghai. My companion, who was French-speaking, told me that there was a Canadian lady aboard. That Canadian lady was Thérèse Casgrain, and she, too, was going to Shanghai. We spent the next three or four days touring together, and my memory is of a truly great Canadian woman.

Our country is poorer because of her passing, but I was richer for having spent a few days with her and being able to say that since that time we maintained a very good friendship. I just wanted to add my words of sorrow upon hearing of the death of Thérèse Casgrain.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Royce Frith (Deputy Leader of the Government): If I may, honourable senators, I do not wish to add anything on behalf of the government but simply to say that the government echoes the remarks and personal recollections made here tonight on the death of Mrs. Casgrain. At this point I think that I would merely be repeating what has already been very well said. I would simply like to say a few words in English if I may.

[*English*]

I can remember sitting in the Café du Jardin in the Ritz-Carlton Hotel with Thérèse Casgrain and Madame Chaput-Rolland. I had just been introduced to Thérèse Casgrain, and I can say that I was in awe of her. Throughout the course of the dinner I listened to this woman, who, to people inside and outside Quebec—but particularly, I think, to anglophone Canadians—had a certain mystique. I remember sitting there and watching this woman of such patrician grace, stunning charm and powerful intellect tell me of the time she spent in jail because she had stood up for something in which she believed politically.

I have never forgotten Thérèse Casgrain. Every time I think of her I am reminded of what either Boswell himself said, or what he quoted someone else as saying, about Johnson, that no man could ever say that he knew another like him. I believe no Canadian is able to say that he or she has known another like her.

Hon. Senators: Hear, hear.

[*Translation*]

The Hon. the Speaker: As for Mrs. Casgrain, as far as I can think back, I have memories of Thérèse Casgrain. As you know, I was fairly active in social work in the province of

Quebec, starting in 1942, and even somewhat before that as a student, and whenever there were important events, events that changed our lives in Quebec at that time and events that have occurred since then, Thérèse Casgrain was there. She was involved in the silicosis question, the asbestos strike, the women's rights battle, in fact, wherever there was a just cause to be fought, wherever there was discrimination, Thérèse Casgrain was there ready to fight for justice and to stand up against the discrimination that existed in Quebec. Some of you here know her family background even better than I do, and one wonders what there was that made her so sensitive to the problems of her fellow men. It is rather remarkable, but perhaps not exceptional, in Quebec, for instance, to see people from middle-class families suddenly becoming concerned with the lives of those less fortunate and dedicating a large part of their lives to defending and representing these people and to fighting injustice.

We say we have lost Thérèse Casgrain, but this is only a manner of speaking. I believe she will live on in our memory as an example and an inspiration, and in this respect, she can never be lost to us. I believe she will enter the history of the province of Quebec and the history of our country as one of the truly great who have served their fellow citizens and their country.

DISTINGUISHED VISITOR IN GALLERY

MRS. CIOIA MARCONI BRAGA

Hon. Pietro Rizzuto: Honourable senators, allow me to extend a welcome to Mrs. Cioia Marconi Braga, the daughter of Guglielmo Marconi. I think everyone remembers him from the name they learned at school in Canadian history. Mrs. Braga is accompanied by Mr. Terzi and Mrs. Pegnata of the Italian embassy, who are here in the visitors' gallery.

● (2050)

[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGES IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate with changes in the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

(*For text of messages, see today's* Minutes of the Proceedings of the Senate.)

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate with changes in the list of members appointed to serve on the Special Joint Committee on Official Languages.

(*For text of message, see today's* Minutes of the Proceedings of the Senate.)

DOCUMENTS TABLED

Hon. Royce Frith (Deputy Leader of the Government) tabled:

Report of the Canada Employment and Immigration Commission and Department of Employment and Immigration for the fiscal year ended March 31, 1981, pursuant to sections 6, 14(2) and 14(3) of the *Employment and Immigration Reorganization Act*, Chapter 54, Statutes of Canada, 1976-77, together with the Auditor General's report on the Unemployment Insurance Account for the fiscal year ended December 31, 1980.

Reports of the Petroleum Compensation Board for the fiscal years ended March 31, 1980 and 1981, pursuant to section 94 of the *Petroleum Administration Act*, Chapter 47, Statutes of Canada, 1974-75-76.

Initial Response of the Federal Government to the "Obstacles" Report, dated October 30, 1981, relating to the Report of the Special Committee on the Disabled and the Handicapped, issued by the Minister of National Health and Welfare.

Report of the Department of National Health and Welfare for the fiscal year ended March 31, 1981, pursuant to section 13 of the *Department of National Health and Welfare Act*, Chapter N-9, R.S.C., 1970.

Report to Parliament on Immigration Levels, pursuant to section 7 of the *Immigration Act, 1976*, Chapter 52, Statutes of Canada, 1976-77.

Report of operations under the *Foreign Investment Review Act* for the fiscal year ended March 31, 1981, pursuant to section 30 of the said Act, Chapter 46, Statutes of Canada, 1973-74.

Memorandum of Agreement between the Government of Canada and the Government of the Province of Prince Edward Island, dated September 28, 1981, pursuant to section 20(3) of the *Royal Canadian Mounted Police Act*, Chapter R-9, R.S.C., 1970.

AGRICULTURE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1) (i), moved:

That the name of the Honourable Senator Adams be added to the list of senators serving on the Standing Senate Committee on Agriculture.

Motion agreed to.

[*Translation*]

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding Rule 45(1)(a), moved:

> That the Standing Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting tomorrow, Wednesday, 4th November, 1981, and that Rule 76(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Hon. Martial Asselin: Explain, please.

Senator Frith: Mr. Speaker, before this motion is agreed to, I would like to give an explanation.

I have spoken to the chairman of the committee about tomorrow's meeting. He informed me that a native delegation will appear tomorrow in relation with Bill C-48 and that while this might not be the only opportunity for this delegation to appear, it is certainly the most convenient. This is why I told the chairman that I would introduce this motion, but whether or not it carries is up to the Senate.

Motion agreed to.

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding Rule 45(1)(a), moved.

> That the Standing Senate Committee on Foreign Affairs have power to sit at three o'clock in the afternoon tomorrow, Wednesday, 4th November, 1981, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Hon. Lowell Murray: Are you going to give some explanation?

Senator Frith: If I may provide a word of explanation.

Hon. Martial Asselin: I do not need any explanation, I am the vice-chairman.

Senator Frith: You may not need any explanation, but although we may not find it desirable that these two committees sit in the afternoon at the same time as the Senate, this committee has to examine a certain report tomorrow. This of course causes some overlapping for those who sit on both committees.

[*English*]

Hon. Jacques Flynn (Leader of the Opposition): It is not a binding convention.

[*Translation*]

Senator Frith: It is certainly legal, but perhaps not constitutional. In any case, we shall see.

[*English*]

Senator Flynn: I said, "not binding." I will stick to my own definition.

[*Translation*]

Senator Frith: It is certain that the duties of those who sit on both committees overlap. This is why we wish to start at 3 o'clock in one case and at 4 in the other. However, I can assure you that it would normally be preferable not to have such a situation of two committees sitting at the same time as the Senate.

Senator Flynn: The Deputy Leader of the Government could perhaps stress the fact there is no legislation before the Senate at this time.

Senator Frith: Agreed.

Motion agreed to.

QUESTION PERIOD

[*English*]

GOVERNMENT PROGRAMS

SPECIAL INDUSTRY AND LABOUR ADJUSTMENT PROGRAM—URBAN TRANSIT DEVELOPMENT CORPORATION SYSTEM—WESTERN DEVELOPMENT FUND—REQUEST FOR STATUS REPORTS

Hon. Lowell Murray: Honourable senators, in the absence of all the ministers of the crown, may I ask the Deputy Leader of the Government if he would obtain and present to us, at an early date, status reports in a number of areas?

Would he furnish us with a status report on the famous $350 million Special Industry and Labour Adjustment Program? Without giving offence, may I say that I do have copies of the press release of January 19, 1981, in which this program was announced, and the press release of March 16, 1981, in which the communities designated for adjustment assistance were listed. I also have a copy of the background document issued by the Department of Industry, Trade and Commerce on that occasion. I would ask the Deputy Leader of the Government to do us a kindness by not presenting a regurgitation of those press releases but, rather, by telling us how much money has been spent from this program; where; and, specifically, on what projects.

Honourable senators, also under the heading of status reports, may I ask the Deputy Leader of the Government to

report to us on the funds which were supposed to be granted by the federal government for the Urban Transit Development Corporation system to be supplied to Vancouver?

I should like to know whether Vancouver has, indeed, finally opted for the system; whether any money has been paid by the federal government to the province or to the municipality; what the source of any such funds might have been; and, in particular, whether any such funds have come from the famous Western Development Fund.

● (2100)

Finally, I note that my colleague, the Deputy Leader of the Opposition, tried recently to obtain some information from the government about the Western Development Fund. May I simply add to those efforts my own question, which is: How much money has been spent from the fund; on what projects; and where?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, no offence was intended to be given and no offence was taken.

I think each of those questions is clearly a request for information. Since the Honourable Senator Murray particularly does not want a repetition of certain documentary evidence that he already has, I wonder whether it would be appropriate to append that to his question so that the department will know what it is he does not want while looking up what it is he does want.

TRANSPORT AND COMMUNICATIONS

COMMITTEE STUDY OF VIA RAIL—APPEARANCE OF MINISTER OF TRANSPORT

Hon. Daniel Riley: Honourable senators, I have a question to address to the Deputy Leader of the Government. Is it the intention of the Minister of Transport to disdainfully ignore the formal request of the Standing Senate Committee on Transport and Communications, to which was unanimously referred by this house a review of the abandonment by VIA Rail of approximately 20 per cent of the vital rail passenger service in Canada?

Because of the short time at our disposal, I think that if the minister is of the mind to ignore this committee—a committee of this house of Parliament—then he should reconsider, and do so soon.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, as far as I am aware, it is not the intention of the Minister of Transport to disdainfully ignore anything.

Senator Riley: I point out to the deputy leader that I have it on fairly good authority that his intention is to either ignore it or not to appear before November 15.

CONSUMER AND CORPORATE AFFAIRS

INVESTIGATION OF SUPERMARKET PRICE WAR

Hon. Jack Marshall: Honourable senators, I have a question to seek information. I wonder if the deputy leader could inquire in the other place, or of the government, whether the Department of Consumer and Corporate Affairs is investigating the price war that is going on in supermarkets. I should like to know how these poor, multi-corporation supermarkets, which cried that they were making only half of one per cent profit, can suddenly reduce their prices by 20 per cent. They are only doing that in one locale in Ontario, thereby denying other Canadians the benefits of this price war.

Is there an investigation taking place to determine how they can suddenly drop their prices by 20 per cent? And how can we get that price war spread down to Newfoundland, where the people are paying exorbitant prices?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I will certainly try to find out if an investigation is taking place, but the Honourable Senator Marshall knows an investigation can be triggered under the Combines Investigation Act by complaints. It may be that an investigation is under way, and if not, perhaps one can be triggered by such a complaint. However, I shall obtain what information I can on the present state of affairs of the pricing situation to which he has referred.

OFFICIAL LANGUAGES

POST OFFICE—NEWSPAPER REPORT OF CHANGE TO UNILINGUAL SIGNS IN MONTREAL

Hon. Hartland de M. Molson: Honourable senators, I have a question for the Deputy Leader of the Government. There was an article in a Montreal newspaper this morning in which the statement was made that the Post Office in Montreal was changing some of its bilingual signs to unilingual signs. I very much doubt this, in view of the long-term policy of the government, and of Parliament, as a matter of fact, and at a time when this particular subject about signs in Quebec is so touchy. Bearing that in mind, I find it difficult to believe that story, but I should like to ask my honourable friend if he could find out if there is any possibility that that report is accurate.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, certainly *prima facie*, to quote another unofficial language, that would seem to be a breach of the Official Languages Act. I think the point is well taken, and I shall, with enthusiasm, try to find out if it is true.

[*Translation*]

INDUSTRY

TEXTILES—MEMBERSHIP OF TASK FORCE

Hon. Martial Asselin: Honourable senators, I have a question for the Deputy Leader of the Government. Last week, the government established a task force to examine the textile situation in Canada. Apparently, they forgot to appoint representatives of the textile industry to it. The textile companies are now pressing the government to have company representatives on this textile industry task force.

Could the Deputy Leader of the Government find out why the government has failed to put representatives from the industry itself on the task force?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I read something about this in the mail this morning, that it was a reappointment or something like that.

In any case, the press release had today's date, I believe. I read the names in passing, I did not look at the release in detail. I had the impression there was someone representing the industry. I accept Senator Asselin's remark, since he read the release in greater detail than I did. I have made a note of the question and I will try to get some clarification.

[*English*]

Senator Asselin: I draw to the attention of the deputy leader that an article in the *Globe and Mail* of Wednesday, October 28, 1981, entitled "Textile Firms to Press for Place on Renewal Board," said that there were complaints from those companies to the effect that they were not represented on that board.

[*Translation*]

MANITOBA

PROPOSED SITE FOR INSTITUTE OF AEROSPACE TRAINING AND TECHNOLOGY

Hon. Joseph-Philippe Guay: Honourable senators, I have a question for the Deputy Leader of the Government in the Senate. Again it has to do with western Canada. I should like to quote from a letter which is addressed to Manitoba senators particularly. The letter originates from the Winnipeg Chamber of Commerce and clearly sets out the problem with which Manitobans have to come to grips once again. I should like to read an excerpt from the letter which explains the situation. I would appreciate it if you, as deputy leader, or the government leader, would give us an answer, tomorrow if not tonight, so that we may be in a position to enlighten our people in Manitoba as soon as possible.

[*English*]

This letter is signed by Jack Hignell, President of the Winnipeg Chamber of Commerce. The letter is addressed to the various senators from Manitoba. Mr. Hignell stated in that letter:

> As you are most likely aware, the federal government announced earlier this year that they had decided to establish a Canadian Institute of Aerospace Training and Technology in Winnipeg.
>
> Since that announcement, publicity has been centred on disagreements between the Federal Minister of Employment and Immigration, the Honourable Lloyd Axworthy, and Quebec Members of Parliament, over the site of the Institute.

I need not go any further in quoting from that letter, honourable senators, because, after the announcement had been made with respect to the implementation of this large training school in Manitoba, it seems as though the matter has come to a standstill. There are many rumours out west that we will lose this just as we did the Viscount base of Air Canada in 1969. That proved to be a disaster to the city of Winnipeg. It lost over $100 million in revenue per year because of that

I ask the Deputy Leader of the Government to look into this matter. I can assure him that not only the Winnipeg Chamber of Commerce is concerned, but also people from Winnipeg, Manitoba and also Saskatchewan, because this will affect the training program for many people from Saskatchewan who will benefit from it. Therefore, there are two provinces that are very concerned about the decision that was announced. People were led to believe that they were going to get it, and now there are rumours that that is not going to be the case. Can we be informed as to where this Institute of Aerospace Training and Technology will be established; whether it will be in Winnipeg, as was announced in the first place?

• (2110)

Hon. Martial Asselin: It will go to Montreal.

[*Translation*]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I will take note of the question and if it is possible to inform Senator Guay in that respect, it will be done. If, on the other hand we can make a clear announcement right away, we will do so.

Senator Asselin: Look at the situation in Montreal as well.

[*English*]

CROWN CORPORATIONS

PETRO-CANADA—RETAIL SALES PRACTICES

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Deputy Leader of the Government, not because I think he will be able to answer it immediately but because he is the only representative of the government that I see to whom to address a question.

Hon. Jacques Flynn (Leader of the Opposition): There is nobody else.

Senator Smith: It relates to the retail enterprise of that crown corporation which is sometimes known as Petro-Canada and, particularly, its retail practices in connection with the retail gasoline outlets which it has acquired from Petrofina. What is the policy of Petro-Canada now with reference to permitting the sale in its retail stations of goods, aside from gasoline, which are normally sold in such stations? In particular, has that company a policy which prohibits its agents or representatives operating independent stations in Nova Scotia—independent in the sense that the dealer is also the owner of the premises—from selling Michelin tires?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, that is a very clear question. I do not know whether I could give a clear answer, but I will certainly try to find one.

Senator Flynn: As a supplementary question, I would like to know the policy of those stations with regard to the price of gasoline. Are we going to pay the same price as in any other service station?

Hon. Earl A. Hastings: Competitive.

Hon. D. G. Steuart: Competitive.

Senator Asselin: More.

Senator Flynn: Competitive in what sense?

Senator Asselin: Higher.

Senator Flynn: Would they charge less? Senator Hastings is suggesting a reply for you.

Senator Frith: Honourable senators, I heard two of our distinguished western senators, who have some experience with Petro-Canada, both come up spontaneously with the word "competitive." I will see if I can find some justification for that in the policy of the corporation.

Senator Flynn: I want to know if it applies in both cases.

Senator Frith: I appreciate that the questions in both cases, I believe, are meant to apply to eastern Canada because that is where the Fina operation—

Senator Steuart: You have to make a buck somewhere.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I could report to my honourable friend that in the city of Winnipeg the prices are the same in normal trade—

Senator Flynn: That is competitive.

Senator Roblin: —except when there is some sort of price war going on. I want my honourable friend to tell me whether or not this arranged price, which is the same in all the filling stations in which PetroCan takes part, has been referred to the Restrictive Trade Practices Commission to see whether it violates any of the canons of the law.

Senator Steuart: They do it the same as the banks—by osmosis.

Senator Flynn: I would believe you.

Senator Roblin: The banks don't do it by osmosis. They are directed by the Bank of Canada to do these things.

Senator Frith: It depends on what things you are talking about.

Honourable senators, another distinguished western senator has given us his interpretation of the word "competitive." I will see if I can get a competitive interpretation from Petro-Canada.

THE ECONOMY

EXTENSION OF SMALL BUSINESS DEVELOPMENT BOND PROGRAM

Hon. Robert Muir: Honourable senators, I have a question for the Minister of State for Economic Development, but since there is a very important cabinet meeting going on I can understand why he is not present. Therefore, I would like to direct my question to the Deputy Leader of the Government. As Senator Frith probably knows, the government's Small Business Development Bond program is due to expire at the end of this year. I ask him to take notice of this question and get a reply as soon as possible: Could he give assurance to the thousands of Canadian small businessmen and businesses, which are nearly crippled, even with the bond program, that the government will extend it beyond the year-end at which time it expires?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, without accepting the understandably rhetorical words in which the question is couched, or I think it is clear, namely: Will the program be extended or not? I will try to get that information.

CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUR

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on Health, Welfare and Science, entitled: "Child at Risk", tabled in the Senate on 16th October, 1980.—(*Honourable Senator Bell*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I understood that Senator Bell—and she will correct me if I am wrong—was standing this order in order to give other senators an opportunity to speak to it. I know of another senator who wants to speak to it in the week commencing November 22. If no other senator wants to speak to it this week, perhaps it can be allowed to stand until next week. Am I correct in thinking that Senator Bell is holding this order in the event that other honourable senators will speak to it?

Hon. Ann Elizabeth Bell: Honourable senators, in July I had asked to speak to this order because at that time I thought Senator Bonnell would be closing the debate, but then I noticed it was adjourned in the name of Senator McGrand. I then discussed it with Senator Bird, and we thought that it probably would be a good idea to have this matter raised in the fall, so that some action could be taken on the report. However, I would like to speak to it on Thursday, but I hope honourable senators will feel free to participate in the debate without consulting me.

Senator Frith: In that case, honourable senators, we will stand the matter because we know Senator Bell wishes to speak to it on Thursday, and another senator wishes to speak to it later.

Order stands.

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

MEETING OF SUBCOMMITTEE RESPECTING WHEAT—DEBATE ADJOURNED

Hon. Duff Roblin (Deputy Leader of the Opposition) rose, pursuant to notice of Tuesday, October 27, 1981:

That he will call the attention of the Senate to the meeting of the Sub-Committee of the Canada-United States Inter-Parliamentary Group respecting wheat, held in Washington, D.C., U.S.A., on October 23rd and 24th, 1981.

He said: Honourable senators, I am loath to disturb the even tenor of the way we are proceeding tonight by venturing to offer a few comments on the topic which I placed on the order paper the other day, but perhaps this represents an opportunity to deal with the subject in question.

I would like to begin by offering a word of appreciation—perhaps it might be more of a tribute—to the Honourable Hartland de M. Molson who has, for a number of years, been the leader of the Canadian Senate Delegation to the Canada-United States Inter-Parliamentary Group at its various meetings. Senator Molson has conducted himself with great distinction. He has offered wise counsel to those of us who have taken part in the proceedings of that body, and has reflected credit not only on himself but also on this chamber in the manner in which he has discharged his responsibilities. Incidentally, he told us, in the course of his speech, that perhaps he will not be discharging that function any more because his term of office has expired. If I had my way, I would have him continue in that role indefinitely, because he fills it very well indeed.

Speaking the other night about the main meeting of the Canada-United States Inter-Parliamentary Group, he made mention of the attitude of our American guests at Halifax last summer. It is interesting that he was able to circulate among some of us extracts from the proceedings of the American House of Representatives, in which two of the delegates to our Halifax meetings spoke about Canadian-American relations. One was the Honourable D. B. Fascell and the other was the Honourable John LaFalce. They spoke to their American colleagues after the meeting in Halifax, and I thought it might be of some interest to honourable senators if I quoted a paragraph from Dante Fascell's speech, because it presents, in clear and understanding terms, the idea of the Canadian-American relationship which we might do well to keep in mind. Part of his speech went as follows:

● (2120)

Let our message to our Canadian friends be that we value their friendship, understand their concerns, and will work together to resolve or alleviate their grievances; and let that message also make clear we will look for a like attitude from them, so that their undoubted right to define and pursue their national interests will not impinge on our no less legitimate rights under international law.

I consider that to be a fair statement of an attitude that I hope will always prevail between our two countries when there are matters of mutual concern and perhaps disagreement to discuss.

When Senator Molson spoke the other day, he referred to the fact that there is a subcommittee of the main body which is studying the question of grain export marketing. As he forecast in his speech, that subcommittee did meet in Washington on October 23 and 24, and it is about the proceedings of that subcommittee that I wish to offer a few comments tonight.

Senator Sparrow and Mr. Jack Murta, M.P. were co-chairmen of the Canadian section. There were six members of the House of Commons, plus myself and the two gentlemen I mentioned. We met with six members of the United States Congress. It is perhaps interesting to reflect on the fact that of all the many matters of mutual concern which are at issue between our two countries at present, the subject of grain marketing, particularly wheat export grain marketing, happily is one of the subjects on which Canadian-American interests can be described as being sensibly harmonious.

It is a pleasant change from the differences of opinion which now beset a number of issues that are at stake between us. On the question of export of wheat, and in agricultural matters generally, I am pleased to report that we broadly speak to the same brief. That is particularly true in the case of wheat. Of course, it is quite natural because we proceed along decidedly parallel lines, for the reason that we share common problems and have common objectives in opening up markets for wheat. We find that there appears to be room for helpful co-operative action between our two nations in this important matter.

Canadians and Americans are major players in the world wheat export market. The supporting cast includes the Australians, the people of the Argentine and the European Economic Community. In both Canada and the United States wheat exports are a highly significant factor, not only in our regional interests but also in our national interests, because in both countries they make an enormous contribution to the balance of payments and our credibility in the world's economic structure.

During the course of the meetings there were some interesting discussions on matters of mutual interest. For example, we examined the cost of production of wheat. There are substantial similarities in the cost of production of wheat in our two countries, which is not surprising because we do share a continental agricultural economic system in this industry. We were able to compare prices and figures and find that there is a significant convergence in the costs of production between our two nations.

Wheat farmers in each country face similar production problems. They can be described in a phrase that will be familiar to any westerner in this chamber, namely the cost-price squeeze. That is a shorthand system that we in the west have used for a long time to indicate that the cost of producing wheat had been rising faster than the selling prices offered in the international export markets. Of course, the reasons for that are the same reasons that beset other aspects of our

economy: the tremendous increase in interest rates, increasing cost of inputs—particularly those connected with energy, fertilizer and equipment. The price of land has been extremely buoyant indeed, with the result that there has been an increase in the cost of production which exceeds the increases that have been available in the world markets.

To some members of this committee it appeared also that there were imperfections in that world wheat export market, because those imperfections are reflected in the price of wheat in the Chicago market, which, in effect, settles the price of wheat for the world market. We find that there are certain constraints on that market that we would like to see eliminated. Some could be identified with the policies followed by other countries.

I need only mention the common agricultural policy that is being followed in the European Economic Community, and the effect that has on agricultural exports generally and on wheat in particular. This is important because in many years the European Economic Community makes a substantial contribution to the world wheat trade on a highly subsidized and preferential basis.

The same can be said for the Japanese—not that they export wheat, but they do import it. They have domestic price support systems which we feel impinge unfairly on the international price and thus affect the cost-price squeeze that I mentioned.

Then there is, of course, the extremely businesslike and capitalistic approach employed by the centrally planned economies in dealing with the Chicago market. I should say, to those who are not up to date on their jargon, that "centrally planned economies" means the Soviet Union and those countries like it. We find that their activities, particularly over the last four or five years, have been the cause of perceived unfairness in the establishment of world wheat export prices. Yet in our committee we came to the conclusion that if the conditions were favourable, both countries have a potential to significantly increase their production of wheat for export, and in that way make a major contribution to meeting the needs of the undernourished quarters of the world.

The meeting reviewed the supply and demand outlooks, both on the short-term and medium-term bases, and it found in those prospects a challenge to which we could respond to improve food supplies throughout the world—although it was pointed out, and I certainly agree with the observation, that this task of feeding the world is certainly not one for the agricultural community alone in either country, but is one which belongs to the whole national society in either case.

The conclusion was—and it will surprise no one—that the basic problem identified was to secure prices for producers that would meet the cost of production, and that this particular aspect of the grain marketing situation in the international field today was the point at which we should concentrate our efforts.

I will not detain honourable senators by recounting some of the interesting ideas that were put forward, by which the cost of production could be more faithfully reflected in world wheat prices. Some of those ideas have been discussed on the floor of the American House of Representatives, and while they have not been adopted by that chamber, they are gaining increasing support and popularity. But based on the general theme that our interests were in many cases parallel and comparable, that we were looking for a cost of production export price formula that would be more practical and favourable than the one we have today, the meeting came to a conclusion, supported by a broad consensus of those present, that we should call upon our respective legislatures—

Senator Frith: That is the meeting of the U.S.-Canada group, not a meeting of the House of Representatives.

Senator Roblin: I am sorry. I must be clear about that. I am talking about the subcommittee.

Senator Frith: It was not my wish to argue. I was not sure what you meant.

Senator Roblin: The subcommittee called upon the respective legislatures to establish a committee in each country with a mandate to develop specific proposals for improving producer returns, including a common floor price that at the minimum reflects the cost of production. I would make an addition to that, namely, that we should examine also ways and means of making it possible for the people who want to eat this wheat to buy it, because that, surely, must be one of the important components of any improvement in the international wheat trade.

Following the meeting, the Canadian delegation made it clear that it intended to follow up that initiative by asking the Canadian government to create a special joint Senate-Commons parliamentary task force on international wheat with a view to looking into the questions that had been raised. I believe that a meeting will be held this week with the Minister of State for the Canadian Wheat Board to see whether his support can be obtained for a measure of this kind.

● (2130)

I have only skimmed lightly over a very large, important and difficult topic, but perhaps I have said enough to make it perfectly clear that the goals this committee has set for itself are decidedly ambitious, because when you are dealing with the question of the price of a commodity like wheat in the world market, it is no easy project to get a handle on it. It will require not only activity on the part of the Canadians and the Americans, but also the co-operation of other world exporters. Just as importantly, it will require the understanding and co-operation of the consuming nations of the world, so that they may have it made clear to them that this is no cartel or price ramp that people have in mind.

If we are able to make any progress along these lines, it could quite well be possible to maximize Canadian production, and improve the use of Canadian natural resources in providing something that the world needs badly, and in greatly increasing quantities as time goes by—namely, food to keep life in the bodies of people in unfortunate parts of this world.

This policy could lead to the possibility of reducing malnutrition around the world and making it possible for this great product of the agricultural industry in our two countries to play a greater role in the sphere of dealing with hunger and poverty throughout the world.

I have merely sketched the outlines of the question. To repeat what I have already said, it is by no means obvious what solutions will work in this case. We know what we would like to do, we have an idea of some of the problems, we can see the goals, we can see the possibilities. We are not sure how to achieve our goals, but we hope that if we can persuade the executive branches of the governments in both our countries to instruct the legislatures to seize themselves of the essence of this problem, then we can refine the matter; we can find out whether it is possible to do anything along these lines at all. If it is not, then we can go out and look for more suitable targets and opportunities; but if it is, then we can probably set the wheels in motion to get better supplies of food to the people of the world, and at the same time maximize the economic opportunities and economic contributions that the agricultural industry can make to the welfare of our country.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before adjourning the debate, in case Senator Argue, in particular, might want to make some comments, I wonder if the Honourable Senator Roblin can tell me about how much room to manoeuvre there is for Canada and the United States, in general, against the background of what I understand is a part of the situation, and about which I may be wrong, because I am no expert on this at all. Am I right that there is no straight counterpart in the United States of the Canadian Wheat Board? That is my first question.

The second question is this. I seem to remember reading somewhere about a very large private company, owned by a family, that has a good deal of control over international wheat. Am I confused with some other fields, or is that true? If I am right on the fact that there is no counterpart of the Canadian Wheat Board in the United States, and also on the other point, then I suppose that is going to be a part of the questions that Senator Roblin has still reserved in saying that what we have to do is find out how much we can do. Am I right about that setting?

Senator Roblin: The question of supply management in both countries has been exhaustively studied by this committee on previous occasions; but I think it is fair to say that, until we started to look into it, the American side of the equation had grave reservations about anything that would increase Canadian competition, in their view, in the international market. We were able to point out to them that up to the present time our capacity to sell had been limited by the transportation system; but we are no longer content to take that as a permanent limiting factor in our wheat trade, and we told them frankly that we expected in the next 10 years to increase the trade in grains by about 50 per cent. I think we can. We pointed out to them, however, that under the Canadian Wheat Board system we have a machine available now which, in effect, may not control production but which controls the supply that goes forward to the market, because under the quota system the Wheat Board calls forward the supplies that it can sell, and the supplies it cannot sell remain on the farm at the farmer's expense. The only help the farmer gets—"only" may be the wrong word—the only major assistance he gets is a cash advance towards grain, which amounts to $15,000 per farm. This is just a bag of shells—peanuts—because it really does not help very much. Cash flow problems are one of the main inhibiting factors in Canadian Wheat Board production these days, in my opinion, and that is something that will have to be tackled.

We therefore told them that on our side we were certainly intending to compete and that we had a machine that would enable the Canadian co-operative authorities under the Wheat Board to regulate the amount of grain that goes into the market. I will come to the question of price competition in a minute.

On their side they have, in effect, some indirect controls, or indirect influences, on the supply of wheat that their system can generate. They do not have anything like the Canadian Wheat Board, but they have a system like "set asides". If they think there is going to be too much grain grown in the United States, they have a system whereby they encourage farmers to set aside a certain acreage to summer fallow, or pasture, or some improving regime, rather than plant it to wheat. That has the effect of keeping the production of wheat down. The incentive is that if they stipulate that a set-aside situation exists, and if farmers want all the other helps that they have in their system, they do not get them unless they agree to go in on the set-aside.

They also have a system of keeping grain on the farm: They have a price that they will pay to the farmer for storing grain there, and a price at which it is released into the system; so they can keep grain out of the world export system by means of this farm storage arrangement.

There is another system that involves a target price, which is, in effect, a deficiency payment.

Although they do not have nearly as quick acting or direct a system of influencing the flow of grain into the market system as we have here, they are not without weapons. They have a system which has some reasonable effect.

Senator Frith: And which would enable them to implement any co-operative arrangement.

Senator Roblin: Yes, or if it does not, they would have to think about something else.

Realistically, however, things being what they are in the United States, there is no use expecting them to have a wildly interventionist policy with respect to agriculture. That is just not in the cards. We therefore have to make use of these other policies, which are reasonably effective, and which I myself would have no trouble living with.

They suspect that if we get the chance we will go out and underbid them. They set the price up, but they fear that we will go out and underbid them. Well, that is a myth. It is very hard to get it out of their minds, but that is not what history

shows. If that is the way we operate we are damned poor competitors, because our share of the world market has been relatively static for 20 years, while their share of the world market has increased by over 50 per cent. It has gone up enormously, while ours has been static. So, if we are tough competitors by underselling them in the marketplace in terms of price, it does not show up in the results we see before us.

In fact, the Canadian Wheat Board has assured me, and I have reason to rely on their statement, that they simply take the American price, which is the basic price at which wheat is sold in the world market today. The Americans are the price setters. We told them frankly, "We have very little to do with price. We cannot control it. You are the price setters," and in effect the Chicago wheat market sets the price of wheat all over the world. Everybody in the whole system operates in connection with that.

On the question of supply, therefore, it is an "iffy" question, and you would have to see what hangs on it before you would put the stamp of approval on it. The question of price, I think, is really a non-starter in terms of being a problem. I think when the price is set by the Americans in the Chicago exchange, that is the price for the whole world.

The substance of your question, I take it, is: Is it possible to conceive of any arrangement of the sort I have been describing, working? I think it is. It is not going to be easy, and we are a long way from having achieved what we want; but I think it is well worth having a good look at it.

Senator Frith: And with regard to the other aspect, what you have said answers it to a large extent. That combination—the mechanisms and the production power—that the United States has, sets the price, and therefore the other aspect of the question, namely, whether the international private sector—monopolies or control mechanisms—would have too much power to let the two governments influence the situation, is not true.

Senator Roblin: It is true if you just contemplate proceeding along the same lines as we are proceeding along now. The big international grain companies—I believe there are about five of them—really do handle a great deal of the international trade of wheat in the United States. They are not concerned so much with price; they are concerned with the spreads. They live on the spreads, which are about the same no matter what the price is. You can see, therefore, that there is not exactly a common interest there.

● (2140)

Among some of the plans that have been discussed by the Americans, however, is one that recognizes this question. A mechanism by which this problem in their market is taken care of has been suggested by Mr. Weaver, a representative from Washington or Oregon. It is true, therefore, that the present market structure probably would cause difficulties, but there is no reason why there cannot be an intermediary machine which he described for us, actually, at our meeting by which this factor could be taken care of. He has been presenting this idea of his to the American House of Representatives for the past number of years. Though his proposal did not have any support when he started, it recently came pretty close to passing, so you never know.

Hon. Andrew Thompson: Honourable senators, I should like to ask Senator Roblin a question simply for information, and it is with respect to another competitor on the world scene. I am speaking of what I believe he referred to as the centrally planned economies, which would be the Soviet bloc countries. As I understand it, he suggested there was perceived unfairness in the market. Could he enlarge on that and perhaps give some examples of it?

Senator Roblin: Surely. It was in 1974 that the Russian traders were able to get millions of bushels out of the American market simply by concealing the facts of their situation in Russia, and by going through every nook, cranny and back alley to negotiate deals.

The result of this was what has been called "The Great Grain Giveaway". They bought grain from the United States at prices that were really hundreds of millions of dollars less than what would have been paid in a freely operating trade situation. That is, I think, a fairly good example of what has been happening in the grain trade.

Even today when the Russians are out buying wheat—and I do not say this by way of criticism; they are pretty smart—they do not go to the United States first. The Russians make the Americans the supplier of last resort. They go to everybody else, and they do not get into the American pricing system if they can help it. They keep the pressure down on the American pricing system. If the Russians went into Chicago right away for all of their trade, that would have the effect of raising the price higher than it would otherwise be.

When I talk about "perceived unfairness" in the marketing system, perhaps "unfairness" is the wrong word to use. Perhaps the Russians were simply smarter than the Americans in this case. I am confident that the *Hansard* of this Senate would not be read in the United States, or I would not make that remark. It is likely, however, that the Russians outsmarted the Americans in those two instances.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, November 4, 1981

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

Prayers.

THE LATE HONOURABLE THÉRÈSE F. CASGRAIN

TRIBUTES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I apologize for my absence from the chamber yesterday. There were, however, mitigating circumstances. A meeting of cabinet was held at eight o'clock last evening, and it was rather important for all members to be in attendance. For that reason, I was not able to add my voice to the eloquent tributes paid to the late Madame Thérèse Casgrain, our former colleague, and to the Honourable John Connolly on his resignation from the Senate. May I then, at this time, take the opportunity to say a few words regarding these two great and distinguished Canadians?

[*Translation*]

It is with great sadness that I heard of the death of the Honourable Thérèse Casgrain.

I knew Senator Casgrain when I was a member of the House of Commons, and for seven years I had the pleasure of knowing her both personally and through her work.

[*English*]

Honourable senators, in recent hours many eloquent and heartfelt tributes to the late Senator Casgrain have been voiced in this chamber and elsewhere. While I was not a long-time personal friend of Thérèse Casgrain, I had regular opportunities to discuss with her the problems relating to Parliament and those affecting our nation. She was, of course, a person of incredible creative energy who could have served in the Senate with great ability beyond the compulsory retirement age of 75 years.

She had a vision of a united Canada, a vision of a democracy, not a nation where majority rights are imposed but where minority rights are protected. She was a person with a love for all of Canada, a love which encompassed not only her native province, but an affection which reached both of Canada's oceans—she visited the west coast and the east coast on several occasions—and an affection which encompassed all of the area and the peoples between.

Honourable senators, not long ago some of us saw her on television where she discussed her career and told us of her life, and all of the events in which she was involved during that great life. On that telecast we saw her with a vitality, the same vitality which she brought to this chamber for an all too brief time and to the noble causes she fought for all her life. I think she demonstrated this on the occasion of her retirement from the Senate when she said:

> I wish to assure you that you can always count on me to stand up and be counted. We are living in times that are not easy, especially down our way. I think it would be awful if I had to go home and knit, because I would be sure to drop too many stitches.

Needless to say, honourable senators, she did not return home to knit. She was still standing up to be counted as recently as a few weeks ago, and made it abundantly clear that she felt she still had much work to do. Indeed, her contribution to the development of this nation will not soon be forgotten, especially her accomplishment in the field of women's rights. We have lost a great colleague, a great friend and a great Canadian.

[*Translation*]

Honourable senators, I wish to take this opportunity to extend my most sincere sympathy to the Casgrain family.

[*Later:*]

[*English*]

Hon. David A. Croll: Honourable senators, I, too, wish to pay tribute to the late Honourable Thérèse F. Casgrain.

I knew Madame Casgrain when she used to come to Ontario to speak on behalf of the poor and unfortunate. At that time, we were both considered to be left wingers. When she came to Ontario to speak on welfare matters, I got to know her quite well. She always had time to devote to the less fortunate in our society.

I wish to say something in particular about the late Senator Casgrain. She had a special spot in her heart for the Jews of Quebec. She not only expressed that, but gave them whatever assistance she could on many occasions. I wish to thank her for that, and to express my sympathy to her family.

THE HONOURABLE JOHN J. CONNOLLY, P.C.

TRIBUTES ON RESIGNATION FROM SENATE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I would like to pay this necessarily delayed tribute to one of our most eminent colleagues, a man who served in this chamber for over 28 years. I am speaking, of course, of the Honourable John Connolly, who officially retired last Saturday, October 31, on his seventy-fifth birthday. Senator Connolly wrote to me the other day. He stated that he would find it very difficult to be in the chamber to hear the tributes to him on the occasion of his retirement. However, I hope that he will learn of these tributes in either recorded or

written form. They may serve to assure him of the affection and esteem in which he is held by all of us.

A distinguished jurist, Senator Connolly has served this country in many different capacities, giving a great many people the benefit of his experience and expertise.

Senator Connolly first started serving this country as the executive assistant to the Minister of National Defence for Naval Services during the war years. He also served as president of the National Liberal Federation and of the Commonwealth Parliamentary Association.

Aside from Senator Connolly's interest in and contribution to national affairs, he has always shown an interest in the welfare of young people. In this capacity, John Connolly served as a professor of philosophy at the University of Notre Dame early in his career and later served as president of the English Catholic Education Association of Ontario.

As a member of numerous Senate standing committees and parliamentary delegations, John Connolly was always a source of friendship and advice to anyone who approached him. He was a great parliamentarian, in the best sense of the term. His efforts on behalf of Parliament—both the Senate and the other place—were not bound by narrow partisan considerations. He had friends in all parties and recognized that a parliamentary system must include good people of every political philosophy. He was a passionate advocate of the parliamentary system and political involvement. As I have said, as a member of numerous Senate standing committees and parliamentary delegations he has been a source of friendship and advice for hundreds of us. He is a wise person. I have sought his advice frequently, and I shall continue to do so. A former Leader of the Government in this place, John Connolly has always been a special source of help to all of us who have occupied this position, just as he has been of help to opposition leaders. Certainly, he has been unstinting in his help to me from the very time I was asked to become Leader of the Government in the Senate.

It is ironic that Senator Connolly has retired on his seventy-fifth birthday, he being a life senator. However, John Connolly has always led by example and he decided, on the occasion of introducing the bill providing for the retirement of senators, to set the example himself, opting many years ago for retirement at this time.

I join with others of all political persuasions in this chamber to wish John Connolly and his wife the very best during the coming years. He has been a good friend to all of us. Perhaps at some time in the future we will have the wisdom to create the post of "senator emeritus" so those outstanding senators who are required to retire can continue to serve their country and the parliamentary system. Senator Connolly would qualify, without any question.

Hon. Jacques Flynn (Leader of the Opposition): And Senator Forsey.

Hon. David A. Croll: Honorable senators, I cannot offer the same excuse as the Leader of the Government offered for not participating in these tributes earlier. I was somewhat taken aback by the spontaneously fine speeches made by the leaders in this chamber. On an occasion such as this, I would have thought that we would have been notified in advance that this chamber would be devoting some time to paying tribute to Senator Connolly; then anyone who so wished could have taken a few minutes to prepare to participate. I hope that some notification will be given in the future, since other instances such as this will arise.

I associate myself with the tributes that were paid yesterday. I am glad that John Connolly set the example for retiring at age 75, since I was not in the mood.

I knew John Connolly before we both came to the Senate. He was very much respected and liked for his sense of kindness and understanding. By exhibiting and expressing his best attributes, he was an inspiration to all of us. He showed leadership in this chamber and was most productive. His mind was never closed to new ideas or to new methods. The Senate should remember that he was the architect of studies by special Senate committees. He encouraged that. Honourable senators may note that the House of Commons has adopted that approach, and it has proved to be as effective there as it is here.

I recall one incident when we were in opposition. There were only eight or nine senators of the government party at that time, it being a Conservative government. A highly technical bill came before the Senate. None of us understood it very well, although we tried to, but when the government put the bill before us, John Connolly stood up and introduced it.

Senator Flynn: That was in 1957.

Senator Croll: He introduced the bill and led us through it on second and third readings. I can think of no such instance having occurred in the other place, where a member of the opposition introduced a bill that was ultimately passed.

Senator Flynn: There was no place where the opposition was so much stronger in numbers than the government.

Senator Croll: In any event, he made a worthwhile contribution to the Senate. It is noted; it is recorded; and he will be remembered for that. I wish him a long and happy retirement, and to his wife and two sons I extend my good wishes.

BRITISH COLUMBIA

RIDLEY ISLAND—COAL LOADING FACILITY—STATEMENT BY MINISTER OF STATE FOR ECONOMIC DEVELOPMENT

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to make a brief statement, and distribute copies of a document which contains information respecting a decision that was made by cabinet on Friday last relating to the Ridley Island coal loading facility just south of Prince Rupert on the west coast.

I should like permission to have it printed as an appendix to today's *Hansard*, because there are many people in this country who are interested in the details of the proposal that was approved by cabinet. If it meets with the agreement of senators opposite, I will read just the essential parts of the document into the record now. They are as follows:

OTTAWA, October 30, 1981—Senator H.A. (Bud) Olson, Minister of State for Economic Development, Transport Minister Jean-Luc Pepin, Senator Ray Perrault and Senator Jack Austin, B.C. representatives in the Federal Cabinet, reaffirmed today that the federal government will fulfil its commitment to build a public access coal terminal facility on Ridley Island.

The Ministers expressed regret that Teck Corporation, Quintette Coal Limited and a Consortium comprised of Federal Commerce and Navigation Ltd., Gulf Resources Inc., Esso Resources Canada Ltd. and Manalta Coal Ltd. have been unable to reach agreement on financial arrangements for operation of the coal terminal.

"We made a firm commitment last February to have the coal port constructed and ready to receive the first shipments of coal from the two coal producers' mines, scheduled to arrive at the port in the Fall of 1983," the Ministers said. "Failure of the coal companies and the Consortium to reach agreement in time for the federal government to meet its commitment for the port's construction threatened to jeopardize this major economic development opportunity for British Columbians and all Canadians. It was imperative that the federal government step in and take direct action to ensure that all of its commitments associated with the development of the North East B.C. coal block are honoured and, in particular, to ensure that port construction proceeds on a critically tight schedule to meet the coal companies' shipping requirements" the Ministers added.

Over the past weeks, the Ministers and officials of the National Harbours Board have made every effort to bring interested parties together to facilitate an agreement so that port construction can proceed on schedule. Lengthy discussions were held with all interested parties to determine the best possible arrangement to ensure that fundamental objectives of the federal government were met for the port's development and operation. These objectives, which the federal government has consistently adhered to throughout the negotiations are to ensure that:

—all shippers, present as well as future coal shippers in B.C. and other parts of western Canada, have fair and equitable access to the port;

—all shippers be provided fair and equitable rates for shipping coal through the port;

—the port operates on a developmental basis until April 1989 and thereafter on a commercial basis; and that

—while ensuring commercial port operation, the best possible rate post April 1989 be available to all coal shippers.

The Ministers announced that after careful exploration of various alternatives, the National Harbours Board will enter into an agreement with Federal Commerce and Navigation Limited for the design, construction and operation of a coal terminal facility on Ridley Island. The NHB and Federal Commerce and Navigation Limited will jointly undertake to form a corporation. The NHB will assume a 90 per cent equity position in the corporation and Federal Commerce and Navigation Limited will assume the remaining 10 per cent equity position.

The federal government will initially guarantee loans from financial institutions for 80 per cent of the financial requirements of the corporation with the remaining 20 per cent to be equally shared by the NHB and Federal Commerce and Navigation Limited. The NHB share will be approximately $23 million. It is expected that the loan guarantee arrangement will be interim and replaced by throughput contracts for coal.

"We are confident that through this arrangement fair and equitable access and fair and equitable rates to all shippers will be achieved. In addition the interim federal loan guarantee will assure timely construction of the port and provide the best possible rate for all coal shippers. The new corporation will pass on the benefits to be derived from the Government guarantee and a lower return on equity participation in the form of lower throughput rates to all coal shippers after 1989", the Ministers said.

I ask permission to have printed as an appendix to the *Debates of the Senate* the whole of this document, the last five and a half pages of which outline in some additional detail what the arrangements will be, and what the federal government's participation will be in this major economic expansion activity. If honourable senators agree, then I will just say one or two further words about why it was necessary for us to move on this at this time.

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

Hon. Senators: Agreed.

(*For text of document see appendix, p. 2966.*)

Senator Olson: In conclusion—and I will be very brief—we made a commitment that we would see to it that the port was ready. The Government of British Columbia gave an undertaking that they would do all things such as design, engineer, build and pay for the railroad, the townsite and those infrastructural requirements needed in the interior.

● (1425)

The British Columbia government is now in the position of having called tenders for some major sections of the railway—that is, for the tunnels—amounting to more than $100 million, and perhaps nearly $200 million. It was necessary for us, therefore, to state firmly that we stand behind the commitment we made last February that the port would be ready by the end of 1983. Despite concentrated negotiations that have been going on for five or six months to get the commercial companies involved to sign an agreement, and therefore to proceed with the actual physical construction, that, unfortunately, did not materialize. However, we as a government, believed that our commitment to British Columbia, so they could proceed with the construction of the railroad, was vital and, therefore, we had to undertake this action so that all

matters related to the operation—the stocking, piling, reclaiming and loading of the coal on the ships—will be completed.

Honourable senators will note that we have already given a commitment with respect to whatever it costs—probably $30 million or $40 million—for site preparation, building the causeway and putting in other infrastructure requirements that are preliminary to the coal operator's actually putting the machinery on the site. Because they were unable to have an agreement between the private sector companies involved, we have taken on that additional responsibility.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am much impressed with the sponsorship of this document which has been handed to us today. I notice that it is approved by and vouched for by no less than four members of the cabinet—

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear.

Senator Olson: A high level of co-operation.

Senator Roblin: —all of whom are described as B.C. representatives in the federal cabinet. Probably the editor should get busy on that and make a correction. How the Honourable Senator Argue escaped the honour of being included in that quartet, I really do not know, because in view of his interest in Prince Rupert and the movement of grain through that port, they might have done him the courtesy of including him too. However, they have included him out, and we shall just have to make the best we can of that.

Senator Perrault: He was included when we announced the vast new grain terminal at Prince Rupert.

Senator Roblin: I am quite sure he is included in any possibility that could be thought of that would enhance the political image of my honourable friends opposite. I have no doubt about that whatsoever, and I congratulate them. I confess I am a little envious. I congratulate them on the efficiency with which they make clear that no stone is left unturned or PR flak uncaressed when it comes to getting the maximum publicity for the things they are doing. However, I want to ask some questions.

Hon. Royce Frith (Deputy Leader of the Government): It takes one to know one.

Senator Roblin: That may be the case. I have to admit that I represent a group of people who perhaps are not nearly so successful at it as are my honourable friends opposite. I have to take my hat off to them; they do a better job.

I really should not allow myself to be distracted by the interventions of the Leader of the Government because they do not really add anything to the sum of human knowledge. I wish to get to the statement that was made today, and ask some questions about it. The first has to do with the nature of the negotiations with the parties. I see that a number of people were originally in this proposal, and that one of them alone—Federal Commerce and Navigation Limited—has entered into this arrangement with the government in which the greater portion of the capital is either guaranteed by the government or supplied by a government body. My question is: Were the same terms and conditions offered to other people to induce them to come into this operation?

Senator Olson: Honourable senators, there is a simple answer to that question. There was no need for identical terms and conditions because we invited public tenders or proposals respecting a coal operator on the site. Four tenders came in, and that was back in April. I will get the exact date if the honourable senator wishes. The consortium whose proposal was accepted was composed of Federal Commerce and Navigation Limited, Esso Resources, Gulf Resources and Manalta. That is the consortium, but one of the requirements for us to sign a contract with them was to negotiate a throughput charge, and therefore get contracts for loading from the private companies who have that.

• (1430)

As I said in my opening comments, we were disappointed that they were unable to do that. What we do know is that that went on for several months, and it was necessary for us to meet our commitments to the British Columbia government and to all coal companies, and not only those that were directly involved to begin with. We had to take some action so that certain physical and financial arrangements that have to commence now could go ahead, so it is not really comparing the same things.

By the way, we will wind up with 90 per cent of the equity in this, which, of course, is in an amount equal to the amount of financial undertaking, and I should advise my honourable friend that that is not an ongoing subsidy, except to the extent that the rate on that financing could be somewhat lower than the other arrangements.

The fact is that they are not the same, but the company that was in there along with four others was, of course, adjudicated, if that is the right word, on the proposal they made.

Senator Roblin: I take it, from my honourable friend's response, that the answer is no.

Senator Olson: Well, it is like asking me if I have stopped beating my wife yet. The answer is no.

Senator Roblin: In other words, the answer is no. I am not asking you if you have stopped beating your wife. I do not even know if you are married.

In other words, I am entitled to say that the answer is no. I am glad to hear my honourable friend agree with me. The answer is no. He negotiated a separate agreement with this other company. I make no further judgment on that. I am just looking for the facts.

He partially answered some of my other inquiries about this matter. I wanted to ask about the debt-equity ratio. It is not stated here.

Senator Olson: Yes, it is.

Senator Roblin: Is it? If so, I missed it, and the minister can draw my attention to that. I am looking for a handle on the magnitude of this proposition. If the National Harbours Board

has $23 million and 10 per cent, I take it the total debt cost of this is $230 million.

Senator Olson: That's about right.

Senator Roblin: If that is right, is the equity being distributed for nothing, or is somebody paying for that?

Senator Olson: Well, honourable senators, if you will look at the details in the last three pages, under the heading: "Details of the Business Joint Undertaking Between the National Harbours Board and Federal Commerce and Navigation Limited," you will see it says it will be a joint undertaking. Paragraph 2 states:

> The capital structure of the new Corporation will be composed of 80 per cent debt and 20 per cent equity. The NHB will assume a 90 per cent equity position in the Corporation, and Federal Commerce and Navigation Limited will assume the remaining 10 per cent equity position.

This is in direct relation to the financial commitment that they give.

Senator Roblin: My question is whether the equity is being paid for, or whether it is being distributed as part of the deal without any specific cash contribution attached.

Senator Olson: Yes, I understand that question. No. Both the National Harbours Board and Federal Commerce and Navigation Ltd. will be required to put up 10 per cent in the first instance, amounting to something like $23 million each.

Senator Roblin: But that is not equity capital; that is debt capital.

Senator Olson: That is equity capital. The equity will go in, and the joint venture corporation will borrow the other 80 per cent. That, of course, will have a federal government guarantee.

Senator Roblin: I thank my friend. That explains it clearly to me now.

I want to go on to the suggestion made in the statement that there will be certain benefits to be passed on to the users of this facility in terms of the difference between the market rate for debt money and the rate that the government guarantee will provide, which is fair enough. Can we make any guess as to what that might be, in terms of percentages? What would it be—one per cent or one and a half per cent? I am just guessing there.

• (1435)

I come then, however, to the question of a lower return on equity participation. Has some arrangement been made as to the rate of return to be allowed on the equity? Has that been fixed? If not, what is the meaning of the phrase "a lower return on equity participation"?

Senator Olson: Honourable senators, it becomes fairly complicated, but I think my honourable friend will realize, when there is 10 per cent or 20 per cent for the National Harbours Board and Federal Commerce and Navigation Ltd., that they are entitled to some return on investment. I think it is stated in here that the amount to the National Harbours Board would be somewhat lower than the commercial rate. A suggested amount is 18 per cent.

Senator Roblin: Where does that appear?

Senator Olson: If it does not appear in there, I will explain it now. I believe that, at the moment, a reasonable return on investment is somewhere in the neighbourhood of 20 per cent—so it is slightly lower. The other aspect that is extremely important is that the 80 per cent is perhaps non-recourse debt, a guarantee from the government. Therefore, it is the cost of that financing, not a return on it, that will be the basis for establishing throughput charges.

Senator Roblin: Yes, I understand that. I understand the minister to be telling us that the rate of return on the National Harbours Board equity will be 2 per cent less than the rate of return received by the other shareholder. Is there anything in the agreement about the ceiling on the rate of return? The rate of return depends upon what you earn, not upon what you would like to get. I want to know if there is anything in this arrangement that limits the rate of return on equity.

Senator Olson: I am not sure that there is a limit on that, except the undertaking that we intend it to be fair, equitable and reasonable. We have to have that much latitude, I think. With the involvement of an agency, if you like, of the federal government—namely, the National Harbours Board—I think my honourable friend can be assured that it will be fair and reasonable. For us to try to predict in perpetuity what the interest on funds may be would be playing a rather dangerous game.

Senator Roblin: It is not interest on funds that I have been talking about, it is the return on equity, which is something quite different, as my honourable friend knows. I am not going to ask the minister to explain anything more to me, but I leave him with that comment. What is the basis for the statement that there will be significant savings in a lower return on equity participation? Does the minister have something in his mind? Perhaps there is something in it, but it certainly does not emerge clearly from the document that is before us.

I would like to pass on to another point, which has to do with the fact that for the first few years of this plan I suppose a subsidy will be involved, because it is not until 1989 that the terminal moves over to commercial rates. Up until that time, there is a rate set with a ceiling of, I believe, $3 per tonne for the material moved through. The government, no doubt, has made a forecast of the financial structure of this and has determined whether there will be any element of subsidy during the period up to 1989. I am assuming there will be, and I think that is probably a fair assumption.

I am asking whether it is intended to recover that subsidy after 1989 when commercial rates come into force.

Senator Olson: The answer to your question is partially yes and partially no. I will explain that, if I may. There will be a significant amount of money allotted for site preparation that will be done by the National Harbours Board, which might amount to $35 or $40 million, or more. The National Har-

bours Board will be provided with those funds by the Government of Canada, and there will be a rate of interest established at the date of disbursement. We have, however, given an undertaking that the rate will not be more than $3 per tonne, in 1980 dollars, escalated at 80 per cent of CPI until April 1989. We will recover all of those funds, and to do so we will set a charge, to become effective, and on which we will start collecting, after April 1989. To that extent, therefore, it will be full cost recovery. The period of disbursement is to be partly in 1981, but for the most part in 1982 and 1983. We have agreed not to collect interest on the funds until 1989.

● (1440)

To that degree, that amount of money will be a subsidy, if you wish to call it that. We prefer to call it a developmental incentive.

Senator Roblin: Fair enough.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Amendment to the document entitled "Initial Response of the Federal Government to the 'Obstacles' report", dated November 2, 1981, relating to the Report of the Special Committee on the Disabled and the Handicapped, issued by the Minister of National Health and Welfare.

Report of the Auditor General to the Solicitor General on the examination of the accounts and financial statement of the Royal Canadian Mounted Police (Dependants) Pension Fund for the fiscal year ended March 31, 1981, pursuant to section 55(4) of the *Royal Canadian Mounted Police Pension Continuation Act,* Chapter R-10, R.S.C., 1970.

Public Accounts of Canada, Volume II, for the fiscal year ended March 31, 1981, pursuant to section 55(1) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Report of The Seaway International Bridge Corporation, Ltd., including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1980, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Report of The St. Lawrence Seaway Authority, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1981, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Report of the Jacques Cartier and Champlain Bridges Incorporated, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1981, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

TRANSPORT AND COMMUNICATIONS

CHANGE IN COMMITTEE MEMBERSHIP

Hon. Duff Roblin (Deputy Leader of the Opposition), with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Doody be substituted for that of the Honourable Senator Sherwood on the list of senators serving on the Standing Senate Committee on Transport and Communications.

Motion agreed to.

QUESTION PERIOD

[*English*]

ECONOMIC DEVELOPMENT

MANUFACTURING SECTOR—CABINET SUBCOMMITTEE DECISION

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I should like to ask a question of the Minister of State for Economic Development. The Minister of Finance assured Canadians on the weekend that the government is not planning to introduce, for the manufacturing sector, a Canadianization program similar to the National Energy Program. Mr. MacEachen said that this was a conclusion of the cabinet committee on economic development, which he headed and which was comprised of seven ministers hand-picked by the Prime Minister. Is this something different from the committee headed by Senator Olson, or has Senator Olson been pushed aside for that special purpose?

Hon. H. A. Olson (Minister of State for Economic Development): No, honourable senators. The committee my honourable friend is referring to is a subcommittee of the economic development cabinet committee.

Senator Flynn: Were you a member of the subcommittee?

Senator Olson: Yes, I was.

Senator Flynn: But not the chairman. When you are on the subcommittee, you lose your status.

Senator Olson: I was vice-chairman of the subcommittee.

THE CONSTITUTION

PROVINCIAL LEGISLATURES—NUMBER OF SEATS—NEWSPAPER REPORT

Hon. Louis-J. Robichaud: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. Yesterday I was amazed to read on page 8 of the Montreal *Gazette* an article entitled "Constitutional Chess Game has Three Main Elements." The three elements in question were: patriation, the amending formula, and the Charter of Rights.

Let me read part of what the article says under the subheading "Amending."

Under the interim formula, minor changes such as an increase in the number of seats in a provincial legislature could be made without unanimity.

I was puzzled when I read that—"in a provincial legislature". I thought, "My gosh! How could a writer come to the conclusion that a provincial legislature would require unanimity to change the number of seats in a provincial legislature?" I was certainly puzzled. Perhaps the Leader of the Government in the Senate could erase any doubts that I have as to the veracity of that statement, and, indeed, of the whole article based upon that paragraph.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I too, saw the article in the *Gazette*. I can only assume that it must have been a mistake by the writer of the article. Certainly, it is the general understanding that any adjustment in the number of seats in the provincial legislatures would be a matter coming within one of the classes of subjects under the B.N.A. Act assigned exclusively to the legislatures of the provinces.

Hon. Jacques Flynn (Leader of the Opposition): It is section 92.1.

YUKON TERRITORY NORTHWEST TERRITORIES

FEDERAL FINANCIAL ARRANGEMENT FORMULAS

Hon. R. James Balfour: Honourable senators, I should like to pose a question to Senator Austin. Can the honourable senator explain why the Government of Canada has insisted on reaching a financial arrangement formula with the Northwest Territories before implementing the financial arrangement formula it has already agreed to with the Yukon Territory?

Hon. Jack Austin (Minister of State): I wish to thank Senator Balfour for his question. I must admit that I am unaware that the Government of Canada has accepted and implemented a formula with the Northwest Territories government. I will look into that matter and advise him further.

With respect to the Yukon government, there is a formula still under discussion. As recently as this morning the leader of the Yukon territorial government raised the matter with the Minister of Indian Affairs and Northern Development. I believe that matter will be given a degree of urgency in the next few weeks.

NATIONAL DEFENCE

NEW BRUNSWICK—REQUEST FOR SUPPORT IN AWARD OF SHIPBUILDING CONTRACTS

Hon. L. Norbert Thériault: Honourable senators, I should like to address a question to the Leader of the Government in the Senate, but I hope his colleagues from British Columbia will take note as well. My question arises from an article which appeared on the front page of the Montreal *Gazette* yesterday, stating "Montreal firm already winner in frigate program".

[Senator Robichaud.]

It has been my understanding that two consortia have been advanced federal moneys designated for the frigate program. One group of companies is led by the Saint John Shipbuilding and Dry Dock Co., Ltd. and the other by a company called SCAN Marine Inc. of Montreal.

Honourable senators, I wish to take this opportunity to thank the federal government for allocating, as it announced at the first of the week, moneys in the form of grants and loans to the Saint John Shipbuilding and Dry Dock Company for the expansion of the dry dock facilities in Saint John. I feel I should point out to this house that the Saint John Shipbuilding and Dry Dock Company is in fact the most modern shipbuilding and dry dock company in the country and competes quite successfully with even the largest firms outside the country.

Some Hon. Senators: Hear, hear.

● (1450)

I know that the decision on this matter has not yet been taken, but such matters have a tendency to proceed rather slowly and then, before we in Atlantic Canada know it, bang, a decision is made. I am sure that it is no surprise to honourable senators that often in cases where there is competition between Ontario or Quebec and the Atlantic provinces, the Atlantic provinces end up on the short end of the stick. While I can say that I have complete confidence in the ministers in the other place who represent the Atlantic provinces in the Government of Canada, there may come a time when they will need the assistance of their fellow ministers from the west, and it so happens that most of those ministers are in this place.

I would remind the members of the government in the Senate that if they peruse this article they will notice that at the present time the so-called second leader of the consortium is employing about 150 people in Montreal, whereas Saint John Shipbuilding and Dry Dock Co. Ltd., in Saint John, New Brunswick, usually employs about 1,500 to 2,500 people.

The point I really wish to make is that, if the Government of Canada really wishes to show that it is serious about doing something about regional disparities, this presents an opportunity to establish a major project on the east coast, in the province of New Brunswick, because the facilities, knowledge and experience can be found there.

After hearing the communiqué released today by the four ministers from western Canada with regard to the west coast, I hope that those four ministers will lend their support to the Atlantic region, and particularly to New Brunswick, as the location for performing this job.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I appreciate Senator Thériault's observations, containing, as they do, the usual wise dispensation of information. I think it can be said that Canadians are among the best shipbuilders in the world, whether those ships are built on the east coast, the west coast, or the St. Lawrence. Saskatchewan and Manitoba have yet to establish a reputation as major shipbuilders, but I am sure that if they had the water they would do well there also.

May I provide the assurance that regional considerations are taken into account when contracts are allocated, and that many of the consortia which bid on ship contracts are made up of various suppliers from many parts of the country. For example, it is not uncommon, as Senator Thériault may be aware, to have the ship designed in one part of Canada, some of the building done on the east coast or the west coast, and some of the components provided by factories in various parts of the country.

However, information will be sought with respect to the article which appeared in the newspaper which prompted Senator Thériault's concern. I want to provide, though, the additional assurance that those of us in government are fully aware of the magnificent shipbuilding capacity of the east coast and the Saint John shipyard.

Senator Thériault: Honourable senators, may I thank the Leader of the Government for his concern? I would remind him, once again, that in this case there are only two consortia. I realize that the major contracts, when let, could be spread out. I would remind the Leader of the Government in the Senate, and his cabinet colleagues as well, that when the contracts were let for the subcontracting of components for the F-18 fighter aircraft, none of them went to the Atlantic provinces. It seems to me, after what seems like almost 100 years of being around here, that when it comes to major projects the government, over the years, has not been disposed to believe that the work could be done in the Atlantic provinces. That is what I would like to change.

Senator Perrault: I believe that all honourable senators appreciate the very strong and outstanding advocacy for the needs of his region demonstrated by Senator Thériault.

FOREIGN AFFAIRS

LIMITATION OF PRODUCTION OF NUCLEAR WEAPONS

Hon. Andrew Thompson: Honourable senators, I direct my question to the Leader of the Government. It is prompted by the many poppies I see being worn in the chamber which evoke a sad but yet proud remembrance of those who were killed in the great wars. Let us also remember that since 1945, there have been some 140 more wars in the world, killing over 30 million people. My question is also prompted by the school children in the gallery and by my thoughts on the very moving peace portrayal given by school children from Montreal on Parliament Hill last week, particularly their shouted poignant message with reference to the nuclear bomb—"Can't you see that we want to live?" During that presentation a little boy portrayed a battlefield scene in which he saw his father killed. He cried out tragically, over and over again, "Daddy, get up!"

In view of the speech made by the Prime Minister to the United Nations General Assembly on May 26, 1976 entitled "Disarmament and the Problems of Organizing the World Community," in which he outlined four measures in order to, as he said, "develop a strategy of suffocation in the nuclear arms race," would the Leader of the Government report to us what progress, if any, in the view of the Canadian government, has been made on all or any of these measures, and what specifically are the initiatives by our Ambassador for Disarmament in order to achieve the adoption of any or all of these measures?

I would add a further question. In view of the newspaper reports on the progress made by Pakistan in developing a so-called "Muslim nuclear bomb" from our nuclear exports to that country, is the government considering adding more technical and institutional arrangements as safeguards to our commercial nuclear sales?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice. I believe that all honourable senators appreciate our people's concern regarding the desirability of achieving peace, as was demonstrated here by Senator Thompson, who surely reflects the views of most Canadians. Interestingly enough, I believe that today marks the twenty-fifth anniversary of the magnificent intervention by the Right Honourable Lester B. Pearson in the Middle East conflict in 1956. It is one of the great examples of Canadian leadership to assure world peace.

Some Hon. Senators: Hear, hear.

Senator Perrault: May I suggest that Canadians of all parties and all provinces can take pride in Canada's record in attempts to bind the wounds caused by war and to undertake initiatives to assure lasting peace.

● (1500)

EMPLOYMENT AND IMMIGRATION

MINISTER'S ANNOUNCEMENT RE IMMIGRATION QUOTAS

Hon. Heath Macquarrie: Honourable senators, my question is prompted by the announcement of the Minister of Employment and Immigration earlier in the week with regard to changes in the immigration quotas. I think it is clear that there is widespread Canadian approval of the revelation of continuing sensitivity toward the travails of the Polish people. However, on the other hand, we notice a decision to cut down significantly the number of people to be admitted from the area called Indochina, this despite the fact that there are many, many people there in refugee camps.

Further, I note the comment by the very devoted and learned authority, Mr. Hardy, the past chairman of the Board of Catholic Immigration Services, who fears that the Canadian decision to cut down the numbers will have a chain reaction, causing Thailand, Hong Kong and Malaysia to further reduce their quotas as well.

Unless the government knows of some amelioration of the condition, this is a very serious matter indeed, and I would ask the minister to advise us if the Government of Canada entered into discussions with any of the countries, such as the three I have mentioned, who are principally involved in the great tragedy of the refugees in that part of the world.

Hon. Raymond J. Perrault (Leader of the Government): Honorable senators, it should be placed on the record that Canada has been one of the most forthcoming nations in the

entire world in its attitude towards assisting refugees. I know that Senator Macquarrie will agree with that statement.

In 1982, Canada plans to admit 14,000 refugees: 4,000 from Indochina; 6,000 from Eastern Europe; 1,000 from Latin America and the Caribbean; 500 from Africa; 400 from the Middle East; 100 from other world areas; and there will be a contingency reserve of 2,000. The numbers represent general targets and are flexible. Privately sponsored refugees or family reunification cases are admitted over and above the numbers in the plan. The contingency reserve permits response to unforeseen developments.

Honourable senators, I am sure, will take pride in the fact that, on a per capita basis, Canada resettles more refugees than any other country in the world.

Some Hon. Senators: Hear, hear!

Senator Perrault: The ideal solution for most of the 10 million refugees in the world is repatriation or local integration. Resettlement is a solution of last resort. I believe that Senator Macquarrie agrees with the view that we do not necessarily provide the highest service to the refugee by bringing him or her to Canada, and that often we can provide an amelioration of conditions in some other part of the world to assist that person.

Canada stands among the leading nations in providing other kinds of tangible forms of relief outside of our own boundaries.

As far as Indochina is concerned, Canada remains committed to supporting countries of first asylum in Indochina. I mentioned the level of 4,000 Indochinese refugees to be admitted in 1982, which remains substantial and reflects the easing of crisis, which Senator Macquarrie asked about, and diminished numbers of refugees requiring resettlement outside the area.

The actual level admitted in 1982 will exceed the refugee plan level of 4,000 through private sponsorship and family reunification from Vietnam. Therefore, there will be others in addition to the 4,000.

Canada will continue to contribute to humanitarian assistance directed towards refugees in Indochina.

As far as Latin America and the Caribbean are concerned, the 1982 annual refugee plan level of 1,000 will respond to what we believe will be a relatively small flow of refugees produced from South America, and those refugees from Central America for whom local integration or eventual repatriation is not possible and who have a close connection with Canada. It is anticipated that this level will be sufficient to respond to this need.

Canada recently made a $500,000 special contribution to UNHCR programs for refugees in Central America, and has contributed $450,000 to ICRC programs in Central America.

All of these activities provide some of the reasons why Canada's reputation abroad, in this regard, stands second to none in the world today.

Some Hon. Senators: Hear, hear.

[Senator Perrault.]

Senator Macquarrie: Honourable senators, I am always grateful for the homilies that I get from the minister. I appreciate his intention of enlightening me. I am never satisfied that the best posture towards the problems of the international world is a sustained effort in horn blowing.

Of course, Canada is doing very well; nevertheless, the figures indicate that there are still at least 160,000 refugees from the area which was formally known as Indochina. We are reducing our annual figure to 4,000. I believe that the enormity of the problem remains. I was merely asking if we had ascertained that, in fact, there are moves in the world to diminish that figure of 160,000. I do not think the situation has been ameliorated.

I would be grateful if the minister, at some future time—and I do not expect him to have the information at hand—could indicate what are the government's plans with reference to the Somalia situation. This is one case in which the movement of people is not their goal at all, but assistance in their own terribly deprived and ravished area.

I know that, as an enlightened country in the international community, Canada is canvassing all these grave situations, knowing that that which touches the people living in Africa will, in the long run, affect us as well.

Senator Perrault: That question will be taken as notice, honourable senators.

Hon. John M. Godfrey: I have a supplementary question to put to the Leader of the Government. When the previous Conservative government agreed to allow 50,000 refugees into Canada from Vietnam, you may recall that there were large advertisements in newspapers paid for by the Citizens Coalition, headed by Mr. Colin Brown, predicting that as a result of allowing 50,000 refugees into Canada another 750,000 relatives would follow them on the basis of family reunification.

I remember that at that time I thought it a ridiculous statement and wrote a letter to the paper saying so.

Can you obtain for us figures indicating how many actually came in on the basis of family reunification?

Senator Perrault: Honourable senators, I would be pleased to seek that additional information. Perhaps it should be added that we do no service to refugees by bringing them to Canada if we cannot assure them a reasonable opportunity to work, support their families and provide a decent way of life for themselves. When we have high levels of unemployment in certain parts of this country, we must balance our commitment to the refugee problem against our commitment to the problems of Canadians who find themselves out of work. It is a difficult policy to evolve, but generally the Canadian government has done very well.

Hon. Robert Muir: I have a supplementary question for the Leader of the Government. When securing information for Senator Godfrey, would he secure the percentages of refugees from Indochina who have been accepted by Sweden, Norway, Denmark and the Soviet Union?

Senator Perrault: I would be pleased to provide that information. May I make the prediction that honourable senators will be quite proud of this nation's efforts in comparison with those of some other countries of the world?

Hon. Lowell Murray: Honourable senators, in view of Senator Perrault's statement regarding the policy preferring absorption of these refugees in other countries in the area, may I ask the Leader of the Government the particular countries he has in mind which would absorb the Indochinese, whether it is China, Laos, Cambodia, or Thailand?

Senator Perrault: The question will be taken as notice.

• (1510)

FOREIGN AFFAIRS

POLAND—GRAIN PURCHASES—FINANCIAL LIABILITY

Hon. Sidney L. Buckwold: Honourable senators, my question is directed to the Minister of State for Economic Development, in the absence of the Minister of State for the Canadian Wheat Board.

I think Canadians across the country have applauded Senator Argue's announcement that Canada is increasing, by $500 million, the credit terms it offers to Poland on grain purchases. I certainly endorse the concept of this humanitarian practice, as he called it.

My question is one that has been asked of me by farm representatives in Saskatchewan. In the event of non-payment or default by the Government of Poland, is it the Government of Canada which will pick up the loss, or will the farmers of western Canada have to pay for this through their Wheat Board payments?

We are applauding the deal, but in view of the financial position, the heavy external debt load of Poland, I would say that their credit is in a precarious position right now and that they may find it difficult to meet their international commitments.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the credit arrangements were arranged with the commercial banks, with the Government of Canada undertaking to guarantee them. While there have been no defaults, there have been some rearrangements of the repayment schedule. If there is a default, as suggested, the guarantee is made by the Government of Canada, and that means the whole Government of Canada.

TRANSPORT

PORTS OF HALIFAX AND SAINT JOHN—LOSS OF BUSINESS

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Minister of State for Economic Development. The question relates to sea traffic through the Port of Halifax and, in particular, that of Zim Israel Navigation Company, which is the largest remaining container service to the Port of Halifax. I ask him whether or not he is aware—or whether or not it is true, because I am not aware, so I am not telling him something but am asking him something—that Zim Container Service is considering moving its port of call from Halifax to New York.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take that question as notice.

Senator Smith: I have a supplementary question. When he is considering the material he receives in answer to this question, I wonder if he would also consider whether or not this decision to change—if, in fact, there is such a decision, or intention, or consideration to change—is due to the increased CNR rates for carrying freight between Halifax and points in central Canada, such as Montreal and Toronto. I would expect him to keep in mind, if he would, that one of the great arguments in persuading various container companies to use Halifax as their port of call for this side of the ocean, and particularly Canada and the east coast, was that it was cheaper to pay the cost of moving container freight by rail to the markets of central Canada and the United States, as far west as Chicago, as opposed to the cost of financing a ship's extra journey to reach a port more distant from Europe.

Senator Olson: Honourable senators, I will take the latter comments that form a question into account and try to find that out as well. However, I want it to be understood that what the senator is asking is what is in the minds of the management or directors of the company. Therefore, what I will try to bring back to the Senate will clearly be their expressions and views.

Senator Smith: I understand that the minister is not a mind reader. If he had been, I am sure some things that have happened would not have happened. So, I do not really look forward to his answer being one based on that kind of ability.

I would ask him, however: When the application from CNR for a 10 per cent increase in freight rates is considered by the CTC, will the government also consider making some representations to the CTC which will, if any such increase is granted, offset its adverse effect upon the ports of the east coast of Canada, such as Halifax and Saint John?

• (1520)

Senator Olson: I will also take that question as notice. I am sure my honourable friend is aware of the situation where the members of the CTC hear these applications and make their own decisions based on the facts presented to them.

Senator Smith: I understand that, but what I am asking is, if the CTC grants such an increase, will the government consider taking some measures which will help to ameliorate the effect of that increase upon the ports of eastern Canada, such as Saint John and Halifax, because it will have an adverse effect on the use by European countries—and perhaps countries farther afield than Europe—of those ports, because they balance the cost of going farther with a ship to land the freight at some other place, such as New York, against the cost of paying the extra freight from the eastern ports of Canada to the central markets of the continent?

Senator Olson: Yes, I heard that question and I am sure my honourable friend recognized the hypothetical nature of his question.

Senator Smith: It won't be hypothetical when it comes home to roost on the people who are going to lose their jobs in Halifax and Saint John.

ECONOMIC DEVELOPMENT

CABINET DOCUMENT—REDEPLOYMENT OF HUMAN RESOURCES—FUNDING OF DREE PROGRAMS

Hon. Lowell Murray: Honourable senators, my question is for the Minister of State for Economic Development and arises out of a document I received which purports to be a memorandum to cabinet sponsored by the Honourable "A. J." Olson, Minister of State for Economic Development, entitled—

An Hon. Senator: Not another leak!

Senator Murray: —"Priorities for Federal Government Economic Development Policies and Expenditures to the mid-1980's"—a document which I am sure will provide material for many Question Periods to come.

I want to focus for the moment on the minister's call to his colleagues to take action now, and I quote:

> —to redeploy Canada's human resources from areas or industries with low rates of productivity or returns into resource or resource-based and high-productivity and high-technology industries or areas,—

A reading of that paragraph and of many other paragraphs in the document leads me to conclude that the government is returning to the old Walter Gordon philosophy of writing off geographic areas of the country where productivity may be low, or where there is slow economic growth, and denuding those areas of their population and moving them elsewhere. Therefore, I ask the minister what programs he has in mind to achieve this objective, as he puts it, or redeploying Canada's human resources.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the problem with that question is that the source, as claimed by Senator Murray, is a document that he knows very well he is not supposed to have. Somebody has stolen it, or leaked it, or whatever they do and—

Hon. Duff Roblin (Deputy Leader of the Opposition): Is it true or not?

Hon. Martial Asselin: Who did it?

Senator Olson: I certainly am not going to give any credibility to that source of information by even answering "yes," "no," "maybe" or "indifferent," unless and until he can demonstrate to me quotations from documents that he has in his possession legally.

Some Hon. Senators: Shame!

Hon. Raymond J. Perrault (Leader of the Government): They slipped it under the door, did they?

[Senator Smith.]

Senator Murray: It is not my problem if the minister's ship is leaky, and it is not my problem if the minister is unable to control his own cabinet documents. The fact of the matter is that this document is now a public document. It is being circulated publicly, and I have received a copy. I suggest to the minister that he has a great deal of explaining to do to the Canadian people and to Parliament now that this document with some of these obnoxious recommendations has been made public.

Senator Perrault: Watergate!

Hon. D. G. Steuart: Where did you get it?

Senator Murray: It appears to me, from a quick reading of the document—and, as I say, there will be the opportunity, for many Question Periods to come, to examine the minister on these recommended policies—that DREE, as we have known it in the past, and certainly as the provinces have known it, is to become a dead duck.

Senator Olson: That is not what it says.

Senator Murray: Well, I am glad that the minister acknowledges the existence of the document. I thank the minister for that.

Hon. Jacques Flynn (Leader of the Opposition): I thought you were not going to make any comment.

Senator Murray: I quote this paragraph about DREE from the document:

> The proposals to largely replace the GDA mechanism which has been the main instrument of DREE over the past seven years by unilateral delivery—

And I emphasize the word "unilateral".

> —with involvement of local representatives amounts to a fundamental shift in approach. It leads to a strengthening of the links between national and regional economic development strategies. It involves an enhanced direct federal role in economic development at the sub-provincial level. These changes appear to respond to the evolving nature of the regional development problem. The same applies to the drastic reduction in funding of infrastructure which also makes possible a reduction in federal-provincial programming and accords with policy priorities in this regard. However, the extent of withdrawal from federal-provincial programming raises questions as to the cost of duplication of delivery mechanisms, the risk of lack of co-ordination of federal and provincial efforts, the reduction in expenditure leverage, the successes and problems to be expected from people programming,—

Whatever that is.

> —and implications on federal-provincial relations.

The minister talks about a substantial decline in support for infrastructure programs—

Senator Perrault: Oh, for heaven's sake!

Senator Murray: —and says also:

> Joint federal-provincial programming is to play a lesser role.

I want to know from the minister whether, in fact, these proposals from the Department of Regional Economic Expansion, to which he refers in the present and future tense, are now the policy of the government, because, as it happens, the Standing Senate Committee on National Finance has under advisement the whole area of regional policy and is getting ready to present a report in this place one of these days.

Senator Olson: The honourable senator asked if it is a fact. The only fact that we have in front of us is that the honourable senator is in possession of a stolen document.

Senator Perrault: Hear, hear.

Senator Olson: That is the fact, and it does not matter whether it was recently stolen, or when; it is still hot.

Senator Perrault: It's hot goods!

Senator Olson: The second fact that is in front of us, I think, is a clear demonstration of what happens with the so-called freedom of information. He does not say whether or not cabinet approved this document; all he says is that he is in possession of a stolen document that bears my name as its sponsor. These are interdepartmental or intra-cabinet communications, and he is putting it out here now as if it had been approved by the government.

An Hon. Senator: Shame.

Senator Flynn: No! No!

Senator Olson: I could find some pretty good descriptions for that kind of activity.

Senator Perrault: A receiver of stolen property.

Senator Olson: If Senator Murray thinks he is going to read it chapter and verse, I think senators really have to consider very seriously, when a senator or any member—I know what the rules are in the other place: if you are going to read documents you had better be prepared to table them. Therefore, if you are going to start to read these things and you are going to be prepared to table them, then I think you take on the responsibility for having obtained them illegally. I am sure my honourable friends opposite are not going to take on that responsibility.

Senator Asselin: What rule is that? Cite the rule.

Senator Olson: Honourable senators, however long he reads out of a stolen, alleged cabinet document, I am not going to give it the credibility of answering in any tense—either past, present or future—that there is any authenticity to that document at all.

Senator Flynn: You have already confirmed the authenticity ten times.

Senator Murray: I am neither impressed nor insulted by the minister's indignation, but I must say—

Senator Perrault: Give us the name and we will put it on the record.

Senator Murray: This is marked "Top Secret. Cabinet Document Only. Memorandum to Cabinet. Sponsoring Minister . . ."

● (1530)

Senator Steuart: Tory research!

Senator Perrault: Turn over all of your tapes as well.

Senator Murray: It was precisely to give the minister the opportunity of saying how this document fared when it got to the cabinet table that I raised it today in Question Period. It was precisely to give the minister the opportunity to say whether it does represent now the policy of the government.

Senator Olson: The answer is very simple. It is that when we are ready to make an announcement, we will make it in the usual course.

Senator Murray: My question was asked precisely to give the minister the opportunity of stating whether this is government policy and how the document fared when it got to cabinet. If he wishes to say that these matters are still in the discussion stage, that they are still under consideration, we will understand that.

Honourable senators, my final question concerns DREE, because I believe it is susceptible to a pretty clear answer, if the minister is willing to give it. I quote from the document:

> Additionally DREE is proposing funding some programming from the Western Development Fund and the Energy Envelope and other funding sources. These are proposals for major water and soil projects in the west and selected energy projects in the Atlantic region.

I asked a question last night, as a matter of fact, about the Western Development Fund. I wonder whether the minister can identify further the projects that DREE now proposes to fund by raiding the Western Development Fund.

Senator Olson: Honourable senators, I have nothing to add to the comments I made a few minutes ago. I will not give any credibility to stolen documents.

Some Hon. Senators: Hear, hear.

Senator Flynn: But you did. It's too late to say that.

INTERNATIONAL TRADE

PROPOSED MULTILATERAL TRADE TALKS—INCLUSION OF CANADA

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a reply to a question asked by Senator Balfour on October 15 concerning proposed United States trade talks with other major industrial countries and the possibility of Canada's participation.

The Government of Canada made representations to the Government of the United States expressing an interest in participating in the U.S. proposed multilateral trade talks. I am informed that the meetings originally scheduled did not take place. We expect, however, that if the meetings proceed, the Government of Canada will be involved.

INDUSTRY

GOVERNMENT ASSISTANCE TO CHRYSLER CORPORATION

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a reply to a question raised by Senator Charbonneau on October 27 concerning the possibility of government assistance to Chrysler to resume production in its Windsor engine plant.

Of course, we would like to see the resumption of production in the engine plant at Windsor. However, I must inform honourable senators that I do not believe that a formal proposal requesting funds for financial assistance has been presented to the federal government.

The government has set in place a number of programs which are available to companies wishing to establish in Windsor. Specific details of these programs can be obtained from my colleagues the Minister of Industry, Trade and Commerce and the Minister of Employment and Immigration.

TRANSPORT

WESTERN CANADA—REDUCTION OF RAIL PASSENGER SERVICE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Charbonneau on October 20 concerning the CTC recommendation to keep rail lines alive.

The CTC did indeed recommend to keep the rail lines alive. However, the CTC, being a regulatory body, is independent of the government and independent of the government's responsibility for fiscal management.

The government therefore had to assume that responsibility and decided there had to be some limit on subsidizing rail lines. It was therefore decided to eliminate the lines with no potential, such as, for example, those running next to highways.

TRANSPORT AND COMMUNICATIONS

COMMITTEE STUDY OF VIA RAIL—APPEARANCE OF MINISTER OF TRANSPORT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on November 3 Senator Riley asked a question concerning the appearance of the Minister of Transport before the Standing Senate Committee on Transport and Communications.

Honourable senators, I have contacted the office of the Minister of Transport and have discussed this matter with him. We have learned that his office has been in touch with the clerk of the Standing Senate Committee on Transport and Communications. I understand that the minister is willing to appear before the committee and will be in touch shortly to arrange a mutually agreeable date.

[Senator Olson.]

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

NATIVE LAND CLAIMS—REQUEST FOR TABLING OF CABINET DISCUSSION PAPER

Hon. Jack Austin (Minister of State): Honourable senators, I should like to reply to a question asked by Senator Bielish on October 29 relating to a document which she termed a cabinet discussion paper and which, she maintained, had been mentioned in a newspaper that she named. I take it that the honourable senator did not have such a document in her hand.

I have to report that the government has not released any documents in the form of discussion papers on the subject of the settlement of native land claims. The government is continuing the preparation of its analysis and study of the question of native claims, including land claims, and when it is possible for the government to make a comprehensive policy statement a document will be released.

INDIAN ACT—DISCRIMINATORY PROVISIONS

Hon. Jack Austin (Minister of State): On October 29 Senator Bielish asked, with respect to discriminatory provisions contained in the Indian Act, whether the government would proceed with a simple amendment to deal with the matter of discrimination against Indian women, or whether such an amendment would be part of a larger package.

I wish to report that the government will deal with that question of discrimination as a separate issue, but no legislation will be proceeded with until the current constitutional talks have been concluded.

The honourable senator asked a further question concerning compensation for persons, particularly female persons, with respect to loss of Indian status as a result of marriage to non-status Indians.

The government is not giving consideration to providing financial compensation to such individuals. Their status, if lost, was lost as a result of a valid act of Parliament, and there is no legal or precedential practice to provide a claim for compensation.

NORTHERN PIPELINE

DELAY IN COMMENCEMENT OF CONSTRUCTION—IMPACT ON NATIVE PEOPLES

Hon. Jack Austin (Minister of State): Honourable senators, on October 29 Senator Lucier asked, with respect to the Norman Wells pipeline, whether there was a program of assistance to native peoples with respect to the development of an oil pipeline from Norman Wells.

I would advise honourable senators that when the project was approved, the government identified, as an expenditure item, a sum of approximately $21 million to be spent at the beginning of this year and over the next four years to enhance northern benefits and to provide for the mitigation of adverse social and environmental consequences with respect to the building of that pipeline.

Proposals for spending are now before Treasury Board, and it is hoped that specific expenditures will be approved and that work will be underway early in 1982.

TRANSPORT AND COMMUNICATIONS

CHANGES IN COMMITTEE MEMBERSHIP

Leave having been given to revert to Motions:

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the names of the Honourable Senators Cottreau, Stollery, Leblanc and Anderson be substituted for those of the Honourable Senators Adams, Davey, Lucier and McElman on the list of senators serving on the Standing Senate Committee on Transport and Communications.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 2954*)

BRITISH COLUMBIA

MINISTERIAL ANNOUNCEMENT RE RIDLEY ISLAND PUBLIC ACCESS COAL TERMINAL FACILITY

OTTAWA, October 30, 1981—Senator H. A. (Bud) Olson, Minister of State for Economic Development, Transport Minister Jean-Luc Pepin, Senator Ray Perrault and Senator Jack Austin, B.C. representatives in the Federal Cabinet, reaffirmed today that the federal government will fulfil its commitment to build a public access coal terminal facility on Ridley Island.

The Ministers expressed regret that Teck Corporation, Quintette Coal Limited and a Consortium comprised of Federal Commerce and Navigation Ltd., Gulf Resources Inc., Esso Resources Canada Ltd. and Manalta Coal Ltd. have been unable to reach agreement on financial arrangements for operation of the coal terminal.

"We made a firm commitment last February to have the coal port constructed and ready to receive the first shipments of coal from the two coal producers' mines, scheduled to arrive at the port in the Fall of 1983," the Ministers said. "Failure of the coal companies and the Consortium to reach agreement in time for the federal government to meet its commitment for the port's construction threatened to jeopardize this major economic development opportunity for British Columbians and all Canadians. It was imperative that the federal government step in and take direct action to ensure that all of its commitments associated with the development of the North East B.C. coal block are honoured and, in particular, to ensure that port construction proceeds on a critically tight schedule to meet the coal companies' shipping requirements" the Ministers added.

Over the past weeks, the Ministers and officials of the National Harbours Board have made every effort to bring interested parties together to facilitate an agreement so that port construction can proceed on schedule. Lengthy discussions were held with all interested parties to determine the best possible arrangement to ensure that fundamental objectives of the federal government were met for the port's development and operation. These objectives, which the federal government has consistently adhered to throughout the negotiations are to ensure that:

—all shippers, present as well as future coal shippers in B.C. and other parts of western Canada, have fair and equitable access to the port;

—all shippers be provided fair and equitable rates for shipping coal through the port;

—the port operates on a developmental basis until April 1989 and thereafter on a commercial basis; and that

—while ensuring commercial port operation, the best possible rate post April 1989 be available to all coal shippers.

The Ministers announced that after careful exploration of various alternatives, the National Harbours Board will enter into an agreement with Federal Commerce and Navigation Limited for the design, construction and operation of a coal terminal facility on Ridley Island. The NHB and Federal Commerce and Navigation Limited will jointly undertake to form a corporation. The NHB will assume a 90 per cent equity position in the corporation and Federal Commerce and Navigation Limited will assume the remaining 10 per cent equity position.

The federal government will initially guarantee loans from financial institutions for 80 per cent of the financial requirements of the corporation with the remaining 20 per cent to be equally shared by the NHB and Federal Commerce and Navigation Limited. The NHB share will be approximately $23 million. It is expected that the loan guarantee arrangement will be interim and replaced by throughput contracts for coal.

"We are confident that through this arrangement fair and equitable access and fair and equitable rates to all shippers will be achieved. In addition the interim federal loan guarantee will assure timely construction of the port and provide the best possible rate for all coal shippers. The new corporation will pass on the benefits to be derived from the Government guarantee and a lower return on equity participation in the form of lower throughput rates to all coal shippers after 1989", the Ministers said.

Ministers outlined additional specific commitments of the federal government regarding development and operation of the port as follows:

1. A guarantee by the federal government of an indexed throughput charge to a maximum of $3.00 ($ 1980) per tonne until April 1, 1989 for coal at Ridley Island.
2. The index on the throughput rate to be 80 % of the Consumer Price Index commencing from May 1, 1980 to April 1, 1989.
3. Assistance, through the National Harbours Board, for off-site services related to both the grain and coal terminals at Ridley Island.
4. Canada—British Columbia subsidiary agreement for the access road to Ridley Island on a 50:50 shared cost basis at an estimated federal share of $4 million.

5. Commencing on April 1, 1989, the new corporation will be expected to operate the coal terminal facility in a commercial manner.

6. As an additional developmental measure, no interest will be charged, until 1989, for funds advanced to the National Harbours Board for the development of the Ridley Island site.

The National Harbours Board is on schedule for meeting its commitments for site preparation. The Ministers announced that, on the basis of a Treasury Board decision of August 1981, a $550,000 project management contract has been awarded to CBA Engineering of Vancouver. A further contract for site clearing will be awarded within the next few weeks. By mid December the National Harbours Board will call tenders for a site grading contract which is expected to be in excess of $25 million.

The Ministers emphasized that the federal government is providing significant developmental assistance for the terminal and substantial capital investment. They said that the government would continue to honour its commitments relating to other aspects of the North East B.C. Coal project.

CN intends to spend approximately $175 million on line improvements and approximately $100 million on equipment purchases related to the development by the middle of this decade.

All of CN's investments are to be recovered through the commercial freight rate it has quoted to the coal companies.

The federal government has also undertaken to exercise all of its responsibilities relative to the protection of the environment and has established a consultative process with the native people of the area.

Details of the NHB/Federal Commerce and Navigation Limited joint undertaking are attached.

For further information:

Sally Martin,
Ministry of State for Economic Development,
(613) 996-4055 (Ottawa);

Denise Chong,
Office of the Leader of the Government in the Senate,
(613) 996-7774 (Ottawa);

Don Morrison,
National Harbours Board,
(613) 995-4028 (Ottawa).

DETAILS OF THE BUSINESS JOINT UNDERTAKING BETWEEN THE NATIONAL HARBOURS BOARD AND FEDERAL COMMERCE AND NAVIGATION LTD.

1. A Joint Undertaking will be formed between the National Harbours Board and Federal Commerce and Navigation Ltd. (FEDCOM), a Canadian Company.
2. The capital structure of the new Corporation will be composed of 80 per cent debt and 20 per cent equity. The NHB will assume a 90 per cent equity position in the corporation and Federal Commerce and Navigation Limited will assume the remaining 10 per cent equity position.
3. The Corporation is committed to build the coal terminal at Ridley Island and the completion date is scheduled to match the date at which the coal becomes available.
4. Loans for 80 per cent of the financial requirements will be obtained from Canadian financial institutions, and will be guaranteed by the Federal Government. The remaining 20 per cent will be equally shared by the NHB and Federal Commerce and Navigation Limited. The guarantee will be interim and replaced by throughput contracts for coal.
5. The new corporation will pass on the benefits to be derived from the Government guarantee and a lower return on equity participation in the form of lower throughput charges to the coal shippers after 1989.
6. Upon the commencement of operations the new corporation is committed to meet interest payments on the capital loan from operating cash flows, while principal payments will begin only when any short term debt has been eliminated.
7. Once the terminal is completed and a mutually agreed throughput has been obtained, any subsequent operating cash deficiencies will be borrowed and guaranteed 10 per cent by FEDCOM and 90 per cent by the Federal Government. This borrowing would be considered as short term debt, and the repayment of the long-term debt and interest associated with the capital cost of construction will be subordinated to the repayment of the short-term debt.
8. The terminal will be operated as a neutral public facility with fair and equal access for all coal shippers on a first-come, first-served basis.
9. Fair and equitable rates will be charged to all coal shippers. Provision will be made to expand the coal terminal's capacity as warranted by demand.
10. Federal Commerce and Navigation Company Ltd. will manage the operation of the coal terminal under contract with the new Corporation.

THE SENATE

Thursday, November 5, 1981

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

Prayers.

THE CONSTITUTION

ANNOUNCEMENT OF AGREEMENT BETWEEN GOVERNMENT OF CANADA AND NINE PROVINCIAL GOVERNMENTS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I would like to explain the delay in having the bell rung.

I am sure that all members of the Senate are aware that ten of the eleven governments have reached agreement on the question of the Constitution. In substance, they have reached agreement on the three basic areas of concern, namely: patriation, an amending formula, and a Charter of Rights. These ten governments have all agreed to patriation, an amending formula and a Charter of Rights. I do not propose to go into any further detail because I am sure the Leader of the Government in the Senate will give an explanation when he arrives from the Conference Centre, as will the Prime Minister in the other place.

I merely wished to explain the reason for the late ringing of the bell. This agreement, described by the Prime Minister as both encouraging and opportune, is indeed of great historic importance. I am sure that we shall have an explanation, and an opportunity to study its details very soon.

Therefore, I suggest that we proceed with our Order Paper, awaiting any statements that our cabinet colleagues may wish to make, or we can await the arrival of the Leader of the Government in the Senate.

Hon. Jacques Flynn (Leader of the Opposition): Is anybody ready to speak on this question? My suggestion is that if the Leader of the Government is going to be with us later on, ready to make a precise statement on this matter, we should delay any comment—or even questions, for that matter—until then, because otherwise we may only create confusion.

Senator Frith: Honourable senators, that was my intention exactly, but I did feel that I should at least give the cabinet colleagues of the Leader of the Government in the Senate an opportunity to speak, if they wish. If they do not, then we can leave the question of any further comment until the arrival of the Leader of the Government in the Senate.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, if I may, I should like to say that my friends opposite will realize that the conference only ended at 2.15 p.m. What we do have at present is a statement of what nine provinces have signed and have agreed to, which is the basis of the agreement. I was handed a copy of this as I entered the chamber. The problem with reading it is that it assumes a very high level of knowledge of the whole background of this process. For instance, it refers to such things as the April Accord, and a whole lot of other things. Therefore, I do not believe it would be possible to prepare a detailed, comprehensive report on what has happened without being thoroughly familiar with all the background. It could hardly be expected that anyone here is, in fact, in that position. Nevertheless, the possibility exists that later today the Leader of the Government in the Senate will make a statement that is reasonably comprehensive. It would be fleshed out from there, of course.

Senator Flynn: Would you suggest that we wait for Senator Perrault to join us? If he does, and if he is ready at that time to make a full statement, we can then discuss the matter—of course, with the unanimous consent of the Senate.

Senator Olson: Yes, honourable senators, that is what I am suggesting. It is right in line with what the deputy leader has stated. In fairness to the honourable gentlemen opposite, let me say that the basis for the accord that was reached was known a little earlier. That is the communication that was sent from the nine provinces, and that is written in language that is not comprehensible to anyone who has not followed the proceedings up to this hour.

• (1440)

Senator Flynn: The honourable senator, however, should realize that if nine out of ten premiers agreed on something, the problem is not with what they agreed upon but, rather, with what the tenth premier—namely, the Premier of Quebec—objected to. I would not want to comment on that before we know exactly what the position is. If there were ten premiers agreeing with Mr. Trudeau, there would be no problem in discussing this or in saying "Hallelujah!" right away, but I think it would be a little premature to do that at this point.

Senator Olson: Honourable senators, I suggest that we take the advice of the deputy leader and see whether we can have that information before the end of this sitting.

Hon. Lowell Murray: Honourable senators, may I ask the minister whether my information is correct that the Right Honourable the Prime Minister intends to make a statement in the other place at 3 o'clock this afternoon? If so, would it not be possible for the Leader of the Government, or one of the ministers, to obtain a copy of his statement and read it into the record here at the same time, there being no lack, as the minister is aware, of copying machines in the government?

Senator Olson: The minister is aware of all of that, but there is one assumption made by the honourable senator

regarding which I do not know that we can give a commitment. That assumption is that the Prime Minister will read from a prepared statement in making his report to the other place. Taking into consideration the time factor, it is highly likely that there will be no manuscript. If that is the case, honourable senators can see the impossibility of acceding to that request.

Senator Flynn: That is quite obvious.

Senator Frith: Senator Murray may wish to enlist the help of his colleagues who stole the other document, to see if he can get hold of this one the same way.

Senator Flynn: I hope it will not be from the same source.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate with a change in the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

(*Fort text of message, see today's* Minutes of the Proceedings of the Senate.)

TRANSPORT AND COMMUNICATIONS

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the name of the Honourable Senator McElman be substituted for that of the Honourable Senator Anderson on the list of senators serving on the Standing Senate Committee on Transport and Communications.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I propose to move that when the Senate adjourns today, it do stand adjourned to Monday next, November 9, 1981, at 8 o'clock in the evening.

I say "I propose to move" in the expectation that nothing that the Leader of the Government has to say will change that arrangement. Honourable senators will remember that next week is a split week because Wednesday is Remembrance Day and we will not sit then. After discussions with the Leader of the Opposition in the Senate, we felt it best to sit on Monday evening and Tuesday afternoon of next week, and then not return for Thursday and Friday. At the time we discussed this, we did not know the outcome of the constitutional conference. I do not think that anything we know up to now should change that, but I shall withhold making that motion until we hear what honourable senators wish.

Perhaps it would be appropriate now to have the Leader of the Government in the Senate—who has just come from the Conference Centre—make a statement or tell us what he thinks we should know about the deliberations there.

THE CONSTITUTION

ANNOUNCEMENT OF AGREEMENT BETWEEN GOVERNMENT OF CANADA AND GOVERNMENTS OF ONTARIO, NOVA SCOTIA, NEW BRUNSWICK, MANITOBA, BRITISH COLUMBIA, PRINCE EDWARD ISLAND, SASKATCHEWAN, ALBERTA AND NEWFOUNDLAND

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have just come from the Conference Centre. As I think all honourable senators are now aware, an agreement has indeed been achieved involving the first ministers of Canada, nine of the ten provinces and the federal government, on matters relating to the Constitution, the amending formula and patriation.

The basic statement which has just been issued is brief, and I will take this opportunity to read it to honourable senators. Then I will table all of the material that has been made available to me. I should like to give a copy of the statement to the Leader of the Opposition at this time. The statement reads:

November 5, 1981

> In an effort to reach an acceptable consensus on the constitutional issue which meets the concerns of the federal government and a substantial number of provincial governments, the undersigned governments have agreed to the following:
>
> (1) Patriation
>
> (2) Amending Formula:
>
> —Acceptance of the April Accord Amending Formula with the deletion of Section 3 which provides for fiscal compensation to a province which opts out of a constitutional amendment.
>
> —The Delegation of Legislative Authority from the April Accord is deleted.
>
> (3) Charter of Rights and Freedoms:
>
> —The entrenchment of the full Charter of Rights and Freedoms now before Parliament with the following changes:
>
> (a) With respect to Mobility Rights the inclusion of the right of a province to undertake affirmative action programs for socially and economically disadvantaged individuals as long as a province's employment rate was below the National average.
>
> (b) A "notwithstanding" clause covering sections dealing with Fundamental Freedoms, Legal Rights and Equality Rights. Each "notwithstanding" provision would require reenactment not less frequently than once every five years.

(c) We have agreed that the provisions of Section 23 in respect of Minority Language Education Rights will apply to our provinces.

(4) The provisions of the Act now before Parliament relating to Equalization and Regional Disparities, and Non-Renewable Natural Resources, Forestry Resources and Electrical Energy would be included.

(5) A constitutional conference as provided for in clause 36 of the Resolution, including in its agenda an item respecting constitutional matters that directly affect the Aboriginal peoples of Canada, including the identification and definition of the rights of those peoples to be included in the Constitution of Canada, shall be provided for in the Resolution. The Prime Minister of Canada shall invite representatives of the Aboriginal peoples of Canada to participate in the discussion of that item.

Honourable senators, the document is signed as follows: for Canada, the Right Honourable the Prime Minister, Pierre Elliott Trudeau; for Ontario, Premier William G. Davis; for Nova Scotia, Premier John M. Buchanan; for New Brunswick, Premier Richard B. Hatfield; for Manitoba, in the absence of and for Premier Sterling R. Lyon, by the Attorney General of Manitoba; for British Columbia, Premier William R. Bennett; for Prince Edward Island, Premier J. Angus MacLean; for Saskatchewan, Premier Allan E. Blakeney; for Alberta, Premier Peter Lougheed; and for Newfoundland, Premier A. Brian Peckford.

● (1450)

Honourable senators, this is a significant and, indeed, historic occasion in the evolution of our nation. I know that, in the days and weeks to come, honourable senators will wish to discuss and debate various aspects of the agreement which has been achieved, and I know that this document will give rise to numerous questions to which I will not be able to provide full answers, since the negotiations concluded only this morning. The explanatory information, which will help in answering the detailed and technical questions arising from this agreement, has not been made available as yet, but there will be a full opportunity in the very near future for those questions to be dealt with and, of course, for other statements to be made.

It is not without significance, honourable senators, that the Premier of Quebec has not signed this agreement, but the Right Honourable the Prime Minister stated in the open session—which, I believe, was seen by a number of honourable senators—that there is at least the hope that some modifications and accommodations can be made later which will encourage the Premier of Quebec to affix his signature to this historic document.

Hon. Martial Asselin: Honourable senators, would what the Leader of the Government has just described occur before the passing of the resolution in both houses?

Senator Perrault: Honourable senators, the implication of the question just asked is: Will the present arrangement necessitate a modification in the resolution before us, and will it require the assent of the Senate? Honourable senators, I can say: Yes, that is the case.

Before tabling this document, it may be of interest to honourable senators to have a copy of it, including the premiers' signatures. If so, I shall have it photocopied. I believe it is a rather important document which honourable senators will cherish.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, this agreement is cause for rejoicing.

Hon. Senators: Hear, hear.

Senator Flynn: Of course, we hope that eventually agreement from the Province of Quebec will be added to that of the other nine provinces. What I would like to highlight at this time is the complete change of attitude of the Prime Minister, which is a great consolation to many of us and, as I have said, it should be followed by efforts to make it possible for the Government of Quebec to add its signature to the agreement.

I would like the Leader of the Government to confirm a few points, either now or later. As I understand it, the referendum clause in the amending formula has been deleted.

Hon. Duff Roblin (Deputy Leader of the Opposition): Hurrah!

Senator Flynn: From the viewpoint of the dissenting provinces and the viewpoints expressed by some of us here and in the other place, that is very important.

My second question will perhaps depend on the reaction of Senator Steuart, but do I understand that the veto of the Senate becomes merely a suspensive veto in the case of amendments to the Constitution? Does the leader say, "Yes"?

Senator Perrault: I am noting carefully all of the questions.

Senator Flynn: This is of interest, not because I object but because, with an amending formula, I do not see how the Senate could resist the will of the provinces as provided for in that amending formula, even if it were for the abolition of the Senate and the forced retirement of Senator Steuart, for instance.

Hon. D. G. Steuart: You worry about yourself.

Senator Flynn: I don't worry about myself. The difference between you and me is that absolutely nobody worries about me.

It is my understanding that there was agreement from Premier Lévesque with respect to mobility rights. However, one of the most important points is the reason the Premier of Quebec said, "No". It is my understanding that his negative response concerns minority language rights in terms of education and the compensation for governments opting out. Are those the only two points which prevented Premier Lévesque from signing the accord? I believe the Leader of the Government mentioned that the Prime Minister had indicated his willingness to find a solution to those two points.

On the question of compensation, of course, if a province opting out cannot prove that the opting out means a reduction of revenues, I think it is logical that no compensation should be

provided. Perhaps we should stipulate that compensation should be paid only if the opting out implies a reduction of revenues. It seems to me that this would be an easy concession to make, and I would hope that the federal government would be prepared to do so.

Education is a rather more technical matter, but it seems to me that in this respect there is also the possibility of a solution.

I should like the Leader of the Government to tell me if those are the only two points which have justified or explained the refusal of Premier Lévesque to give his agreement.

Senator Perrault: I appreciate the comments and inquiries made by the Leader of the Opposition. First, as to the matter of the referendum, it is my understanding that the referendum device or alternative is not contained in the agreement.

Secondly, some form of suspensive veto for the Senate has been put forward.

Senator Roblin: On Constitution matters.

Senator Asselin: That also applies to Senator Steuart.

Senator Perrault: I do not have all of the final details on any of these points. The Province of Quebec, indeed, registered certain objections, primarily in those two areas mentioned by the Leader of the Opposition—financial compensation to provinces should they opt out of certain sections, and educational minority language rights. Other matters on which I have not received full briefing, as yet, were discussed during the final hours of the meetings.

Honourable senators, I have taken note of the questions asked by the Leader of the Opposition, and perhaps at the next sitting of the Senate statements can be provided on these and other points raised by honourable senators.

Senator Asselin: If the document were before the Senate, we would have a better basis for discussion. I am restricted in the questions I can ask today because we do not have the document before us. It is my understanding that the resolution document will be placed before both houses, and it is my feeling that we should wait until the document is before us before we have any further discussion.

● (1500)

Senator Perrault: Senator Asselin makes an excellent point. I was about to say that literally at this moment some of the documents are in the process of being printed. I think we should provide honourable senators with as much documentation as possible, so that they may understand the implications of this agreement and its details. After that, it would certainly be worthwhile having a debate take place in the Senate on this agreement and all its implications.

Hon. Ernest C. Manning: Honourable senators, I appreciate that at this time it is not reasonable to expect the Leader of the Government to be able to give us detailed information, either on the agreement that has been reached or on the procedure to be adopted. I wonder if he is in a position to comment briefly on the latter. Would we be correct in assuming from what has transpired that this will now necessitate redrafting the entire package that was before the two houses of Parliament? In other words, I assume that the changes are too comprehensive to be treated merely as amendments to that package, and that it would be a matter of starting again with an entirely new package.

If that is to be the procedure to be followed, or if there is some other procedure intended, could the Leader of the Government give us any indication at this time as to when this matter might come before the two houses of Parliament for debate? I ask because some of us have problems arranging transportation and would wish to be here for these debates.

I presume it would be unreasonable to expect that this would be ready for next week, because of the tremendous amount of work that will have to be done in redrafting the whole package. Could the leader give us any further information along those lines?

Senator Perrault: Honourable senators, I have made preliminary inquiries on this matter, and it is my understanding that the package will have to be redrafted—in fact, we will be dealing with a substantially altered motion and perhaps an entirely new motion.

In view of the importance of this debate, I am sure that the whips will keep all honourable senators fully informed as to when it will take place and as to the proposed parliamentary schedule for the motion.

Certainly, all government supporters will be kept fully informed as to the schedule, and that information will be provided in as complete a form as possible to all honourable senators, but it will necessitate a new motion or a substantially modified one.

Hon. Allister Grosart: Honourable senators, this question may also be difficult to answer, but it is on a matter which will concern us all. Will the news that we have received today affect the order of each house limiting the debate to two days?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the order of each of the two houses limiting the debate to two days refers specifically to the package now before Parliament. Therefore, if we are going to deal with a new package, there is no question but that both orders will be affected as deeply as anything could be affected; that is to say, they will not be operative.

Senator Flynn: I guess you could always introduce a new motion.

Senator Frith: We could always introduce a new motion, if necessary, and a new order in similar terms, but that was not the question. The question was whether the present orders are affected, and I think they are.

Senator Manning: Honourable senators, I wish to pursue a little further the one point I raised earlier. I appreciate what the leader has said, that we will be kept advised as to the timetable, but, in view of what was said earlier by the deputy leader, that we will probably sit only on Monday evening and Tuesday afternoon of next week, would I be correct in assuming that this matter will not be before the house next week? Is that a reasonable assumption?

Senator Perrault: That is the present indication. I shall be in contact with the office of the Right Honourable the Prime Minister later today to discuss the parliamentary plans for this very important motion. Should there be any change, that information will be communicated immediately to you.

Senator Flynn: I suggest that the urgency has disappeared.

Senator Roblin: Could the honourable leader confirm my understanding of the meaning of section (3)(b) of the agreement, which deals with the "notwithstanding" clause? As I interpret this, we find that the Charter of Rights and Freedoms is entrenched in one sense, and yet the "notwithstanding" clause empowers any legislature—this one or that of any one of the provinces—to pass a law dealing with fundamental freedoms, legal rights and equality rights that contradicts or abridges the charter in some way or another by specifying that, notwithstanding the Charter of Rights, they pass this law; and that, furthermore, they are obliged to re-enact that provision every five years if it is to remain valid. This seems to me to be a most significant departure from the previous policy of an entrenchment that indeed was entrenched.

Am I correct in thinking that this "notwithstanding" provision makes it possible for any legislature to alter the Bill of Rights in respect of fundamental freedoms, legal rights and equality rights by simply providing for that in the terms of the legislation?

Senator Perrault: Honourable senators, in anticipating that questions might be raised in both chambers on this point, I do have some explanatory material regarding the question posed by Senator Roblin. I should make it clear that the provinces were very supportive of this particular change.

Senator Roblin: I should think so.

Senator Perrault: A "notwithstanding" clause is one which enables a legislative body, federal or provincial, to enact expressly that a particular provision of an act will be valid notwithstanding the fact that it is in conflict with a specific provision of the Charter of Rights and Freedoms.

The "notwithstanding" principle has been recognized and is contained in a number of bills of rights, including the Canadian Bill of Rights, which, of course, was sponsored by the late John Diefenbaker; the Alberta Bill of Rights, 1972; the Quebec Charter of Rights and Freedoms, 1975; the Saskatchewan Human Rights Code, 1979; and Ontario's Bill 7 to amend its Human Rights Code, 1981.

Honourable senators, it would be applied in this fashion: Any enactment overriding any specific provisions of the charter would contain a clause expressly declaring that a specific provision of the proposed enactment shall operate notwithstanding a specific provision of the Charter of Rights and Freedoms. Any "notwithstanding" enactment would have to be reviewed and renewed every five years by the enacting legislature if it is to remain in force.

Senator Roblin: Then I take it from that explanation that this constitutional document explicitly recognizes the primacy of the legislature over the Bill of Rights in connection with these particulars. That seems to be a very significant change from what was proposed before. Now the document provides that Parliament or the legislatures will indeed have the last word with respect to rights in these particular fields.

Senator Perrault: Honourable senators, I do not want to comment beyond the information I have just provided. I will be pleased to provide further information on behalf of the government on this point. At the same time, I appreciate Senator Roblin's views on the matter.

Senator Flynn: Honourable senators, I have a supplementary question on this very point. Would this "notwithstanding" clause apply to all the areas of the charter? For instance, if it did apply to language rights, it seems to me that the reservations or objections of Premier Lévesque on language rights would be solved by the application of this "notwithstanding" clause. He could maintain, for instance, all the provisions of Bill 101 which could be—and I do not say that they would be—which could be affected by the Charter of Rights, and a subsequent government could, of course, just abolish that. I would like the leader to try to get that specific information regarding language rights.

• (1510)

Senator Perrault: Honourable senators, it is my understanding that there is no opting out provision for language rights.

Senator Flynn: There is no "notwithstanding" clause either?

Senator Perrault: That is my understanding. However, I will be pleased to bring a further statement to the Senate.

Hon. Frederick W. Rowe: Honourable senators, may I revert to the point alluded to by Senator Manning a few moments ago. I do not wish to belabour the point, but some of us have to make arrangements for travelling and it is becoming increasingly difficult to do that. In view of the information that has come to us since Senator Frith intimated that he would be introducing a motion that the Senate adjourn until Monday evening, is it still the deputy leader's intention to introduce that motion?

Senator Frith: Yes, honourable senators.

[*Translation*]

Hon. Jean-Paul Deschatelets: Honourable senators, may I direct a question to the Leader of the Government?

After the conference, when he spoke to the premiers and the people of Canada, the Prime Minister intimated that he hoped an agreement could be reached with Quebec, especially on the conflicting issues. Could the Leader of the Government enquire as to whether arrangements have been made to hold meetings, at the ministerial level, in order to try and find a solution which Quebec might agree with?

[*English*]

Senator Perrault: Honourable senators, that question will be taken as notice. Certainly the Right Honourable the Prime Minister demonstrated a most forthcoming and conciliatory attitude at that meeting, as honourable senators are aware.

Senator Flynn: Very new.

Hon. Sidney L. Buckwold: Honourable senators, may I seek from the Leader of the Government clarification of a reservation in the form of a marginal note signed by the representative of the Manitoba Premier. It says:

> Subject to the approval of section 3(c) by the Legislative Assembly of Manitoba.

Not being close to the actual resolution, and not being aware of what the "3(c)" means, can that marginal note be explained?

An Hon. Senator: The explanation is there.

Senator Buckwold: I am sorry; I had not noticed it.

Senator Perrault: Honourable senators, I have nothing to add—at least not at this time—with regard to that point. The question will be taken as notice. The Premier of Manitoba was not present for the final signing session, as honourable senators can see. I do not know the full implications of that marginal notation.

Senator Roblin: It may have something to do with the Manitoba Act, which contains language provisions that were recently adjudicated. I suspect that might be the reason.

Senator Perrault: Honourable senators, I now table:

> Agreement between the federal government and provincial governments, dated November 5, 1981, with respect to a consensus on the constitutional issue.

[*Translation*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Further to what I already said regarding next week, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today, it remain adjourned until 8 p.m. next Monday, November 9, 1981.

The Hon. the Speaker: Honourable senators, is permission granted?

Some Hon. Senators: Yes.

The Hon. the Speaker: Honourable senators, do you wish to carry this motion?

Hon. Jacques Flynn (Leader of the Opposition): Yes, of course, honourable senators, but first, for the record, I would like to point out that the plan put forward by the Deputy Leader of the Government was that we would sit Monday evening and Tuesday afternoon, and that the Senate would subsequently adjourn until the following week. Wednesday being Armistice Day, the Senate will not sit, nor will the House of Commons, and we shall not come back Thursday or Friday. We shall not sit until the following week, that is understood.

Second, do I understand that there may be legislation before the Senate on Monday or Tuesday, when we might be examining today's agreements?

Finally, I have another question of interest to honourable senators, and perhaps it should be answered by the Leader of the Government: Will the budget be brought down on Thursday, the 12th, as planned?

Senator Frith: Honourable senators, regarding the first comment made by the Leader of the Opposition, that is correct, with one reservation which is, I imagine, sufficiently clear, that if anything happens requiring our presence here on Thursday or Friday of next week, honourable senators will be advised Monday or Tuesday, or later, depending on the circumstances. However, we intend, as the Leader of the Opposition in the Senate has just said, to sit Monday evening at 8 o'clock and Tuesday afternoon at 2 o'clock, but not Tuesday evening.

Senator Flynn: Not Thursday or Friday?

Senator Frith: Exactly, not Thursday or Friday. What was the second question?

Senator Flynn: The other question was about what we had on the agenda.

Senator Frith: This week, I think the house is supposed to continue consideration of Bill C-48, with the intention or should I say the ambitious desire to deal with non-controversial bills Friday afternoon. So it is quite possible that next week we may have one or two or three bills if they are passed tomorrow in the House.

As for the third question, I believe the Minister of Finance intends to bring down the budget on Thursday, and if there are any corrections to be made here, perhaps my colleagues or Senator Perrault could tell us whether there has been a change of plan here as well, but I believe that Thursday is still the day or the evening designated for the budget speech.

Senator Flynn: Thank you.

[*English*]

Hon. Allister Grosart: Honourable senators, I seek clarification on another point from either the Leader of the Government or the deputy leader. Did I understand the Leader of the Government to say that because of the documentation problem there would be no possibility of a debate on today's developments on either Monday or Tuesday? Did I hear him correctly, that the documentation would not be available in time for a debate on Monday or Tuesday?

Senator Frith: Honourable senators—

Senator Grosart: Perhaps the Leader of the Government will reply.

Senator Perrault: Honourable senators, as I recall, in response to a question asked by Senator Asselin, I agreed that it would not be possible to have a full debate immediately on the subject of the constitutional agreement; that a discussion should not be held until honourable senators had at least some basic information with respect to the federal-provincial agreement. I cannot recall stating that I felt it would mean that nothing could be said on the subject on Monday or Tuesday of next week.

Senator Grosart: I raise the question because, in view of the information that we are not expected to sit on Wednesday, Thursday or Friday, it would be unwise, perhaps, for the

Senate to be put in a position where this most important matter would not be formally discussed in the Senate for a whole week, particularly if arrangements are being made for a full scale debate in the other place.

Senator Frith: Honourable senators, I am sorry that my attention was otherwise engaged when the question was asked, and I apologize to Senator Grosart. Was he asking when we could anticipate a full scale debate?

Senator Grosart: My question was, or should have been: Would it be in the best interests of the Senate if there were no arrangement for a formal debate on this most important development for the whole of next week?

• (1520)

Senator Frith: I think that would depend, as the Leader of the Government has said, and as Senator Asselin has suggested, on whether we can have the necessary material in advance for a full scale debate. If I understand the pith and substance of what Senator Grosart has been saying, it certainly would not be wise to have a debate until we had time to make sure we were well informed.

Honourable senators, I want to say that Senator Lafond, who is the chairman of the Foreign Affairs Subcommittee on National Defence, has asked that the committee have permission to meet on Monday night at 9 o'clock, even though the Senate might then be sitting. I certainly regret choosing my good friend Senator Lafond as a reason for expressing my view that it should be the exception for a committee to meet while the Senate is sitting.

I find—and I say this with every respect—that the moment I suggest a date for a sitting of the Senate I have two or three committee chairmen saying, "Fine; may we meet while the Senate is sitting?" So I raise Senator Lafond's request as a matter of principle. If the Senate does wish to give the committee permission to sit, I will not throw a tantrum about it, but in general I want to encourage committee chairmen to arrange their meetings so that they take place on a day when the Senate is to sit, of course, but not while the Senate is actually sitting.

Motion agreed to.

STATUTE LAW (MILITARY AND CIVILIAN WAR PENSIONS, COMPENSATION AND ALLOWANCES) AMENDMENT ACT, 1980

CONSIDERATION OF REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—DEBATE CONTINUED

The Senate resumed from Thursday, October 29, the debate on the consideration of the report of the Standing Senate Committee on Health, Welfare and Science entitled *They Served—We Care*, tabled in the Senate on October 20, 1981.

Hon. John M. Macdonald: Honourable senators, it is not my intention to speak at any length on this report to the Senate by the Standing Senate Committee on Health, Welfare and Science. Indeed, it is not necessary to do so, as the report speaks for itself and is very readable, and to supplement it, as it were, we have heard excellent speeches by three members of the committee who participated in its preparation. I do, however, want to congratulate the committee on its fine work. The recommendations they made are certainly worthy of support, and when enacted into legislation will be of great benefit to veterans and the spouses of veterans.

I think, too, the report shows how beneficial it is to take the time to make such a study. Over the years, conditions change, and amendments to legislation, while worthy in themselves, may result in some persons being unintentionally favoured over others. I think this is so well set out in the opening paragraph of the report that I would like to quote it:

> The Pension Act has been amended since its inception on 7 July 1919 to keep it up-to-date with changes in the social and economic conditions of veterans. There are, however, a number of areas of concern which have not commanded much attention in the past but which are important today because the majority of veterans are now reaching an age where disabilities and the decreasing capacity to cope with them due to the passage of time, are a serious and growing burden. This burden to a large extent is shared by the veterans' spouses. These spouses have loyally and conscientiously taken care of the incapacitated veterans for a great many years, giving them the affection, security and support they need and enabling them to stay in their own homes instead of in institutions. Although there are a number of spouses who are the husbands of disabled veterans most of them are aging women.

As has been mentioned, the report goes on to deal with the payment of proportionate pensions to spouses; the continuation of pensions at the married rate to the spouse of a deceased pensioner; indexation of the basic pension; the delay in processing pension applications and in pension adjudication; the War Veterans Allowance Act; the Civilian War Pensions and Allowance Act; and the residence requirement for veterans. All these are dealt with very well in the report and in the speeches already given, so I do not propose to do more than mention them except in one regard.

I do want to say, however, that I was especially pleased with the recommendation concerning the continuation of pensions at the married rate to the spouse of a deceased pensioner. Certainly, if a pensioner dies, his widow may face a very difficult time. While I knew this, of course, it was impressed upon me again just recently. A pensioner and his wife, whose family were all grown and away from home, lived quite comfortably in a modest way. The pensioner died and consequently the widow had a sharply reduced income. Yet her expenses, apart from groceries, were no less, and will increase as the general cost of living continues to increase. So, honourable senators, it will be a great help to people like this if the recommendation of the committee in this regard is accepted and acted upon without delay.

I was particularly interested in the recommendation concerning delays in the processing of pension applications, and of pension adjudications. I have been critical of these delays in

the past, and it may be that such criticism was unfair, in whole or in part. The report is also critical of these delays, and on page 7 gives three examples of extraordinary delays. I quote the recommendation of the committee in this regard:

> We recommend that all necessary steps be taken immediately to eliminate the unacceptable delays in processing pension applications and in pension adjudications which have accumulated since 1970 and that to this end, particular consideration be given to encouraging essential staff to continue working beyond the normal age of retirement.

I was somewhat surprised when Senator Marshall appeared to claim that much of the delay was due to lack of secretarial help.

Honourable senators, to be fair to the Pension Commission, I would like to read from a letter to Senator Frith from the then Minister of Veterans Affairs. You may recall that Senator Frith undertook to bring my comments on Bill C-82 to the attention of the minister. He did so, and the letter I am reading from is the reply of the minister. It is dated August 13 of this year, and says, in part:

> Senator Macdonald expressed concern about certain aspects of the administration of pension benefits for former members of the forces and their surviving dependants. I have discussed his concerns with the Chairman of the Canadian Pension Commission.
>
> The Chairman has seen the relevant copy of the Senate debates and has commented as follows:
>
> > Senator Macdonald asked whether because of the number of new claims for widows' pensions which will now be received as a result of the provisions of Bill C-82, claims for disability pensions will of necessity be neglected. The answer is that the Commission is fully prepared to deal with the applications for proportionate pensions and that such action will have absolutely no adverse effect upon applications for disability pensions or full widows' pensions based on the claim that death was the result of service or that the veteran should have been granted pension at a rate of 48 per cent or higher in his lifetime. In these latter cases a considerable amount of medical and other research must be done to determine whether the veteran is pensionable. In the proportionate pension claims, the Commission has organized a separate unit and relatively little research is required. It has been the experience of the Commission, with respect to the proportionate pensions which became available to widows on 1 October, 1980, that the claims were processed on the average within 60 days of receipt.

● (1530)

If I have unjustly criticized the Commission, honourable senators, I certainly take back that criticism.

The Chairman of the Pension Commission goes on further to say:

> There are some errors or misconceptions in Senator Macdonald's statement. One such misconception is that most veterans must wait up to four years to obtain their first pension cheques.

Honourable senators, I must say here that he misunderstood my words because I did not say "most veterans"; I said "some pensioners", as does the report.

> While at the present time the Commission and the Pension Review Board are taking longer than any of us would like to reach their decisions and action is being taken to reduce the time lag, it should be remembered that of the approximately 5,500 to 6,000 applications now received annually at the first level by the Commission, over the years, the Commission has, by dint of the care and research which it undertakes, been able to grant 41 per cent of these claims. These decisions currently take just under a year. It is hoped this time will be reduced substantially. Those which are not granted may be appealed to an Entitlement Board of the Commission. Of those so appealed about 23 per cent are granted. Claims rejected at this level may be further appealed to the Pension Review Board, which is completely independent of the Commission. Of the 1,168 claims heard by that Board in the fiscal year 1980-81, it granted 163 in whole or in part. This means that 54 per cent of the applications received at the first level were successful at some stage of the proceeding, but it also means that fewer than 3 per cent of those same applicants had to wait anywhere near four years to receive favourable decisions.

He goes on further to say that:

> The figures attributed to the Chairman of the Commission in the newspaper article quoted by the senator are incorrect. No such statistics were given by me to the reporter and I am not aware of the source of those quoted.

Honourable senators, I have quoted from that letter at length simply to be fair to the commission and to the work it is doing.

Hon. Jack Marshall: You are too kind.

Senator Macdonald: If by chance I had been unduly critical, I should like to set the record straight. At the same time, however, I am far from convinced that these applications cannot be processed in a much shorter time.

Senator Marshall: Right!

Senator Macdonald: I think one way to do this is to have more commissioners. At the present time, the act provides that the commission will consist of not less than eight commissioners, but the Governor in Council can increase this number to 14 and the Governor in Council may, from time to time, appoint not more than 10 additional *ad hoc* commissioners, which would make the total 24. I believe this has been done. I suggest, honourable senators, that the Pension Act be amended to allow more commissioners to be appointed and, if considered necessary, the number of members of the Pension Review Board also to be increased.

At the present time, if I remember correctly, the act provides for a chairman, a deputy chairman and three other members. Two additional *ad hoc* members can be appointed to the commission by the Governor in Council. I would suggest that the Governor in Council be given authority to appoint as many as is thought necessary in order to deal with the backlog of cases awaiting a decision. I do not think the number should be restricted to seven, as I understand it now is.

Honourable senators, before I continue with my speech I should like to repeat that I believe we owe a great debt of gratitude to the members of the committee for their work in preparing this report.

Hon. Senators: Hear, hear.

Senator Macdonald: They should have the satisfaction of knowing that their report, if adopted, will mean a great deal to many veterans and the widows of veterans.

I believe those who served in the Canadian forces in wartime—especially in World War I and World War II—were called upon by Canada to give extraordinary service, service which might have resulted in death, physical disability or mental disability. I believe that by the Pension Act and other statutes that benefit veterans and their dependents, Canada is only compensating them in an ordinary way for extraordinary service. It is my belief that no person who served in the Canadian forces should ever be in want.

Hon. Senators: Hear, hear.

Senator Macdonald: I believe a grateful country should provide not only for the dependants of those who died in wartime, but also for those who suffered physical or mental disability.

I suppose we are all familiar with people who are now making application for pensions based on the effects of injuries suffered in the war of 1939-1945. Simple justice demands that veterans should have special attention. They earned it, and they earned it the hard way.

Of course, honourable senators, when veterans apply for pensions 30 to 35 years after the end of the war, as many are doing, the question is asked whether the injury complained of is as a result of war service. We all know that even a minor injury incurred when one is young can come back, as it were, and can be much worse when one becomes older.

I understand that most of the applications now received deal with problems related to aging. The commission feels that it has to find out whether such ailments as arthritis, rheumatism or back injuries were the result of, or aggravated by, war service. The Canadian system helps the veteran to prove his case, for which it provides free legal services and the like. Personally, I do not believe this is sufficient. The system demands that the veteran prove his case. Perhaps I should mention here that there is a "benefit of the doubt" clause in the present Pension Act. It says this:

> The provisions of this Act shall be liberally construed and interpreted to the end that the recognized obligation of the people and Government of Canada to provide compensation to those members of the forces who have been disabled or have died as a result of military service and to the dependants, may be fulfilled.

That is good as far as it goes, but to my mind it does not go nearly far enough. You will note that the burden of proof is on the veteran to prove his case. Under the act, assistance is provided for him to try to do so. I believe it should be the other way around. I believe that the burden of proof should be on the commission to prove that the veteran is not entitled to a pension. I do not say this simply because the commission, with the vast powers of the government behind it, is in a better position to seek out witnesses who were in service with the applicant. I do not say this because it may not be possible for a veteran to prove that his arthritis, for example, was caused by, perhaps, a long forgotten war injury. I believe our veterans are, as a matter of right and simple justice, entitled to a pension, if they now have a physical or mental disability. If the Pension Commission or others say otherwise, then let them prove it and take the burden of proof away from the now aging veterans.

• (1540)

Some Hon. Senators: Hear, hear.

Senator Macdonald: Honourable senators, at this time of year we honour the 109,980 Canadian service men and women of the First and Second World Wars, who lie buried or commemorated in the 74 countries from Russia to Australia where Canadian graves are to be found. I believe we can best honour our dead by taking action, by taking exceptional care of those who have survived and who need our care.

Honourable senators, while the report does not go as far as I would like to see it go, nevertheless, I realize that the committee wanted to make recommendations beneficial to veterans and their spouses and other dependants which could be enacted without controversy. I believe we all owe a debt of gratitude and a debt of appreciation to the members of the committee for the very fine report they have presented. While we thank them, I know that the thanks they really want to be given is to see the recommendations they have made become part of our veterans legislation. I hope their desires in that respect will soon be realized so that then we can in all truth say, "They Served—We Care."

On motion of Senator Frith, debate adjourned.

NEWFOUNDLAND

DEVELOPMENT OF HYDRO POWER AND OFFSHORE OIL RESOURCES—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Cook calling the attention of the Senate to certain matters relating to the development of hydro power in Labrador, and to the development of the offshore oil resources of Newfoundland.—(*Honourable Senator Marshall*).

Hon. Jack Marshall: Honourable senators, I had intended to speak to this motion, but in view of the discussions which

are now taking place between the federal government and the Government of Newfoundland I think our interests would be better served if the motion were put off until after the Christmas recess. In other words, I think the motion should be withdrawn.

The Hon. the Speaker: Are you saying that Senator Cook is in agreement with that desire?

Senator Marshall: I have not actually spoken to Senator Cook, but I am sure he would not mind, because a great deal of new evidence will then be available.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, may I suggest that the matter stand until next week and that in the meantime Senator Marshall and Senator Cook see if they can agree on how it should be dealt with?

Hon. Senators: Agreed.

Order stands.

CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUR

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—DEBATE CONTINUED

The Senate resumed from Wednesday, May 27, 1981 the debate on the consideration of the report of the Standing Senate Committee on Health, Welfare and Science entitled "Child at Risk," tabled in the Senate on October 16, 1980.

Hon. Ann Elizabeth Bell: Honourable senators, I should like to draw your attention today to resources—natural resources, both renewable and non-renewable; not mining or fishing or forestry or energy, but our most valuable resource: our people, and, most particularly, our children. They are renewable in the context of each generation; they are non-renewable in that each individual baby, each spark of life, is treasure with a value far beyond that of gold as each baby starts its journey through life in this world.

The Senate owes a debt of gratitude to Senator Bonnell and his committee for undertaking the investigation, and it owes particular gratitude to Senator McGrand for his determination and tenacity as chairman of the subcommittee. The study itself was particularly appropriate for the Senate as its contribution to the International Year of the Child.

If I may just refresh your memories, the Order of Reference said:

> That the Standing Committee on Health, Welfare and Science be authorized to inquire into and report upon such experiences in prenatal life and early childhood as may cause personality disorders or criminal behaviour in later life and to consider and recommend such remedial and preventive measures relating thereto as may be reasonably expected to lead to a reduction in the incidence of crime and violence in society;

In other words, are criminals made or are criminals born? The conclusions reached indicate that they are both.

In summary, paragraph 157, at page 55 of the report, states:

> It is now possible to define groups of children at risk of developing criminal behaviour. It is by identifying such at-risk groups and by counteracting the non-genetic factors which we know to be harmful that maximum benefit can result from our investment in programs of prevention, health education, intervention and treatment.

From this follow the committee's practical and down-to-earth recommendations. I am interested in what the Senate can do to implement those recommendations, and I have a few suggestions. I would be pleased if you would consider them.

My first suggestion is that the Senate request that the Standing Senate Committee on Health, Welfare and Science identify and list the priority recommendations in the report that are within the Senate's scope.

My second suggestion is that the Senate ask the committee to correlate recommendations of the Senate Special Committee on Science Policy having to do with medical research, social research and technical developments with the recommendations of the *Child at Risk* report. You have to realize that under Senator Bonnell the Standing Senate Committee on Health, Welfare and Science was more or less the grandfather of both the Science Policy report and the *Child at Risk* report.

My third suggestion is that the Senate be most vigilent when assessing any legislation that comes before it that might affect the well-being of infants. I can cite a string of examples of such legislation, and I am sure you could think of other examples. For instance, there are amendments to the Criminal Code and to such acts as the Food and Drugs Act, the National Housing Act, the Indian Act, the Income Tax Act, the Excise Tax Act, the Unemployment Insurance Act and the Broadcasting Act, all of which might have some bearing on the well-being of infants.

The fourth suggestion I wish to make is that we should originate legislation in the Senate that does not call upon the public purse. In referring to the particular amendments that would come under that suggestion, I will be dealing with specific recommendations in the *Child at Risk* report. For instance, dealing with possible amendments to the Criminal Code, the committee made the following recommendation on page 55 of the report:

> We recommend that the Government of Canada review offences in the Criminal Code that are relevant to child abuse, with a view to determining whether shifting the burden of proof, as is presently done in a number of sections of the Code (e.g., sections 306-309), should also be applied to offences against children where the Crown proves that the child in question was under the care and custody of the accused at the time of the alleged offence, and that the harm to the child was such that would not, in the ordinary course of events, have occurred accidentally.

• (1550)

Another amendment to the Criminal Code which could be sponsored by the Senate is mentioned in paragraph 26 on page 58 of the report, where it states:

> We recommend that Section 43 of the Criminal Code of Canada entitled "Correction of Children by Force" and similar provisions in provincial and territorial legislation be reconsidered by Federal, Provincial and Territorial Governments in view of the sanction which this type of provision gives to the use of violence against children.

We could also suggest amendments to the Consumer Packaging and Labelling Act and the Food and Drugs Act. I mention the Consumer Packaging and Labelling Act because I had the honour to sponsor the bill in the Senate, and I feel it is one of the best such pieces of legislation in the western world. However, it is probably time to revise it, particularly with regard to labelling and nutrition. On page 10 of the report it says:

> MALNUTRITION—"The single and most important developmental factor which determines the outcome of human pregnancy is maternal-fetal nutrition."

Honourable senators, I would like to tell you about two programs which are very much along the lines of the recommendations of the committee. One such program goes by the initials "ETC", which stand for the Society for Exploring Television with Children; and the other is called "Native Indian Infant Stimulation Program."

The committee made certain recommendations with regard to television. Paragraph 16, on page 56 of the report, states:

> We recommend that the Canadian Radio and Television Commission
>
> a) accept high quality, imported programs for children as Canadian content;
>
> b) when holding public hearings into granting or renewing television licences, raise the question of excessive violence on television, its effects, and possible remedies to control it; and
>
> c) continue to ensure adherence to high standards with regard to advertising on children's programs.

The committee continues, in paragraph 17, on page 57:

> We recommend that the Canadian Broadcasting Corporation and private television and cable television companies
>
> a) adopt a policy to reduce the amount of violence portrayed in television programs during hours when children might be expected to be watching television; and
>
> b) provide high quality, non-violent and indigenously Canadian programs for preschool and school children and provide adequate publicity for them.

Let me describe some of the programming of the Society for Exploring Television with Children. These programs are produced locally on Vancouver Island for children, by children from school districts 68 and 69, and it is an extracurricular activity. The aim of the Society for Exploring Television with Children is to provide a positive, enriching experience in which children's creativity can be encouraged and demonstrated. The ages of the children involved range between 8 and 14 years. I realize that these children are older than the age groups with which we are dealing in *Child at Risk*, but we cannot overlook the influence of television. These youngsters select and research the topics, co-write the scripts and create skits. They act, interview and operate the video equipment.

Another recommendation, set out in paragraph 22, on page 57 of the report, is the use of volunteers, as is the case with the Society for Exploring Television with Children. The society receives cooperation from the community—from Cable West T.V., the Audio-Visual Department at Malaspina College, various members of the community who have business interests, talented actors, people who are familiar with electronic equipment, and so on. The programs are aired on local channels at suitable hours, and they are available in the local elementary schools.

I would like to give some examples of these programs. These youngsters have created a series called "Preparing for Christmas". One program in the series involved an inspector from the Society for the Prevention of Cruelty to Animals, who told of the pitfalls and benefits of giving pets for Christmas. He brought along suitable pets, and the interview was conducted by a child. Another program was entitled "How to make spoon and peg dolls." Another gave directions on how to make nativity sets from clay, and yet another on how to make Christmas wreaths and decorations. Another series was entitled "Kids look at Hospitals and Doctors," which was very successful and, I am sure, left those youngsters who watched the program with a much more positive attitude towards doctors and hospitals. One program was called "ETC Explores the RCMP." The Mounties who were interviewed by the children outlined how the force could be of help to them, how children could protect themselves and so on, and it was very well received.

The funding for such programs is always a problem. In many cases such operations are hand-to-mouth, but very much in line with the recommendations with regard to do-it-yourself on a community basis.

The second program which I would like to talk about is the Native Indian Infant Stimulation Program. This program is a prime example of what the committee is recommending.

At page 55, paragraph 11, the committee says:

> We recommend that Provincial and Territorial Governments establish or expand in-home support services for parents, and in particular that they
>
> a) establish or expand health visitor programs to offer in-home assistance to parents and/or children identified as being at risk; and
>
> b) require health visitors to monitor the quality of child care and to offer to teach inexperienced parents the rudiments of child care if necessary.

Subparagraphs (d) and (e) of paragraph 22, on page 57, read:

> We recommend that the Federal Government, Provinces, Territories and municipalities . . .
>
> d) make maximum use of voluntary as well as professional staff; and
>
> e) provide disadvantaged and handicapped children with specialized "head start" programs.

Let me just say a few words about the Native Indian Infant Stimulation Program. For a number of years Indian leaders, as well as non-Indian educators, have worried about the difficult time Indian children face in our school system. Their high drop-out rate has meant that they will have fewer opportunities as adults. Out of 900 recent area high school graduates on Vancouver Island, only one was an Indian. Five Indian bands on Vancouver Island—the Chemainus, Penelakut, Halalt, Cowichan and Malahat—have developed the Native Indian Infant Stimulation Program. The aim of this program is to better prepare young children for entrance to primary school. As such, it concentrates on the most intensive learning period of human development—the period from birth to four years.

The program began when the Band Councils made a joint proposal to the Department of Employment and Immigration for funds to train Indian women who could then work in the home with the children's parents. Malaspina College, in Nanaimo, set up a training course of six months' study followed by two months' supervised practicum. Thirteen young Indian women completed the first course and were ready to work in their local communities.

The four basic objectives of the program are: To help parents understand the basic principles of normal growth and development; to increase the parents' skill in stimulating their children so that they can have the maximum opportunity for physical, emotional and intellectual growth; to give parental support and guidance and to act as a link between the family and community resources; and to give Indian parents an understanding and awareness of traditional child-rearing practices.

Elders from the Indian community helped in the training so that the traditional values were combined with modern development ideas.

● (1600)

I am sure honourable senators will be surprised to discover the source of the following quotation:

> Talk to your baby from the very start—this way you will not be a stranger to your baby and he has a sense of belonging. Talking to your baby also helps him to grow and develop. Communication is a good tool for health, growing and learning.

This may sound like modern advice for parents but, in actual fact, this quotation is an excerpt from an "Old Ways of the Indian People" booklet which was part of the training material used by the young graduates of the program. Traditional Indian wisdom regarding child care is applicable and valuable in today's world.

One young graduate of this program remarked:

> A lot of parents are young—

In fact, many of them are teenagers.

> They do not realize that for a child to speak you have to speak to him and not at him. You don't just feed him; you can talk to him at the same time. More and more mothers are beginning to realize they have smart children.

One enthusiastic father spoke of the support infant stimulation workers had given to him and his wife. Another family pointed to the possibility for early diagnosis of problems when they, perhaps, can more easily be corrected. As one band member put it:

> It does not matter how much money we put in late, it cannot make up for early failure.

The awareness that from birth to four years of age is the most critical period in child development will come as no surprise to those who were members of the committee. It is gratifying to note that this concept is the key to the Native Indian Program.

The Honourable Monique Bégin, Minister of National Health and Welfare, is enthusiastic about the program, and it is to be hoped—if the evaluation by the University of Victoria at the end of three years is favourable—that it will be used as a prototype in other parts of the country.

In the meantime, however, the program is in jeopardy for want of $92,984 for project workers' salaries. Over the past year salaries have been paid from the Community Development Program of Canada Manpower and Immigration. This grant is paid on a declining scale over a three-year period, hence the current shortfall. It is to be hoped that the Department of Indian Affairs and Northern Development will come to the rescue. It will be heartbreaking and wrong if the program fails simply because there is no bureaucratic place for it. Financial support, which covers other than the payment of salaries, has come from charitable foundations such as the Samuel and Saidye Bronfman Foundation, the Vancouver Foundation, as well as from the Secretary of State, Malaspina College, and the University of Victoria.

Honourable senators, if we keep in mind that our children are our most valuable resource, this report will not be allowed to gather dust. A very wise man, Jesus of Nazareth, once said:

> Suffer little children, and forbid them not, to come unto me: for of such is the kingdom of heaven.

Honourable senators, I commend Senator McGrand and the members of the committee for their efforts in preparing this very valuable report, *Child at Risk*.

Hon. Senators: Hear, hear.

On motion of Senator Grosart, debate adjourned.

The Senate adjourned until Monday, November 9, at 8 p.m.

THE SENATE

Monday, November 9, 1981

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

Prayers.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGES IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate with changes in the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

(*For text of messages, see today's* Minutes of the Proceedings of the Senate.)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Capital Budget of the National Capital Commission for the fiscal year ending March 31, 1982, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, as approved by Order in Council P.C. 1981-2252, dated August 19, 1981.

Interim Report by the Tariff Board, pursuant to the Inquiry ordered by the Minister of Finance respecting Tariff Items covering Goods made/not made in Canada—Fire-Brick and related products—Reference No. 157, pursuant to section 6 of the *Tariff Board Act*, Chapter T-1, R.S.C., 1970.

TRANSPORT AND COMMUNICATIONS

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Lewis be substituted for that of the Honourable Senator Graham on the list of senators serving on the Standing Senate Committee on Transport and Communications.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

THE CONSTITUTION

AGREEMENT BETWEEN GOVERNMENT OF CANADA AND NINE PROVINCIAL GOVERNMENTS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government.

From the events that took place last Thursday and what has happened since, it has been possible to piece together some of the circumstances which led the nine provincial premiers and the federal Prime Minister to reach an agreement on a resolution to be submitted for patriation of the Constitution, on an amending formula and on the partial and conditional entrenchment of a Charter of Rights. Today, the Premier of Quebec, in his speech at the opening session of the National Assembly, indicated that this agreement, involving, as I said before, the federal Prime Minister and nine of the ten provincial premiers, appeared to have been negotiated through the night of Wednesday to Thursday last week, while neither he nor his representatives were in attendance and that he was informed of this agreement Thursday morning, without having had an opportunity to take part in the discussion.

I wonder if the Leader of the Government is able to confirm this version or, if he cannot confirm it, could he tell me exactly what happened?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

● (2010)

As honourable senators are aware, the process of arriving at a substantial consensus was a long one, and one which necessitated several meetings involving federal and provincial ministers, the Prime Minister and the premiers, as well as federal and provincial officials and others. As to the exact chronology, I think it would be best if I sought that information to make certain that the exact record is presented to all honourable senators.

I do have further information regarding the constitutional agreement signed by the federal government and the nine provincial governments. This information is in response to questions asked a few days ago by the Leader of the Opposition and other honourable senators. At that time I noted the questions asked and now have some information in reply to them.

In response to certain of the Leader of the Opposition's questions, I can confirm that the referendum clause in the amending formula has, indeed, been deleted, and the veto of

the Senate would become a 180-day suspensive veto on all constitutional matters.

In response to Senator Flynn's third question, Premier Lévesque also had reservations concerning mobility rights. Quebec did not want to give up its right to control what it feels is exclusively within its jurisdiction.

In response to the questions asked, I believe, by Senator Manning as to which procedure relating to the Joint Address from the Parliament of Canada will be adopted, and when the matter will again come before Parliament, neither question has been decided as yet. The Prime Minister would like to consult fully with the leaders of the opposition parties on the first point and, hopefully, reach an agreement. It is my understanding that that meeting will probably take place this week.

Honourable senators, may I say that, when the results of that meeting are made known, I hope that we can then have similar meetings involving the Senate leadership so that we can discuss our procedure in this chamber.

On the second point, the government would like to give the Province of Quebec some time to discuss an accommodation in areas that concern it, so that Quebec, too, can be a party to patriating the Constitution.

Hon. Duff Roblin (Deputy Leader of the Opposition): Would the leader mind repeating that last sentence? I did not quite get it.

Senator Perrault: The government would like to give the Province of Quebec some time to discuss an accommodation—a mutually acceptable accommodation—in areas that concern it, so that Quebec, too, can be a party to patriating the Constitution.

Senator Roblin, in his questions, correctly interpreted the changes in the Charter of Rights in relation to the "notwithstanding" clause.

In response to Senator Flynn's question on this point, the so-called "notwithstanding" clause, clause 33, would not apply to all sections of the Charter of Rights and Freedoms. The "notwithstanding" clause applies only to: Section 2, which concerns fundamental freedoms; sections 7 to 15, which concern legal and equality rights; and section 28, which provides that rights be guaranteed equally to both sexes. The "notwithstanding" clause, therefore, does not apply to: Democratic rights, contained in sections 3 to 5; mobility rights, contained in section 6; official languages rights, found in sections 16 to 22; minority language educational rights, found in section 23; enforcement, found in section 24; and the general provisions of the charter, found in sections 25 to 31—excepting section 28, which I have already mentioned. Section 32, concerning the application of the charter, is also not affected by clause 33.

In response to Senator Deschatelets' question as to whether arrangements have been made to hold meetings at the ministerial level, the answer is that no meetings have been scheduled as yet. It is, however, the intention of the national government to try to reach an agreement with the Province of Quebec on this accord. In fact, I can report, honourable senator, that last Friday and again today, the Honourable Jean Chrétien proposed that Quebec and the federal government meet on this question. As yet, there has been no response from the Government of Quebec.

In response to the question asked by Senator Buckwold, section 3(c) refers to the section referring to the application of minority language rights in each province. I would hesitate to offer further interpretation on the marginal note the honourable senator referred to in his question.

• (2015)

Senator Flynn: Honourable senators, with regard to the three main dissenting points which Premier Lévesque mentioned at the end of the conferencce last Thursday, it seems that he has the support, in principle, of the official opposition in Quebec, Mr. Ryan having sent a telegram to Premier Lévesque and Prime Minister Trudeau.

If I heard the leader correctly, he said that Mr. Chrétien suggested that there should be a meeting, but he has had no reply.

I would like to know what kind of invitation Mr. Chrétien extended to Mr. Lévesque. Was it merely through his speech in Calgary, or was it a direct invitation to the Premier of Quebec in this connection? Was there any indication that Mr. Ryan's suggestions were considered favourably?

Senator Perrault: Honourable senators, it is my understanding that the communication was a private initiative by the Honourable Jean Chétien, and that the offer to meet was not merely stated in a public forum as part of a speech. However, further information will be sought on that point.

As far as Mr. Ryan's views are concerned, I understand that the entire Liberal caucus in the province of Quebec has expressed its general support of the proposals which were negotiated with the provinces.

Senator Flynn: Where did you get that information?

Senator Perrault: The information was provided to me this afternoon, honourable senators, but the question will be taken as notice.

Senator Flynn: I prefer that undertaking, because it seems to me that it is hard to reconcile the affirmation of the Leader of the Government that the Quebec caucus is in favour of the entire position of the federal government when you have the text of Mr. Ryan's telegram which says that something should be done about Mr. Lévesque's three main objections.

Senator Perrault: Mr. Ryan obviously has not rejected this accord outright.

Senator Flynn: I know that.

Senator Perrault: He says there is far more good than bad in it, and he looks forward to good negotiations with the Province of Quebec. I think honourable senators can draw encouragement from the fact that Mr. Chrétien has been endeavouring to contact the Government of Quebec to discuss possible changes or accommodations.

A few weeks ago there were many in the opposition who felt it would be impossible for the federal government to achieve

any kind of agreement with the provinces, and a few days ago we saw agreement reached with nine of the provinces. Surely, it is not out of the question that the process will be completed?

Senator Flynn: I am glad to hear that, and I hope that the Prime Minister will tell some of his ministers to assume the conciliatory attitude adopted by the Leader of the Government here. I am referring particularly to ministers like the Honourable Mr. Ouellet and some of his kind.

Hon. H. A. Olson (Minister of State for Economic Development): That is an unfounded statement.

Senator Flynn: No; I heard him.

[*Translation*]

Hon. Fernand-E. Leblanc: Honourable senators, I have a supplementary question for the Leader of the Government on the Constitution. Honourable senators, today I read in *Le Journal de Montréal* dated Monday, November 9, 1981, on page 5, an article which refers to "a lie" by the federal government,—I shall quote a few lines as a premise to my question:

> The Federal Government is "lying" when it says it is prepared to negotiate with Quebec notwithstanding the constitutional agreement signed last Thursday by Ottawa and the nine other provinces, according to the Quebec Minister of Intergovernmental Affairs.

And the article quotes:

> "When they say they want to negotiate, it is a lie, it is not true, the agreement is already signed", said Mr. Claude Morin yesterday afternoon a few hours before leaving Quebec City to go to Paris.

Of course, the Prime Minister is often being criticized for travelling outside the country. However, it seems that Quebec ministers do travel outside their province too.

My question is this. I watched the televised closing of the conference, and if I am correct, Prime Minister Trudeau offered the Lévesque government the option of continuing negotiations on certain clauses in order to reach a unanimous agreement. Now here is Claude Morin, who was at the conference in Victoria in 1971, in similar circumstances, when Mr. Bourassa said yes one evening and no the next day, here is Claude Morin saying once more that the Prime Minister of Canada is a liar, a patent liar.

Senator Flynn: That is not what you quoted!

Senator Leblanc: Sure, that is what he said, that it was a lie.

Senator Flynn: That is not what you quoted.

Senator Leblanc: He did not say "patent" but he said a couple of times that it was a lie, that it was not true. Now, I want to know whether we really want to go on—

Senator Flynn: No!

Senator Leblanc: Please let me continue, Honourable Leader of the Opposition.

Senator Flynn: I would let you ask a question but—

Senator Leblanc: But you are interrupting!

[Senator Perrault.]

Senator Flynn: I would let you ask a question, but a speech is another thing.

Senator Leblanc: Well, I don't interrupt when you are talking. I happen to have the floor right now and I would like to keep it if you don't mind.

Senator Flynn: I object, Mr. Speaker. The Honourable Senator Leblanc is trying to make a little speech. If he wants to do that, he can, but there is a time and a place for everything. Right now, this is the Question Period.

Senator Leblanc: Sure it's the Question Period. I am asking a question! In fact, I am asking a question further to the questions you asked about the Constitution and I think this is entirely in accordance with the Rules of the Senate.

Senator Flynn: No.

Senator Leblanc: I want to know whether we really want to negotiate, yes or no?

Senator Flynn: You should have asked that in the first place; I have asked this question myself.

● (2020)

[*English*]

Senator Perrault: Honourable senators, during the course of the prolonged constitutional discussions, the government demonstrated a great deal of flexibility. The Prime Minister has been most forthcoming in his attitude towards all of the provinces—I believe events have borne that out—and stated, on the final day of the Ottawa meetings, that he looked forward to meeting with representatives of the Government of Quebec to discuss clarification of the concerns of the Quebec government. He also expressed the hope, as the honourable senator has stated so correctly, that an accommodation could be achieved. Clearly, at this point in time the situation requires and suggests the need for more light and rather less heat.

Senator Flynn: Yes.

Senator Perrault: We are looking forward to a constructive discussion of the outstanding differences with the Province of Quebec. The Prime Minister stated that publicly, and both publicly and privately the same sentiment has been expressed by the Honourable Jean Chrétien. Hopefully, in the next few hours, some communication of a constructive nature can be received from the Province of Quebec.

[*Translation*]

Senator Leblanc: Well then, that would mean that, in these circumstances, if someone accuses the Prime Minister of being a liar, the person who accuses the Prime Minister of being a liar is a liar himself.

[*English*]

Senator Perrault: Perhaps Claude Morin was misquoted in the newspaper.

[*Translation*]

Senator Flynn: It is very easy to accuse someone, as Senator Leblanc is doing. But it is highly irregular, and I think it certainly does not serve the cause of Canadian unity—the

cause of the Liberal Party and the cause of the Prime Minister, perhaps, but not Canada's.

Hon. Azellus Denis: Senator Leblanc asked a question.

Senator Flynn: He offered his conclusion.

Senator Leblanc: I think—

Senator Flynn: Just listen to him. I do not think it is very useful to listen to that kind of talk, but listen anyway if you want to understand.

Senator Denis: Don't answer for him.

Senator Leblanc: I think it is important, at this point, to point out that I was not espousing a cause, except that they are accusing—

Senator Flynn: Come on—

Senator Leblanc: —except that in a newspaper they are quoting Claude Morin, who is responsible for federal-provincial relations in Quebec, and they are quoting him as having said that the Prime Minister of Canada is a liar, because he offered to negotiate. Mr. Morin said this was not true. I think it is important to mention this point this evening, in spite of what the Leader of the Opposition thinks—

Senator Denis: I agree.

Senator Flynn: I object most strenuously to the way Senator Leblanc has gone about this. First of all, he amputated the text, because Claude Morin said that if negotiating was being mentioned, it was a lie; he did not say that the Prime Minister was a liar. Some people might like to say so, but he did not.

Furthermore, Senator Leblanc went on to say that if the Prime Minister was not a liar, then Claude Morin was one. There is no justification for this deduction either, and I must say it is highly irregular and unworthy of Senator Leblanc to proceed in this fashion.

Hon. Louis Robichaud: Is this a question?

Senator Flynn: I didn't mention the word question, I am talking about clarification—there is a difference. Senator Robichaud, who was premier for 10 years, should know the difference between a point of order and a question. He ought to know that. It seems to me he is big enough to understand.

Hon. Joseph-Philippe Guay: That was not very nice!

• (2025)

[*English*]

Senator Roblin: Honourable senators, may I continue with the Leader of the Government on this point concerning the negotiations between the federal government and Quebec, and say that I heard him speak of the Minister of Justice's desire to discuss with Quebec possible changes and accommodations. I want to know if that is a limited proposal or not. I have presumed all along that the negotiations, if there are to be any, would be concentrated on the three points of difference that the Province of Quebec has now stated, and I would like to have the minister confirm that that indeed is what the meetings are going to be about. If it is possible at some stage to produce the correspondence, then that would, of course, clarify the matter completely.

Senator Perrault: Honourable senators, I will take the question as notice. The official words provided for me to present to the Senate on this question were in terms of discussion of an accommodation in areas that concern Quebec, and there are three areas of concern, as I recall. I would, therefore, presume that those will be the three areas that were mentioned rather prominently by the Premier of Quebec in last week's consultations. I will, however, take the question as notice.

Senator Roblin: Obviously it becomes a matter of some importance if it is decided to go beyond those. I presume that the government has some understanding with the other nine provinces with respect to these matters, because obviously they are concerned in it. I would like to know what brief the Prime Minister has from the other provinces in this respect.

Senator Perrault: That is a good question, honourable senators. It can be said, however, that most of the provincial first ministers expressed their great desire to find some way to accommodate the concerns of the Province of Quebec, and many have issued public statements to that effect. They hope that some accommodation can be achieved.

Senator Roblin: I was about to tell my honourable friend my proposal as to how to solve the language question, but I will save that until I find out if they can solve it themselves without any help from me.

Honourable senators, I would like to ask another question. This has to do with the situation of the native people—Métis, Eskimo, and other groups.

I have in my hand the communiqué which refers to the rights of aboriginal people. I am really not at all clear about what it means, if anything at all. I presume from this that the statement means that clause 36(2), under the heading "Participation of Aboriginal People", is to be struck. This being so, what takes its place, and what is the meaning of the item that has been introduced to change the position of the aboriginal people from that outlined in the original document?

Senator Perrault: Senator Austin, as a Privy Councillor, has been assigned some responsibilities in the area of aboriginal peoples, and perhaps he may like to reply on this point.

Hon. Jack Austin (Minister of State): Honourable senators, Senator Roblin's question is rather general in nature, and I may not be successful in reaching the nub of his inquiry by my answer. I will make the effort, however. No doubt he will have a supplementary question, if it turns out that I have not been successful.

The negotiations that took place last week resulted in the dropping of clause 34 of the joint resolution, which was a general statement that aboriginal rights existed for the Indian, Métis, and Inuit peoples. Section 34 was dropped at the insistence of the provinces, and with the greatest reluctance on the part of the federal government and the Prime Minister.

• (2030)

Senator Roblin: I know that it has been dropped, and I will not enter into a debate with my honourable friend as to

whether he agrees with the dropping of it. He obviously does, or he would not be sitting where he is. He may agree with it reluctantly, but he agrees with it, otherwise he would not be there. The question, therefore, of trying to spread the blame around is a little superfluous.

I am asking my honourable friend this question: What is the meaning of section 5 of the communiqué which was given to us the other day?

Senator Austin: Honourable senators, of course I accept the result of the negotiation. However, so far as the aboriginal peoples are concerned, I do so with no pleasure whatever. I would rather that the negotiations by the provinces did not require the deletion of that section.

As Senator Roblin is suggesting, what remains is a first ministers' conference, which will not be held by any constitutional provision but by first ministers' agreement—an executive agreement, if you will—which will have on its agenda the question of claims by the aboriginal peoples of Canada for recognition of rights, and no doubt will canvass the nature of those claims and hopefully end in providing some remedy.

Hon. Arthur Tremblay: Honourable senators, I have a supplementary question. Do I understand from what Senator Austin is saying that the conference at which aboriginal rights will be defined or confirmed will not be included in the new resolution?

Senator Austin: Honourable senators, Senator Tremblay is correct. The matter is not one for inclusion in the joint resolution which may be passed by the Senate and the other place. The matter is one of executive agreement among most of the first ministers, who have agreed that they will meet as first ministers with the matter of aboriginal claims, or rights, if you like, as a main item on their agenda. They have also agreed, as you will no doubt see in the document which is before you, that the aboriginal peoples will be present and will be entitled to participate.

Senator Tremblay: If I remember correctly, honourable senators, in the actual resolution which is before us, the question of the aboriginal rights was mentioned. I do not remember the number of the section, but I think it was there. If it is no longer included in the new resolution—that is, if it has no constitutional status—that is a new change which is not mentioned in the agreement. Is there something of that kind in the agreement? I do not think so. It would be a big change for the aboriginal peoples, because it was mentioned in the actual resolution under the heading "Constitutional Conference" that this question would be on the agenda of that conference. Perhaps I am wrong, because I am speaking from memory, and if so I should like to be corrected.

Senator Austin: Honourable senators, I will look into the precise placement of the provision. I may stand to be corrected, but I will report to the chamber tomorrow on the question.

Senator Roblin: I wonder if my honourable friend would continue his clarification of this interesting matter, because he has left me more puzzled than when he started. He tells me that section 34 has been eliminated from the document. That is the section which deals with the recognition of aboriginal rights. That is out. If I understand my honourable friend correctly, he is now telling me that the section dealing with the conference on aboriginal rights is no longer part of the Constitution. That is dealt with in clause 36(2), as my colleague Senator Tremblay has outlined. That clause says that a conference shall be convened on the subject of aboriginal rights in accordance with subclause (2) of clause 36 which refers to an annual meeting of the first ministers.

• (2035)

Can the minister tell me if clause 36(2), which makes the conference part of the mandatory proposal under the Constitution, is in or out? If it is out, what has become of the whole of clause 36? Does that mean that the premiers' conference no longer takes place? What happens to clause 36(3), by which the representatives of the Governments of the Yukon Territory and the Northwest Territories are to be invited to conferences where they are affected?

There are three factors in clause 36. First of all, there is the prime ministerial conference. Then that conference is to invite them, on an annual basis, to discuss constitutional matters affecting the aboriginal peoples under (2), and then, under (3), to invite the representatives of the Yukon Territory and the Northwest Territories. My question is: Where do we stand? Is clause 36 in or out, or is it part in and part out?

Senator Austin: Honourable senators, although the question is more detailed in nature, it is basically the same question Senator Tremblay asked, and I will endeavour to satisfy both Senator Tremblay and Senator Roblin tomorrow.

Senator Roblin: I wish to direct a question about the Constitution to the Leader of the Government. In view of what has been said about the new amending formula, I presume Part V will be deleted completely. Part V deals with the interim amendment procedure and the rules for its replacement. I presume, too, that Part VI, which deals with the permanent procedures pertaining to the Constitution, will be altered to conform with the agreement that is announced. Are those assumptions right?

Senator Perrault: I am sorry, honourable senators. It was my understanding that the questions were being addressed to my colleague. I must apologize to the honourable senator, and I will take the question as notice.

Senator Roblin: I am happy with that. I wouldn't want to say it all over again anyway.

Senator Flynn: May I ask the Leader of the Government if as yet there is any official text of the new resolution?

Senator Perrault: Honourable senators, the text has not yet been made public. When that information comes to hand it will be communicated immediately to the Senate. A working text has been prepared, but it is still being fine-tuned.

Senator Flynn: Has it been distributed to the agreeing premiers?

Senator Perrault: Yes, it is my understanding that the premiers have a copy of this working text, but the document needs retyping, with some alterations in some of the language, and so on.

Senator Flynn: Has a copy been sent to Premier Lévesque?

Senator Perrault: I will take that question as notice, honourable senators.

Senator Roblin: Surely it must have been.

Hon. Stanley Haidasz: Can the Leader of the Government in the Senate say whether section 27 of the Charter of Rights and Freedoms relating to our multicultural heritage remains in the Charter, and whether it is affected by the "notwithstanding" provision?

Senator Perrault: That question will be taken as notice, honourable senators.

Hon. Peter Bosa: Honourable senators, my question is for the Leader of the Government in the Senate. Now that a consensus has been reached for the patriation of the Constitution, has the leader had any intimation as to whether the dissident senators, having had their fears allayed in this constitutional confrontation, have now expressed the desire to resume their original seats?

Senator Flynn: That's none of your business.

Senator Perrault: Honourable senators, there is no group of senators here whom I would term "dissident" senators. I would say that all senators are conscientiously trying to do the best they can for the areas they represent.

Hon. Senators: Hear, hear.

Senator Flynn: I have a supplementary to the question put by Senator Bosa. He says that a consensus has been reached. Is it the opinion of the government that a consensus is reached without the agreement of the Province of Quebec, which represents one-third of the population, and one of the two founding societies, of this country?

• (2040)

Senator Tremblay: One-fourth of the population.

Senator Flynn: Okay, I will settle for 25 per cent.

VETERANS AFFAIRS

HONG KONG VETERANS—POSSIBLE PARASITIC INFESTATION

Hon. Jack Marshall: Honourable senators, I have a question which will require some preamble. It is with regard to veterans and a front-page story in the *Globe and Mail*. In my opinion, if the *Globe and Mail* had not run this story two days before Armistice Day, the item would probably have been relegated to the back page and not received any notice at all.

Evidently, the Americans have discovered that a parasite may be prevalent today in Hong Kong prisoners of war.

A few years ago the Department of Veterans Affairs commissioned a very extensive study of the effects of incarceration on the Hong Kong prisoners of war. The result of that study, after a certain number of years, is that these veterans receive increased benefits. I doubt very much that the Department of Veterans Affairs would be interested in investigating whether the more than 900 Hong Kong prisoners of war still living are infested with this parasite. The only way to clear the matter up is to have the minister make a statement. Statements have been made by his staff, but it is my hope that the Minister of Veterans Affairs can make a statement which can be brought to this chamber, and which will clarify this situation. Certainly, as the situation stands, it is a blight on the department and on those who have supported veterans for so many years.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I am sure that there are many among us who read this article in today's *Globe and Mail*. As yet, I have received no information from the Minister of Veterans Affairs. The question will be taken as notice.

Senator Marshall: Honourable senators, I would just add that if the Vice-President of the Hong Kong Veterans Association of Canada has stated that there is some difficulty, then there must be and he should be supported. There should be some communication between the Leader of the Government and the Minister of Veterans Affairs. I intend to refer this matter to the committee which has just produced the report, *They served—We care.*

THE ECONOMY

UNEMPLOYMENT RATE

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development. Can he give us his impression of the recent figures on unemployment, and can he tell us what plans the government has for dealing with this problem in the immediate future?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, my impression is that the government is distressed by the increase in the unemployment rate. I expect the honourable senator can wait three more days, when the Minister of Finance, who has that responsibility, will be explaining a number of programs in his budget speech.

Senator Doody: Honourable senators, is the honourable minister telling us that in three days we will have news to comfort the nearly one million Canadians who are looking for jobs at the present time?

Senator Olson: The honourable senator will have to accept that I am not going to make the budget speech tonight.

Hon. Jacques Flynn (Leader of the Opposition): Or at any other time.

Senator Olson: That's right.

TRANSPORT

PORT OF CHURCHILL—VOLUME OF SHIPMENTS

Hon. Joseph-Philippe Guay: Honourable senators, many times in the past the federal government has been criticized for

the little use made of the Port of Churchill by the Wheat Board. In a recently published report on this matter the Minister of State for the Canadian Wheat Board, of whom I am asking my question, stated that only the Wheat Board has used the port this year.

Would the minister tell us whether he has made proper representations to the various provincial governments asking that they make more use of the Port of Churchill? If the minister has already made such representations, did he do so in writing; and, if not, does he intend to do so in writing, and will he table any such material in the Senate?

I think it is important that some action be taken now, so that next summer the port can be used for shipments other than wheat; and, certainly, usage by the provincial governments should be encouraged.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I thank Senator Guay for his question. I can say that I have written letters to the appropriate ministers in the various provincial governments asking them to be supportive of Port Churchill with regard to its use for commodities other than wheat. The record of the Wheat Board and the federal government with regard to the use of Port Churchill is a long one and one of full support. This year the Canadian Wheat Board shipped 452,000 tonnes of grain through that port, as compared to, I believe, 290,000 tonnes one year ago. This is due to a good crop in western Canada and is as a result of the very large sales, particularly to the Soviet Union and Poland, the two countries which make the greatest use of Port Churchill. I think there is reason for optimism that the output through Churchill next year will exceed 500,000 tonnes.

Although I do not have it with me tonight, I shall be happy to bring to the Senate a copy of the letter I sent to the provincial ministers. If the Senate wishes, I shall table it, and if any senators are interested in having a copy of that letter, I will be very happy to provide it.

Senator Guay: I thank the minister for his answer. Also, I would appreciate it if the minister would bring to our attention the answers he receives from the provincial governments. Many times I have heard the Government of Manitoba complaining that not enough use is made of the Port of Churchill, and that the federal government is not doing enough. It would be most interesting to know how soon the minister receives answers to his letters, and the contents of those answers. Hopefully, we will receive the appropriate answers so that we will know what will be taking place next summer.

Senator Argue: I shall be pleased to keep the honourable senator informed and bring to his attention any replies from the various ministers to whom I have referred.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I ask a supplementary question on this matter, because it is of interest to me as well as my honourable friend across the way? What traffic studies have been made about the possible use of the Port of Churchill? What bothers me about the statements made regarding that port is the sort of unimpeded optimism about what can be done there. The reason why it is a port at all right now is because the federal government, through its agencies, has the power to ship wheat from it. The only other commodity I know of that is probably in the same category is potash, regarding which the Saskatchewan government might do likewise.

The reason I raise the matter is because I, in a former responsibility, on several occasions looked into the capacity of the Port of Churchill to serve shippers in and out of Manitoba, and found that it was extremely limited. The best we could do was to ship liquor through there.

Hon. Jacques Flynn (Leader of the Opposition): What kind?

Hon. Raymond J. Perrault (Leader of the Government): It would freeze.

Senator Roblin: It was Scotch, and the best we could get, too. One cannot really conceive of making that port profitable on the Scotch traffic because, although a good deal of it is drunk in my province, it is not that much. We in the province of Manitoba found that on a traffic study basis there were very few opportunities to use Churchill for miscellaneous cargoes and things of that sort. It is a problem in Manitoba, but Saskatchewan may be better situated with the potash.

However, I suspect that somewhere in the bowels of the Department of Transport there is a study—they have studies on everything, including VIA Rail, if they would look for it—on the Port of Churchill and the traffic possibilities of that port. I ask my honourable friend to have his colleagues in the Department of Transport search around to see if there is anything there that might give us a lead as to how we can come up with some practical proposals with respect to this matter.

Senator Argue: Honourable senators, the question is a very specific one and I shall be very happy to comply with the request of the honourable senator, to determine whether any such study has been made and, if so, whether it can be produced.

Senator Guay: Honourable senators, I have a further supplementary. Perhaps at the same time the minister could look into the reasons why the Government of Manitoba stopped bringing liquor in through that port.

Senator Roblin: Honourable senators, I can provide the honourable senator with an answer, if the minister will allow me to serve this function. It was simply a matter of dollars and cents. It was not the most practical way of bringing liquor in. That is the trouble with so many products we try to move through the Port of Churchill; it is simply not economic. That is what happened to the Manitoba Liquor Commission and the Scotch.

Senator Guay: We ought to look into it anyway. I appreciate the answer provided by the Deputy Leader of the Opposition, but the fact remains that we ought to receive an answer from the responsible party, the Province of Manitoba. That is the type of answer I would like to get from the minister.

• (2050)

Senator Roblin: Good idea.

Senator Argue: I guess the rule for provincial governments is different from that for the federal government. Apparently, the rule for the provinces is: If it pays, we will use it. The provincial approach seems to be that no matter how much it costs the federal government—even though it may be in the tens of millions of dollars—to upgrade the lines and repair the tracks at Churchill, that is all right, even though the federal government may go in the hole. They seem to feel that, no matter how much it costs, it is the duty of the federal government to support the Churchill line.

Senator Flynn: You never said those things when you were a member of the CCF.

Senator Argue: I am not even arguing against that. It would be really nice if one or more provinces would attempt to utilize Churchill even though money may be lost in the effort. Probably the greatest offender in this regard is the Province of Saskatchewan. The Government of Saskatchewan and others are great supporters of the concept of making better use of Churchill.

Senator Flynn: Saskatchewan has a socialist government.

Senator Argue: It costs the Saskatchewan government $20,000 a year to support the port authority. Port authority officials make great speeches and receive a lot of publicity. Therefore, the Saskatchewan effort, in terms of supporting Churchill, amounts to $20,000 to pay for very important and learned propaganda, but that's all it does.

When you ask governmental officials about the possibility of hauling potash along that line, they say that the line will not take potash in hopper cars or any other kinds of cars. If you point out that the line is good enough to take wheat hopper cars and that perhaps hopper cars carrying potash could be hauled in the same fashion, they tell you that they must study the whole question in terms of exports.

A couple of months ago I had the opportunity personally to interview Mr. MacMurchy, and he said, "Well, you know, Hazen, all this talk about potash through Churchill probably won't lead anywhere because we don't have markets in Europe." Perhaps the provincial governments should be innovative enough to develop some markets in Europe for exports such as potash and then try to use Churchill and put their money where their mouths are.

The Province of Saskatchewan spends $20,000 a year in an effort to prove its friendship with Churchill, whereas the federal government has, by way of grants, lost an investment of something approaching $100 million.

Senator Flynn: Is that why you left the CCF?

Senator Roblin: I am impressed by my honourable friend's remarks because he is well qualified to develop this theme since he has been on both sides of the argument. However, I want to make note of the fact that I doubt that he has heard me make any of those extravagant claims for the development of Churchill which he has just suggested.

My suggestion is that we should get a little closer to what traffic studies of the area will show to be practical, and that includes what kind of investment they will support. If the honourable senator has any information along that line, I would certainly welcome it.

Senator Argue: I will look into the matter.

Hon. Charles McElman: Honourable senators, I would advise Senator Argue not to push too hard for the sale of Saskatchewan potash in Europe, since we will look after that in New Brunswick.

THE CONSTITUTION

AGREEMENT BETWEEN GOVERNMENT OF CANADA AND NINE PROVINCIAL GOVERNMENTS

Hon. Charles McElman: My question is to the Minister of State who has some responsibility with respect to the native peoples. In his reply to Senator Roblin I believe he said that part of the constitutional resolution, which is still before Parliament, would be removed at the request of the provinces. Would he inform this chamber whether this would be done at the request of all the provinces, or some of the provinces; and if it is only some of the provinces, which ones?

Hon. Jack Austin (Minister of State): I thank the honourable senator for giving me the opportunity to clarify my answer.

The provisions contained in section 34 were removed at the request of seven provinces; not at the request of the Province of Ontario, the Province of New Brunswick or, so far as I know, the Province of Quebec.

Hon. Jacques Flynn (Leader of the Opposition): It was not there during the fateful night.

THE ECONOMY

EXTENSION OF SMALL BUSINESS DEVELOPMENT BOND PROGRAM

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised during my absence on November 3 by Senator Muir. I believe that is the only day I have been absent since we reconvened.

The question concerned the extension of the Small Business Development Bond Program. This program is one of the many issues the Minister of Finance could include in his budget on November 12. The honourable senator will understand that I cannot speculate on any announcements which may be part of that budget.

INDUSTRY

TEXTILES—MEMBERSHIP OF TASK FORCE

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a

question raised by Senator Asselin on November 3 which concerned representation of the Canadian Industrial Renewal Board.

I would inform the honourable senator that one of the members of the board, Clifford Malone, a past president of Celanese Canada Inc., does bring to the board textile industry experience. I would also add that there is at the present time a vacancy on the Canadian Industrial Renewal Board. It is possible that a spokesman to reflect the textile industry's viewpoint could be appointed to fill this vacant position.

AIRLINES

GOVERNMENT POLICY RE WARDAIR

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised on October 28 by Senator Smith concerning the government's air carrier policy.

I would refer the honourable senator to an announcement made on August 14 by my colleague, the Minister of Transport. In this announcement the minister outlined a proposed policy which defines the future roles of Canada's national, regional and local air carriers.

Included in the proposal is a provision which would keep the number of national carriers at two. The Minister of Transport intends to seek comments and suggestions from the provincial and territorial governments, national, regional and local carriers, consumer groups and professional aviation associations before he submits this policy paper to cabinet for approval. As my colleague stated at the time the proposed policy was announced, this policy is intended to guide the operation and future development of scheduled air services in Canada during the 1980s. Therefore, we believe that it is important to obtain the comments of those affected—the users, the carriers and our communities.

I would also add that a comprehensive review of the government's international air policy is in progress and is expected to be completed next year. The outcome of this review will have a bearing on whether any changes are required in the designation of Canadian international scheduled carriers.

With respect to the honourable senator's second question concerning deregulation, may I suggest that, if he has any comments in this regard with respect to Canada's domestic air carrier policy, he consider contacting the Minister of Transport because, of course, he has invited that type of comment.

INTERNATIONAL TRADE

SALE OF CANDU REACTORS TO KOREA

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Muir on October 29 concerning the Prime Minister's visit to Korea.

The purpose of the Prime Minister's trip to South Korea was not to negotiate the specifics of a Candu sale, but to ensure that the Korean government was still interested. As I stated in my earlier reply, AECL and EDC are now compiling a comprehensive technical and financial bid for consideration in the near future by the Korea Electric Company. The question of interest rates will be covered in that bid.

EMPLOYMENT AND IMMIGRATION

MINISTER'S ANNOUNCEMENT RE IMMIGRATION QUOTAS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Macquarrie on November 4 regarding Canadian assistance to Somalia refugees.

We are deeply concerned about the plight of the refugees in Somalia, and we are prepared to provide much needed food aid once we are convinced that delivery can be assured.

In the last fiscal year, the Canadian government has responded generously to the needs of Somalia in its refugee crisis. We contributed over $5 million to various international agencies, such as the United Nations High Commissioner for Refugees and the League of Red Cross Societies, as well as providing direct food aid.

CIDA is also examining the proposal from the University of Somalia to upgrade several faculties, including agriculture and veterinary medicine.

There are seven Canadian non-governmental organizations active in refugee relief in Somalia. They are able to provide health services, well drilling, water purification, nutrition education, and so on, as a result of the generosity of Canadian citizens who have contributed well over $2 million to these non-governmental organizations. To date CIDA has committed over half a million dollars to these projects. Many other large-scale non-governmental organizations' proposals are presently being examined by CIDA.

FOREIGN AFFAIRS

LIMITATION OF PRODUCTION OF NUCLEAR WEAPONS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on November 4 Senator Thompson asked a question concerning the development of a nuclear bomb by Pakistan.

Canada is deeply concerned about the threat of nuclear proliferation and its destabilizing effects, particularly in South Asia.

Canada supplied Pakistan with the 137-megawatt Karachi Nuclear Power Plant, known as KANUPP, which was commissioned in 1971 under nuclear co-operation agreements negotiated in 1959 and 1965.

Canada effectively terminated nuclear co-operation with Pakistan in December 1976, when that country refused to meet the requirements of our non-proliferation and safeguards policy which had been upgraded in the wake of the 1974 Indian explosion.

• (2100)

The International Atomic Energy Agency (IAEA) has the primary responsibility for safeguarding KANUPP under the 1969 Canada-Pakistan-IAEA Trilateral Agreement.

Canada continues to support the IAEA to the extent possible in its efforts to effectively safeguard KANUPP.

Senator Thompson asked another question on November 4 regarding measures taken by Canada to promote nuclear disarmament.

Honourable senators, Canada is in the process of making preparations for participation in the second U.N. Special Session on Disarmament known as UNSSOD II.

Canada is represented on the 78-member preparatory committee by its Ambassador for Disarmament. The committee will hold a further session next May prior to UNSSOD II now expected to begin on June 7. Canadian views on preparations for UNSSOD II were submitted to the U.N. Secretary General last April.

A booklet entitled *UNSSOD II and Canada: A Canadian Perspective*, is being distributed to assist those wishing to study issues likely to arise at UNSSOD II.

The government has been providing financial assistance for activities related to UNSSOD II, such as the UNSSOD II poster competition, disarmament week activities and various non-governmental conferences.

There is also discussion with non-governmental organizations on UNSSOD II issues through the Department of External Affairs' Consultative Group on Disarmament and Arms Control Affairs.

Canada has contributed financially to the Independent Commission on Disarmament and Security Issues, known as the Palme Commission. Its report is to be issued prior to UNSSOD II.

In addition, Canada supports all efforts to negotiate concrete and verifiable agreements to limit and reduce any type of armament.

On conventional forces, Canada participates in the MBFR (Mutual Balanced Force Reduction) negotiations in Vienna.

Canada also participates in the Committee on Disarmament, the multilateral negotiating body in Geneva, in efforts to conclude a ban on chemical weapons and a comprehensive nuclear test ban.

Canada attaches the utmost importance to the early resumption of the bilateral negotiations between the U.S.A. and the U.S.S.R. on limiting and reducing strategic forces and to the forthcoming talks on long-range theatre nuclear forces.

The successful conclusion of agreements on all these subjects could, in turn, encourage other agreements which, taken together, could be seen as a comprehensive arms control arrangement.

CONSUMER AND CORPORATE AFFAIRS

HOME INSULATION PROGRAMS—INSTALLATION OF UREA FORMALDEHYDE FOAM

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some further information which was promised in response to questions asked by Senator Muir on October 21, 1981, relating to the important matter of urea formaldehyde foam insulation.

I do not propose to read this document, but ask that it be taken as read.

Hon. Senators: Agreed.

(*The answer follows:*)

BACKGROUND

The Product

Urea formaldehyde foam insulation (UFFI) is a mixture of urea formaldehyde resin, an acidic hardening agent (usually phosphoric acid) and a propellant (usually compressed air). The material is prepared at the installation site and pumped into the walls of a building where it hardens into a structurally solid foam insulation. The fresh foam contains approximately 75 per cent water by weight. During the curing process following installation, formaldehyde gas is released from the foam.

Urea formaldehyde foam insulation was first developed in the early 1960s. Since then its use has been growing throughout the world. For example, in Germany, the United Kingdom, Sweden, Italy, Switzerland, Spain, France and South Africa it is still being used. Only two countries, Canada and Israel, have withdrawn it from the market; it continues to be available in the United States but it is banned in Massachusetts and Connecticut.

Standards

In late 1977 acting on a request from the Canada Mortgage and Housing Corporation, the Canadian General Standards Board (CGSB) developed provisional standards for UFFI. The CGSB operates by consensus and the UFFI standards were agreed to by ten industry representatives, nine federal members and four provincial members (B.C., Alberta, Ontario and Quebec). Compliance with the standards is the responsibility of industry. With this standard CMHC then accepted UFFI subject to several conditions, thus UFFI qualified as a product in the government's insulation grant program (CHIP). CMHC put the following conditions/restrictions on the use of UFFI:

(i) applicators must be trained;

(ii) a fact sheet was to be handed to consumers before installation;

(iii) restriction: product not to be used in ceilings, under floors or in basements;

(iv) to be used only in empty wood stud cavities;

(v) to be used only in walls in which the foam can dry quickly;

(vi) to be installed only when outside air is within prescribed temperature limits;

(vii) that manufacturers form an association.

Hazardous Product

Unfortunately, the product has been installed in homes with brick veneer, aluminum siding and other interior finishes that do not permit the escape of formaldehyde gas to the outdoors.

The effect of formaldehyde is principally as an irritant (eye, nose and throat) but in some cases it can cause an allergic reaction or skin irritation. When first international reports indicated potential health problems with UFFI, the Minister of Health and Welfare Canada, Monique Bégin, took no chances and established an Expert Advisory Committee to make recommendations on potential health problems in connection with UFFI. The Committee's interim report was received in December. It recommended a temporary ban on UFFI. On December 18, 1980 the government acted quickly on these recommendations under authority of the Hazardous Products Act.

The final report of the Expert Advisory Committee received in April 1981 recommended that the ban on UFFI be continued. It said that the ban should be lifted "when and only when industry shows to the satisfaction of appropriate government agencies that a stable and defined product has been developed."

GOVERNMENT PROGRAM OF ACTION

In early June 1981 Cabinet announced that the Minister of Consumer and Corporate Affairs was named to coordinate the activities of all federal departments in this regard and to manage a program of government action.

1. *Information and Coordination Centre*

On June 15, 1981 the UFFI Information and Coordination Centre (ICC) was established within the Department of Consumer and Corporate Affairs to provide information to the public, administer a National Testing Survey and coordinate efforts with the provinces.

A toll-free Across Canada Telephone System was set up to enable consumers to register complaints and to receive the latest information on UFFI.

2. *Provincial Coordination*

Because of provincial government involvement in setting and regulating standards, and because many provinces administer insulation programs of their own, the Honourable André Ouellet telexed his provincial counterparts on June 10, 1981 to inform them of the federal government's initiatives.

Each province was asked to nominate a representative to coordinate activities with the federal government.

At the Federal/Provincial Conference of 1981, the Honourable André Ouellet asked the provincial governments to assume their responsibilities by reminding them of his request made more than a year ago at the Federal/Provincial Conference in Saskatoon. The quotes that follow are an excerpt from the Minister's statement in Saskatoon:

"One product of concern is urea formaldehyde foam-in-place insulation. There have been sufficient consumer complaints of formaldehyde release from this product to prompt concerns about the short and long-term health hazards which may be associated with formaldehyde exposure. These concerns appear to be, in part, associated with improper installation practices. In order to determine the risk of exposure to consumers, the National Research Council is setting up a research program to measure the formaldehyde concentrations in a few homes insulated with the product. To assess the possible toxic effects of breathing the chemical at the level found in homes, the Minister of Health and Welfare Canada has established an Advisory Committee of medical specialists from outside government which is to report prior to the end of November.

Aside from the health aspect, improper application can create a significant economic problem for consumers. Due to the fragmentation found within this industry, consumers are encountering difficulties in recovering costs where deficient installations occur. There are basic resin manufacturers, distributors and formulators of the insulation material and the applicators. The latter are frequently individual operators unable to cope with the corrective costs which may be in the $15,000 to $35,000 range.

We can see product and installation practices are both factors in the hazardous situations which may evolve from both cellulose and urea formaldehyde insulation. Product regulations for cellulose are already in place and banning or product regulation may be necessary with respect to urea formaldehyde, depending on the outcome of studies in progress. In any event, it appears essential that some form of education or licensing be established by the provinces to ensure that applicators are competent to install all types of insulation in a manner that will not expose consumers to undue risks to health or safety due to toxic agents or fire.

I would ask that you convey these thoughts as well as the substance of our discussions to your colleagues responsible for labour practices in your province."

3. *National Testing Survey*

A National Testing Survey was initiated August 24, 1981 with special priority given to homeowners reporting medical problems or who had experienced uncomfortable levels of formaldehyde vapours in their homes.

The survey will test 2,400 homes (2,000 with and 400 without UFFI) to determine formaldehyde gas levels. As of October 31, 1981 the 2,400 homes have been tested. Laboratory results and a preliminary analysis will be available about mid-November.

4. *Publications*

A series of three bulletins are published and may be obtained from the UFFI Information Centre:

"UFFI General Information to Homeowners"

"UFFI Information for Medical Doctors"

"UFFI Remedial Measures for Woodframe Construction"

A fourth bulletin "UFFI Testing Procedures" will be available in November.

5. *Research*

The National Research Council (NRC) is developing an inexpensive device for measuring the amount of formaldehyde vapour in the air.

In addition, NRC's UFFI research program has about twenty research contracts with a dozen Canadian companies. The contracts are to provide information in areas such as: permanent formaldehyde neutralizers in wood, neutralizing UFFI in place using ammonia gas, the effectiveness of remedial measures, structural effects of UFFI and the sensitizing effects of UFFI.

6. *Investigation of Public Buildings*

Public Works Canada has begun a program to identify those publicly owned, rented or occupied buildings where UFFI has been installed. The Treasury Board Secretariat has informed the Public Service Unions about this investigation.

FUTURE ACTION

Under the Hazardous Products Act a manufacturer may request a Board of Review to appeal the government's decision to ban a product. In February 1981 Energlobe of Philipsburg, Quebec requested such a review. Under the terms of the Act, the government has no choice but to grant the request and a final decision on the product cannot be taken until the Board has ruled. The Board of Review is chaired by Mr. Jacques Lamoureux, a lawyer with the Montreal firm of Lamoureux and Rousseau. The other members are Dr. Benjamin Lu, a professor of chemical engineering at the University of Ottawa and Dr. Robert Sutherland, a Toronto physician and consultant in industrial and environmental health. However, the product is being kept off the market during this period. The government will release the report for publication as soon as it has been received.

When the Honourable André Ouellet announced this first phase of the federal program, he did not rule out the possibility of further government action. This is still under consideration.

OFFICIAL LANGUAGES

POST OFFICE—NEWSPAPER REPORT OF CHANGE TO UNILINGUAL SIGNS IN MONTREAL

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Molson on November 3, 1981, concerning a newspaper report that the Post Office in Montreal was changing some of its bilingual signs to unilingual signs.

I am informed by officials concerned with the Post Office and the Federal Program of Bilingualism that the post offices are within the Treasury Board's Federal Identity Program. As such, they are part of the Federal Bilingual Program, which takes precedence over provincial legislation with respect to federal buildings and property. Therefore, it is government policy that the signs on post offices be bilingual as part of the Federal Program of Bilingualism. It is the policy and belief of the officials concerned with the Post Office and the Federal Program of Bilingualism that the official signs of the Post Office in Montreal should and do remain bilingual.

CONSUMER AND CORPORATE AFFAIRS

INVESTIGATION OF SUPERMARKET PRICE WAR

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a reply to comments made and questions asked by Senator Marshall on November 3, 1981, concerning a supermarket price war. Senator Marshall asked, as reported at page 2945 of the *Debates of the Senate*, the following questions:

> Is there an investigation taking place to determine how they [Steinberg's] can suddenly drop their prices by 20 per cent? And how can we get that price war spread down to Newfoundland, where the people are paying exorbitant prices?

I am informed by the Department of Consumer and Corporate Affairs that the Director of Investigation and Research is aware of this matter. The Director of Investigation and Research has a statutory obligation under the Combines Investigation Act to commence an inquiry whenever he has reason to believe that an offence under Part V of the act has been, or is about to be, committed, or grounds exist for the making of an order by the Restrictive Trade Practices Commission under Part IV.

It is the understanding of the Department of Consumer and Corporate Affairs that the current supermarket price war was initiated in southern Ontario by Steinberg primarily because its share of business in this market has been decreasing. In reaction to this move, Steinberg's principal competitors in Ontario, Loblaws and Dominion Stores, have initiated substantial price cuts of their own. At present, the facts of the matter do not suggest predatory intent, nor is there any evidence of anti-competitive behaviour. Rather, the response of Steinberg's competitors is indicative of the existence of healthy competition in the market which, in the short term, should provide some benefit to consumers.

It is the understanding of the Department of Consumer and Corporate Affairs that the 20 per cent discount mentioned by Senator Marshall applies to the regular price of selected staple items, and is not applicable to all items. That would make the net reduction in the average grocery bill considerably below this level.

Douglas Tigert, a well-known retail food analyst, recently stated that his monthly survey of 120 food items showed Steinberg's new prices to be actually 1 to 2 per cent below those of the October 1981 average. The explanation for this is that widespread discounting has already reduced many prices from regular levels. Also, in announcing the substantial price reductions, Steinberg stated that such would be accompanied by cost-reducing measures, and mentioned specifically elimination of full-colour advertising flyers and the introduction of more self-bag check-out counters.

In reply to Senator Marshall's comment about having the price war spread to Newfoundland, I am informed that the Combines Investigation Act does not provide the director with any authority to so regulate a firm or industry.

Notwithstanding the current assessment of this matter by the Department of Consumer and Corporate Affairs, the department has indicated that it will continue to monitor the situation closely.

Hon. Jack Marshall: I thank the Deputy Leader of the Government for that answer, but it does not satisfy the situation. If they are trying to get more business in southern Ontario, then that makes them false right off the bat, because they are discriminating against other parts of Ontario.

• (2110)

The same Steinberg's have other stores called Valdi, or some such name, where you can buy cheaper in any case. So it is a matter of the same old story of their trying to monopolize the market. I am glad that the department is going to monitor the situation. I will keep monitoring the deputy leader.

Senator Frith: Honourable senators, I understand why Senator Marshall is not satisfied because, as he says—and I don't blame him—it would be nice if those kinds of price wars were more widespread. However, the answer was meant to deal with simply the Combines and Investigation Act, which concerns anti-competitive strategies rather than unsatisfactory situations in other ways.

Senator Marshall: I want to assure the deputy leader that I am not interested personally but for the people who cannot afford to buy a decent week's groceries with the income they have.

Senator Frith: Of course.

STATUTE LAW (MILITARY AND CIVILIAN WAR PENSIONS, COMPENSATION AND ALLOWANCES) AMENDMENT ACT, 1980

CONSIDERATION OF REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on Health, Welfare and Science entitled: "They Served—We Care", tabled in the Senate on 20th October, 1981.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I adjourned this debate in order to be sure that no other senator wished to participate. Therefore, before requesting that the order stand, I will ask honourable senators to consider whether they wish to speak to it. If not, perhaps next week we can consider the subject debated.

Order stands.

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

MEETING OF SUBCOMMITTEE RESPECTING WHEAT—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Roblin, P.C. calling the attention of the Senate to the meeting of the Subcommittee of the Canada-United States Inter-Parliamentary Group respecting wheat, held in Washington, D.C., U.S.A., on October 23rd and 24th, 1981.—(*Honourable Senator Frith.*)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I wanted to keep this order open for other senators wishing to speak to it, and I understand that perhaps Senator Argue, and certainly Senator Sparrow, will wish to do so. Therefore, I ask that it be allowed to stand in Senator Sparrow's name.

Order stands.

NEWFOUNDLAND

DEVELOPMENT OF HYDRO POWER AND OFFSHORE OIL RESOURCES—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Cook calling the attention of the Senate to certain matters relating to the development of hydro power in Labrador, and to the development of offshore oil resources of Newfoundland.—(*Honourable Senator Marshall.*)

Hon. Eric Cook: Honourable senators, if no other senator wishes to speak, I agree with Senator Marshall that this inquiry should now be considered debated. However, I should like to take this opportunity to say how pleased I am that the government has agreed to take a big step toward solving the problem of the still undeveloped hydro power in Labrador. The proposed legislation which will provide a corridor for the transmission and possible export of the now undeveloped power of Labrador is, of course, most welcome to my province. It is a matter I have spoken to in the Senate on numerous occasions.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with respect to the offshore oil resources

portion, I think that, as long as negotiations are taking place for administrative arrangements, all parties agree that that is a desirable result for both Newfoundland and Nova Scotia.

Senator Flynn: And Labrador.

Senator Frith: But I did want to state what I consider to be the legal aspect of the federal government's position on offshore oil resources as it applied to Newfoundland, as I had done that with respect to Nova Scotia. Since this is an inquiry it can be withdrawn or considered debated, and if something justifies its being raised again, then I understand we can always raise it. In the meantime, we are all happy that negotiations are going forward on this aspect of the inquiry, and about the good news celebrated by Senator Cook on the hydro aspect.

The Hon. the Speaker: As no other honourable senator wishes to speak to this inquiry, it is considered debated.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, November 10, 1981

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

Prayers.

REMEMBRANCE DAY

Hon. Jack Marshall: Honourable senators, tomorrow, November 11, veterans of two major wars and the Korean conflict from across the country will again pay a special tribute to their fallen comrades. It is truly remarkable that after some 63 years veterans of World War I, despite their disability and age, gather together at every memorial that exists, to show respect for their comrades who fell by their sides so many years ago. It is truly significant and admirable because, while thousands want to forget, that comradeship endures because of their suffering together in time of war to ensure the peace of our nation.

Unfortunately, as our veterans and their wives grow older they require more care and attention, and even though the recognition of their sacrifices diminishes in the eyes of too many, it is the duty of the government and we who represent them to live up to and honour Canada's commitment to the veterans of Canada, their wives and dependants.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, may I say on behalf of the supporters of the government that we join with Senator Marshall in the eloquent tribute paid to the veterans of Canada and those who died for Canada in her past wars. Increasingly, there is a national concern that new generations of Canadians seem unaware of the degree of sacrifice remembered at the November 11 observances. All too often November 11 is assumed to be just another holiday in the year, where people can do anything but remember the veterans and those who died. As parliamentarians it is one of our responsibilities to continue to remind coming generations, new generations, what that sacrifice has meant in the evolution of this nation and for the benefit of the entire world. I should like to thank the Honourable Senator Marshall for his eloquent words this afternoon.

CONFERENCE ON SECURITY AND CO-OPERATION IN EUROPE

RECOGNITION OF FIFTH ANNIVERSARY OF UKRAINIAN HELSINKI MONITORING GROUP—MOTION REQUESTING RELEASE OF IMPRISONED MEMBERS

Hon. Paul Yuzyk: Honourable senators, with leave, I should like to submit a resolution to be adopted by the Senate. November 9 marked the fifth anniversary of the founding of the Ukrainian Public Group to Promote the Implementation of the Helsinki Accords. I shall later distribute among all honourable senators copies of an illustrated booklet on the objectives, activities and the fate of the members of that group.

Just as we have come to the defence of human rights activists in the Soviet Union several times in recent years, and with some effect, I am now proposing a resolution to defend the Ukrainian Helsinki Monitoring Group, which has virtually been forcibly destroyed by the Soviet government. I have discussed this matter with several honourable senators from both sides of the chamber, including the leaders, and all have indicated their wholehearted support.

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

Hon. Senators: Agreed.

Senator Yuzyk: With leave, seconded by the Honourable Senator Haidasz, I move the following resolution:

WHEREAS on November 9, 1976, the Ukrainian Public Group to Promote the Implementation of the Helsinki Accords (known also as the Ukrainian Helsinki Monitoring Group) was established in Kiev, the capital of Ukraine, to monitor the provisions of the Final Act of the Conference on Security and Co-operation in Europe, signed by the Soviet Union and 34 other countries, including Canada and the United States;

AND WHEREAS it was well-documented at the Belgrade and Madrid Review Conferences that the Soviet Union has violated and continues to flagrantly violate the human rights provisions of the Helsinki Final Act, as well as the Soviet Constitution, the United Nations Charter and the Universal Declaration of Human Rights;

AND WHEREAS the Soviet Union has persecuted, imprisoned or exiled all 37 members of the Ukrainian Helsinki Monitoring Group, thus increasing the tensions between the East and West and undermining the validity of the international treaties and agreements of the Soviet Union;

● (1410)

BE IT RESOLVED that on the fifth anniversary of the founding of the Ukrainian Public Group to Promote the Implementation of the Helsinki Accords, the Senate of Canada pay tribute to the Group's persecuted members and request that the Soviet Union immediately release all the imprisoned members of this Group and cease the persecution of all those who are active in the defence of human rights in compliance with the Helsinki Final Act.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Yuzyk, seconded by the Honourable Senator Haidasz, P.C.: Whereas on—

Hon. Senators: Dispense.

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

Hon. Senators: Agreed.

Senator Yuzyk: Honourable senators, please accept my profound thanks for your unanimous support. I would have liked to have included national rights as well, but the Secretary of State for External Affairs considered that at this time it would not be in the best interests of diplomatic relations with the U.S.S.R. Even as it stands, this resolution will, I believe, give comfort and strength to the courageous human rights activists in Ukraine and the Soviet Union with the hope that freedom and democracy will ultimately prevail.

Motion agreed to.

BUDGET SPEECH

ACCOMMODATION FOR SENATORS IN SENATE GALLERY OF HOUSE OF COMMONS

The Hon. the Speaker: Honourable senators, as previously announced, the Minister of Finance will deliver his budget speech in the other place on Thursday next, November 12, 1981, at 8 o'clock in the evening.

May I be permitted to remind honourable senators that none but senators will be admitted to the Senate Gallery of the House of Commons on that occasion. This step is being taken for the purpose of providing accommodation in the gallery for as many senators as possible. In this manner, senators will not be excluded from the gallery on account of many of the places being occupied by relatives and friends of senators.

May I add that such instructions were first issued in 1931 by the then Speaker of the Senate, the Honourable P. E. Blondin, and that this practice has been followed ever since by succeeding Speakers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

> Report by the Tariff Board, pursuant to the Inquiry ordered by the Minister of Finance respecting the petition for safeguard action by Interprovincial Steel and Pipe Corporation Ltd., Safeguard Petition No. 4, Reference No. 158, pursuant to section 6 of the *Tariff Board Act*, Chapter T-1, R.S.C., 1970.

TRANSPORT AND COMMUNICATIONS

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the name of the Honourable Senator Adams be substituted for that of the Honourable Senator Molgat on the list of senators serving on the Standing Senate Committee on Transport and Communications.

Motion agreed to.

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until next Tuesday, November 17, 1981, at 8 o'clock in the evening.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, as a post-scriptum, I would like to add that next week we intend to have a normal session, that is, we shall sit Tuesday evening at 8 o'clock, Wednesday and Thursday afternoon at 2 o'clock, but we shall not sit on Friday or next Monday.

Hon. Jacques Flynn (Leader of the Opposition): No comment.

Motion agreed to.

● (1415)

QUESTION PERIOD

[*English*]

THE CONSTITUTION

AGREEMENT BETWEEN GOVERNMENT OF CANADA AND NINE PROVINCIAL GOVERNMENTS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like to address one or two questions to the Leader of the Government in the Senate respecting the communiqué issued on November 5 last by the Prime Minister of Canada, and signed by nine of the ten provincial premiers.

My first question has to do with the amending formula referred to in that document, which reads as follows:

> (2) Amending Formula:
>
> —Acceptance of the April Accord Amending Formula with the deletion of Section 3 which provides for fiscal compensation to a province which opts out of a constitutional amendment.

My question is: Which one of the provinces was it that requested that this item of fiscal compensation be dropped from the April Accord?

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice, honourable senators.

Senator Roblin: I wonder if my honourable friend would be good enough, when he is looking into this matter, to determine whether it was one province that was, or more than one province that were, inclined to this; and if not any of the provinces, then who did request it?

Perhaps I may continue on the same subject, the communiqué of November 5. I wonder if the Leader of the

Government could explain to me the exact implications of item (3)(c), which has to with minority language education rights. It says:

(c) We have agreed—

That presumably means the Prime Minister and the nine premiers.

(c) We have agreed that the provisions of Section 23 in respect of Minority Language Education Rights will apply to our provinces.

This implies to me that the nine premiers are agreeable to having it apply to their provinces. What is the position of the Government of Canada with respect to the tenth province, which has not given any undertaking in this respect?

Senator Perrault: Honourable senators, I will commit myself to making a statement on that at the earliest opportunity.

Senator Roblin: Would my honourable friend also mind finding out for me whether the nine provinces who signed this accord had anything to say about the conditionality regarding their acceptance of the minority language education rights? In other words, are they accepting it as an obligation on their part, regardless of what happens in the tenth province of the country; and, if that is the case, what is the attitude of the federal government? Are the federal authorities going to be satisfied with that as well, or will they wish to have the same clause mandatory in the province of Quebec?

Senator Perrault: Honourable senators, this is an important question. I will take the question as notice and bring more information regarding the constitutional talks to the Senate at the first opportunity.

I do have some information on constitutional matters here that perhaps I can share with honourable senators.

There has been a report that Quebec intends to spread its interpretation of constitutional developments in French-speaking countries.

The news out of Quebec is contradictory. The Minister of Intergovernmental Affairs has denied the accuracy of reports to the effect that the Quebec government would attempt to stir up opinion in the francophone world on Canadian constitutional developments. On the other hand, Premier Lévesque, in his inaugural message of November 9, said that the Quebec authorities would be transmitting its message to "all those who across the world listen to us with the slightest sympathy".

It would, of course, be quite improper for any province to try to bring about this result. Our posts abroad are well informed of developments in Canada and are in a position to correct any distortions which may be propagated.

In any event, the federal government has indicated its willingness to discuss matters further with Quebec in order that there can be a resolution acceptable to all governments.

Hon. Martial Asselin: You should have done it before.

Senator Perrault: It must be said, with a degree of disappointment, that so far the Premier of Quebec has not made any move whatever to communicate with the Government of Canada regarding the invitation to meet to discuss outstanding differences of opinion with respect to the constitutional package. I have been advised that there have been no communications of any kind—no messages, no telephone calls.

• (1420)

Hon. Jacques Flynn (Leader of the Opposition): I asked last night what form the invitation to resume negotiations by the federal government to the Government of Quebec took.

Senator Perrault: Honourable senators, I have made an inquiry on that point. It was a general invitation. No formal letter was dispatched to the Government of Quebec.

Senator Roblin: Via television?

Senator Perrault: There may have been another form of communication.

Senator Roblin: Radio?

Senator Perrault: I have checked and have ascertained that there was no form of correspondence.

Senator Flynn: This is very important because the fact that the Government of Quebec has not replied may mean that Premier Lévesque did not receive a formal invitation.

Senator Perrault: The interesting thing, however, is that the Premier of Quebec has certainly replied to the invitation very publicly through television, radio and other forms of the media such as magazines and newspapers.

Senator Flynn: You are speaking through the radio.

Senator Roblin: This sounds like broad swords at 40 paces to me. Would the minister confirm that no official or formal invitation has been extended to the Government of Quebec in this matter? That is certainly the impression that has been left with me.

Regardless of what reaction may presently be discerned in governmental circles in the province of Quebec, I do not think it would be helpful for the federal government to refuse to avail itself of the opportunity of making a formal invitation in which it might indicate the areas of discussion. Surely that has to be a necessary and, I hope, a helpful first step in having some reconsideration of the general picture, not only in the mind of the Premier of Quebec, but in the minds of the people of that province, who are really much more important than he is.

Senator Perrault: I know the honourable senator's suggestion will be given careful consideration by the government.

Senator Roblin: That would surprise me.

PUBLICITY CAMPAIGN OF FEDERAL GOVERNMENT

Hon. Jacques Flynn (Leader of the Opposition): Dealing with the matter of the Constitution, a few weeks ago I posed a question to the Leader of the Government concerning the federal government's publicity campaign in Quebec aimed at selling the Charter of Rights or the constitutional package to that province. Am I mistaken in my view that this campaign seems to have stopped?

If I correctly understood what Mr. Lévesque said yesterday, he indicated that he intended to reply to this campaign by initiating one by the Government of Quebec. If the federal government has stopped this publicity campaign, is it the intention to resume?

After the Leader of the Government has replied to the first part of my question, perhaps the Joint Chairman of the Standing Joint Committee on Regulations and other Statutory Instruments would consent to look into the question of the authority under which such a campaign can be launched and money spent on something that has not yet been adopted by Parliament.

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice, honourable senators.

Senator Flynn: Would Senator Godfrey reply to the second part of my question?

Hon. John M. Godfrey: As you will have noticed, I was deep in conversation with Senator Goldenberg who was reporting upon the work of the Standing Senate Committee on Legal and Constitutional Affairs when the question was asked, and I do not have the vaguest idea of what it was.

Senator Flynn: I will try to make myself understood, although it may be difficult.

Senator Godfrey: I did not hear what you said.

Senator Flynn: I questioned the Leader of the Government some time ago about the authority for the government to spend money on a publicity campaign concerning something that has not yet received approval by Parliament. At that time the Leader of the Government cited a certain vote.

Would the Standing Joint Committee on Regulations and other Statutory Instruments look into the question of whether the government has proper authority to spend that money under these circumstances?

Senator Godfrey: I am not sure whether that committee has the right to look into that type of matter, but I will certainly make inquiries.

AGREEMENT BETWEEN GOVERNMENT OF CANADA AND NINE PROVINCIAL GOVERNMENTS

Hon. Willie Adams: Honourable senators, my question is for the Minister of State, Senator Austin, and it relates to the decision by the premiers and the Prime Minister last week to drop section 34 of the Joint Resolution. I recently visited Watson, and it came as no surprise to me that many people in that area are quite upset that aboriginal rights have been dropped from the constitutional resolution.

It has come to my attention that yesterday the Prime Minister held a meeting with members of the Inuit committee at which time a two-day interval was suggested in order to come up with a new proposal. Does the Minister of State have any further information on this situation?

• (1425)

Hon. Jack Austin (Minister of State): Honourable senators, the Prime Minister and the Minister for Indian Affairs and Northern Development, John Munro, met with Charlie Watt and members of the Inuit committee on Monday at lunch to discuss this question of the dropping of section 34 of the Joint Resolution. I was invited to be present at the luncheon, but unfortunately my father, who lives in Edmonton, is ill and I was requested by my sister to be there.

The Inuit committee, headed by Charlie Watt and Peter Ittinaur, the member of Parliament from Numatsiaq, made representations to the Prime Minister asking him to reinstate section 34 under federal jurisdiction. The Prime Minister said that he would consider that matter, but he also discussed with the members of the committee the value to them of the procedure proposed under section 36, which concerns the first ministers' constitutional conference on aboriginal rights. A further meeting on all of these matters will be held this afternoon between the Minister for Indian Affairs and Northern Development, myself and the Inuit committee. I will endeavour to discuss the matter with Senator Adams, at least, following that meeting.

While I am on my feet, may I reply to the question on section 36 that was addressed to me by Senator Tremblay and Senator Roblin? I understand that officials of the federal government and the provincial governments are endeavouring to incorporate clause 5 of the November 5 agreement into a form of Joint Resolution. At this time there is no agreed text available for release. I am hopeful that such a text with respect to clause 5, which would become section 36 of the Joint Resolution, will be available shortly. In that case, of course, it will be included in Part III of the Joint Resolution, and, therefore, it will be included in the constitutional document.

Hon. Jacques Flynn (Leader of the Opposition): Do you mean a clause that would only refer to the discussion of the question by a constitutional conference?

Senator Austin: Yes.

Senator Flynn: Only that?

Senator Austin: As Senator Flynn is aware, section 36 of the Joint Resolution proposed a constitutional conference on aboriginal rights. Clause 5 of the executive agreement of November 5 slightly amended section 36, and the final terms are being settled among officials. Assuming a settlement will be reached, I am instructed that it is proposed that there will be a section 36 in the Joint Resolution which will call for a first ministers' conference on aboriginal rights.

Senator Flynn: Only a conference?

Senator Austin: A conference to discuss aboriginal rights.

Hon. Duff Roblin (Deputy Leader of the Opposition): I should like to ask a supplementary question, if Senator Adams will permit me. The minister keeps talking about section 36. There are really three portions to that section. Subsection 36(1) talks about the annual constitutional conference on anything. The portion dealing with aboriginal rights is subsection 36(2), which states that aboriginal rights will be discussed at such a conference. Subsection 36(3) says the same thing

with regard to the Yukon Territory and the Northwest Territories.

Is my honourable friend really saying that section 36 will be abolished *in toto* and that only the parts with respect to aboriginal rights will be rewritten, or is he merely saying that section 36(2) will be abolished and the new part substituted for that?

Senator Austin: I regret that I am not able to satisfy Senator Roblin specifically. All I can say at this time is that discussions are ongoing between federal and provincial officials with respect to the text of section 36. As soon as a final text is available, I shall be pleased to refer it to Senator Roblin.

• (1430)

Senator Roblin: I thank my honourable friend and will await that. He made another point I would seek clarification on. He said that if it comes back, if I understood him correctly, section 36 would be included in the items in section 3 of the executive agreement. My query is: Would it be included in section 3(b), which is the one that has the "notwithstanding" clause in it?

Senator Austin: Perhaps I was not clear enough. I was referring to Part III of the Joint Resolution itself, rather than any part of the executive agreement, which is dated November 5.

Senator Tremblay yesterday referred to Part III when referring to section 36. Section 36 is the only section in Part IV of the Joint Resolution.

Senator Roblin: That clarifies it.

Hon. Sidney L. Buckwold: I have a supplementary question to ask the minister. It is my understanding from reading the press that a change in the status of aboriginal rights which was included in the original document, the Joint Resolution, came about as a result of pressure being applied by a number of provinces. Would the minister outline to us the reasons for the provinces taking such a stand that, in fact, forced the federal government's hand, and, if necessary, name those provinces? Secondly, if it was the provinces that created this situation, has any consideration been given by the federal authorities to honour the original commitment in those areas which are now territories and which, in fact, do not have provincial government?

Senator Austin: Honourable senators, I am not in a position to tell you what representations were made to the federal government by those seven provinces which insisted on the deletion of section 34. But, it is clear that all seven provinces—and I am excluding Ontario, New Brunswick, and as Senator Flynn said yesterday, Quebec—took the position, for whatever reason, that section 34 could not be included in any agreement acceptable to them.

To answer the second part of your question, the federal government is considering what options are available to it with respect to continuing on with its desire to ensure fair treatment of the aboriginal peoples.

[Senator Roblin.]

Senator Adams asked me a question about one ongoing procedure, which is a series of meetings with the Inuit people. The present stage is a series of consultations with representatives of the aboriginal peoples to see what their desires are. Following consultations which arise out of that, we will endeavour to make a decision.

Senator Buckwold: May I ask a supplementary question? I still have not received from the minister the reasons for the provincial government's actions. He may be able to outline them generally. It would seem to me that one of the options open to the federal government is to live up to the original commitment which was outlined in, I think, section 34 of the Resolution and that at least the native peoples would get half a loaf in those areas in which the federal government is supreme.

Senator Austin: Honourable senators, on the question of the subjective nature of the position of the seven premiers, I can only go back to a judicial precedent that I learned as a young lawyer in which a famous Chief Justice of Great Britain, Chief Justice Hawke, said, when asked to speculate about the subjective, "The devil himself knows not the mind of man."

As for the federal government's position, presumably I will be part of that mind, and I assure you that, as I said yesterday, I grieve for the loss of the possibility of aboriginal rights being established and hope that the federal government will be in a position to do whatever it can to ensure aboriginal rights, at least within the ambit of the federal power.

• (1435)

Hon. Martial Asselin: As a supplementary I wish to ask a very simple question. Can the minister say why the federal government has given up the rights of the aboriginal peoples which had been included in the documents considered by the committee and by both houses?

Senator Austin: Well, Senator Asselin, I think you well know that the federal government decided that the balance of the constitutional arrangement as proposed by nine of the provinces was a substantial advance for the right of Canadians and a substantial advance on constitutional maturity in Canada. But I cannot give an answer to this question—

Senator Asselin: I know.

Senator Austin: —and its implied premise, without saying that the party to which the senator belongs insisted all along that there be no constitutional revisions of rights without the consent of the provinces. Therefore, anything we could do was limited—and is now limited just as the Progressive Conservative Party wanted—by the position of the provinces.

Senator Asselin: Can the minister tell the house whether the federal government negotiated these rights away in return for some other rights?

Senator Austin: I think the agreement must speak for itself. What the exchanges were, you will read about, supposedly, in an historical text.

Senator Asselin: You cannot answer, eh?

Senator Flynn: I have a supplementary question. Senator Buckwold said that in the area of aboriginal rights the federal government, in Parliament, is supreme. Therefore, it seems to me, Parliament could very well amend the Constitution in this area in which the federal government is supreme without having the consent of the provinces, and that, in fact, Westminster would be acting *ultra vires* by deciding something about which it has already released its authority. Perhaps Senator Austin would like to comment on that.

Senator Austin: I take it that the Leader of the Opposition is speaking from his experience as a former Minister of Justice in offering us that legal opinion.

Senator Flynn: It was not experience enough.

Senator Austin: Well, was it long enough to have that statement as a legal opinion, or is the Leader of the Opposition telling us that his party would support the imposition by the federal government of aboriginal rights, should it have the constitutional power to do so?

Senator Flynn: It has the power to do so, sure. We could not oppose them on the principle of provincial interests.

Senator Austin: What would the Leader of the Opposition say, if the power were legal but not conventional?

Senator Flynn: You are entirely mistaken. The matter of convention does not enter into this, if it is within the exclusive jurisdiction of the federal Parliament, and government, as indicated by Senator Buckwold, who said that the federal Parliament is supreme in this area.

Senator Austin: Well, I am sure that on this question, as on many others, lawyers will be consulted and advice taken.

Hon. Arthur Tremblay: As a supplementary question, did I understand Senator Austin correctly, to say that the agreement should be read as it is?

Hon. G. I. Smith: That is what he said.

Senator Tremblay: Does he mean in its written form or as it is otherwise?

Senator Austin: Senator Tremblay, I was using a phrase which lawyers customarily use to get out of trouble; that is to say that the document should be taken as read, which means you understand it as you read it.

Hon. Royce Frith (Deputy Leader of the Government): It speaks for itself.

Senator Austin: It speaks for itself, yes. Thank you, Senator Frith.

You know, in western Canada we speak English a little differently from the way it is spoken in Ontario.

I am not sure that Senator Tremblay was in the house when I answered the question that he asked yesterday.

• (1440)

Senator Tremblay: Is it correct that section 28 of the Resolution before us, referring to the equality of women, is not specifically mentioned in the written agreement?

Senator Austin: Well, I suppose that it is as obvious to Senator Tremblay as it is to anyone else.

Senator Tremblay: Is it in the written agreement, or not?

An Hon. Senator: Can't you read it?

Senator Tremblay: My reading of it is that it is not. Am I reading it correctly? Therefore, as a supplementary question, is it correct as well that there have been certain things agreed to, one way or the other, which are not in the written agreement?

Senator Austin: Senator Tremblay will appreciate why I answered the question he asked me yesterday in the way I did. I have not been given the official text of the federal-provincial agreement. Principles were established in the document of November 5 but it was left, as is usual, to officials of the federal government and the provinces to come up with a text which would be the final version of the agreement. The final version, in draft form, of a Joint Resolution is not yet available and, therefore, I could not offer Senator Tremblay a clear answer yesterday, and, until that document is available, I cannot answer Senator Tremblay today on the question he is pursuing.

Senator Tremblay: Speaking of the official text of the agreement—the written agreement—can I consider as official the document I received with the compliments of the Canadian Unity Information Office?

Senator Austin: Senator Tremblay is referring to the agreement of November 5—

Senator Tremblay: No; the agreement of last week.

Senator Austin: —which was tabled by Senator Perrault in this chamber. That is an official document. Senator Tremblay has been a senior official of a provincial government in his past career, and a very successful and admirable official, and he well knows that heads of principle have to be detailed by the work of officials, and that is the process that is now ongoing.

Senator Tremblay: But I think that Senator Austin, having been an official as well, would understand the meaning of my question. The meaning of my question is this: How many items of agreement will be implemented in the new resolution, which has not yet been signed, because that agreement has been signed? If we have to take it as it is, then the question can be raised: In the next version of the Resolution, shall we see only the things which have been signed, and shall we not see things which have not been signed, and shall we see other things that have not been signed also? That is quite important. As former officials, I think we can understand each other, and I would like to have an answer to that question.

Senator Austin: The best answer I can make to Senator Tremblay—and I think it is a good one—is that officials, guided by the ten first ministers who have signed this document, will put together an implementing document, and it, being approved by the ten first ministers, will express their intention as engrossed in the agreement of November 5.

Hon. Allister Grosart: Honourable senators, further to the question raised, is it the intention that the Resolution that will eventually be presented, seeking an agreement on an Address to Her Majesty, will bear the signatures of approval of the ten first ministers? I think that is what we are all asking. We have their signatures on what has been given various names—the declaration of principles, and so on—but will the actual resolution be submitted, as such, to all ten first ministers and be approved by them? If not, what is the sense of having an agreement and then coming later with a paper alleging that it is the agreement?

Senator Austin: Honourable senators, a Joint Resolution before this chamber and the other place is, of course, the responsibility of the government alone. But I think it is fair to say that the government has entered into an understanding with nine provinces, and if the understanding remains intact, when it proceeds there will be public notice of the concurrence of those nine provinces.

Senator Grosart: What I am asking is: Is it the intention of the government to say, "Yes, the other nine first ministers have agreed to this form of address we are proposing"? Surely, the answer has to be "yes," or we have a document that has no necessary relationship to the agreement made.

Senator Austin: I am absolutely certain that when this Joint Resolution is introduced in both houses it will be done with a statement by the Prime Minister, or the minister responsible, that there is concurrence, and by which provinces.

Senator Grosart: ". . . and by which provinces"—that is very interesting.

May I ask a further supplementary of the Leader of the Government? Is it the intention, then, to withdraw the motion that he made on April 15, which appears on today's Order Paper at page iii—

> That an Address be presented to Her Majesty the Queen respecting the Constitution of Canada.

—because I believe that is a short form of the motion which did include the resolution which is no longer under consideration? Is it the intention to withdraw that motion?

Senator Perrault: Honourable senators, that, of course, is a distinct possibility. Negotiations are now taking place involving the leadership in the other place; and, hopefully, we will be having similar conversations here very shortly to determine the best way to proceed. It is a distinct possibility that the previous motion will be withdrawn.

Senator Grosart: What I am really asking is: Does it make any sense to carry on the Order Paper a reference to a resolution that is non-existent?

Senator Frith: It is not on the Order Paper.

Senator Perrault: The situation will be clarified in due time. I am not aware of the fact that it is on the Order Paper before us.

Senator Frith: No. According to the Senate order, it has to come back after the leader rises in his place and names the two days, after consulting with the Leader of the Opposition. It is not on our daily order paper.

Senator Grosart: Please, Senator Frith, let's not quibble. It is on the Order Paper. Of course, it is on Order Paper. It is not on the orders for today, but surely the Deputy Leader of the Government is aware that the Order Paper does not refer only to today. It says clearly on the Order Paper:

> For a day to be named by the Leader of the Government in the Senate pursuant to the Order adopted by the Senate on 15th April 1981.

Of course it is on the Order Paper.

Senator Frith: I am talking about the question of whether there is any sense in having it appear. It is on the Order Paper, awaiting the implementation or triggering of the order of the Senate dealing with it.

Senator Grosart: It is on the Order Paper, which is not what you said previously.

Senator Perrault: It is not a matter that should be regarded as an emergency situation. As I have said, conversations are taking place and we should know very shortly what agreement has been achieved involving the house leaders.

Hon. Guy Williams: Honourable senators, the Government of Canada and the premiers of the provinces have succeeded in something that has no relationship to what has happened to the Indians in the past. They have dropped, possibly, the life stream of the Indian people by not agreeing with what was referred to as aboriginal rights. In the B.N.A. Act there is only one word that refers to the first citizens of this land, and that is the word "Indians". There is no reference to treaty, non-treaty or status Indians. The provinces are now disagreeing with that, and have succeeded in reaching an agreement. My question is: Is it the purpose of the federal government, together with the provinces, to eliminate the word "Indians" in the B.N.A. Act, when it is patriated, and to replace it with the word "aboriginal"? The word "aboriginal" is not understood by many of our older people, and many of them have told me that it will upset their understanding of their status. Therefore, is the government going to eliminate the word "Indians" and replace it with the word "aboriginal"? There is no reference to treaty Indians in the B.N.A. Act; only the word "Indians" is mentioned. If that word is replaced by the word "aboriginal" there will be difficulties. Indeed, difficulties already exist.

● (1450)

Senator Austin: Honourable senators, I appreciate the point made by the honourable senator. It is one that should be carefully looked into. There is certainly no intention at the moment of amending that provision of the B.N.A. Act. The honourable senator is correct in pointing out that the new phraseology is "aboriginal peoples of Canada". However, I will pursue the matter and will discuss it with the honourable senator.

Senator Roblin: Honourable senators, while my honourable friend is looking into the matter, perhaps he will go into it a little further, because it seems to me that under section 91 of

the B.N.A. Act the subject matter of Indians, as Senator Williams has stated, comes under the purview of the federal government. Item 24 of section 91 says:

Indians and Lands reserved for the Indians.

I believe that has been generally interpreted, in the course of our history, to include the whole subject matter that we are discussing here today. It seems to me that, if that is the case, there is really nothing to prevent the Government of Canada's reinstating aboriginal rights in any way it wishes, either in this document or by separate legislation.

Under section 91.1, as my honourable friend opposite knows very well, the government has the power to amend those aspects of the Constitution that are within its present jurisdiction. It would therefore seem to me quite logical to suggest to my honourable friend the minister that if he is so aggrieved—and I believe him—in connection with what has happened in respect of this Indian matter, he should look into the possibility of giving some assurance that the Government of Canada will act under its own authority and power, as provided for under section 91.1, to deal with the subject matter of Indians, which is included in item 24 to which I referred, in order to reinstate in the legislation of the country the particular matters that we are discussing here today.

In that case, there is nothing to prevent the Government of Canada from enshrining it, if it wishes. In view of the fact that it is in its portion of the Constitution, as I understand it, there is nothing to prevent it from doing so. There would appear to be a happy and readily available solution to the question, and I should like to know what my honourable friend thinks about it.

Senator Austin: Honourable senators, Senator Flynn put that identical question to me earlier in Question Period. I would reply by saying that there are really two questions involved: What are the constitutional and legal rights of the federal government with respect to the matter raised by Senator Williams? And, secondly: Once the government knows what its rights are, what should it do as a matter of policy? Both questions are under review.

ECONOMIC DEVELOPMENT

REQUESTED ESTABLISHMENT OF INDUSTRIAL LABOUR AND MARKET INSTITUTE

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Minister of State for Economic Development. Has the government received either a request or a recommendation that an organization known as the Industrial Labour and Market Institute be established with the participation of government, labour and business; if so, what is the status of that request or recommendation today?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take the question as notice and will provide an answer at the next sitting of the Senate, if I have received the information by that time.

Senator Smith: I thank the honourable gentleman. Perhaps the minister will pursue the matter a little further when making his research, and ascertain whether the allegation of an officer of the CLC is true to the effect that the government has been carrying on a cold war with the private sector, disregarding advice from both business and labour in this respect and others?

Senator Olson: Honourable senators, on the face of it I would say the allegation is incorrect, because the government does not carry on a cold war with any Canadian citizen. However, I will look into that matter also.

Hon. Duff Roblin (Deputy Leader of the Opposition): There is one in Alberta.

[*Translation*]

THE CONSTITUTION

AGREEMENT BETWEEN GOVERNMENT OF CANADA AND NINE PROVINCIAL GOVERNMENTS

Hon. Arthur Tremblay: Honourable senators, my question is directed to Senator Austin. Considering the fact that he referred just now to a procedure for obtaining confirmation of the agreement signed when the draft, in its final version as a resolution, is tabled, and considering the manner in which Manitoba signed the November 5 agreement—in the document in question, Manitoba's signature is accompanied by the following reservation:

Subject to approval of section 3(c) by the Legislative Assembly of Manitoba.

Section 3(c) is the section that refers to Section 23 of the resolution, that is, language of instruction.

Am I to infer from what Senator Austin just said that, in some as yet unspecified way, the provinces that signed will indicate their agreement with the resolution as presented? Am I to infer then that as far as Manitoba is concerned, the Legislative Assembly will have to give its approval, at least on Section 23? If the answer to my question is yes, would this right be extended to other provinces, that is, that legislative assemblies be involved in the final agreement process?

[*English*]

Hon. Jack Austin (Minister of State): Honourable senators, I would like to consult with the appropriate minister in order to provide a correct answer to the question.

[*Translation*]

Hon. Martial Asselin: Honourable senators, my question is directed to the Leader of the Government.

Earlier, in reply to a question asked by my colleague, Senator Roblin, the Leader of the Government said that the federal government had invited Quebec to reopen negotiations. I also understood from his reply that no official invitation had been sent to Quebec; we do not know how it was done, whether it was on the radio or on television, but in any case, there is an informal invitation from the federal government to reopen negotiations. If this is true, could the minister tell us who the federal negotiator is at the present time? From time to time we see the Honourable Jean Chrétien come out of the Cabinet to make a statement. Two minutes later we hear the dashing

Minister of State, Serge Joyal, state he is also responsible for making statements with respect to Quebec.

Could the minister tell us who, Mr. Joyal or Mr. Chrétien, is the official negotiator for the government, or have they both received a mandate to negotiate?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the opposition appears to be obsessed with determining in what form the invitation to negotiate with the Government of Canada was extended to the Government of Quebec. Certainly, there appears to be no mystery in the mind of Premier Lévesque of the Province Quebec. He has received the message or the signal very well. And he has replied by saying, "We won't have anything further to do with you; we won't negotiate; we won't sit down; we won't reason; we won't do anything which would make one assume that an agreement can be achieved." Is it fair to assume that perhaps he has never been very interested in achieving any agreement with the Government of Canada?

• (1500)

But, again, let it be made perfectly clear that the Premier of Quebec is aware of the willingness of the Government of Canada to sit down and negotiate the constitutional concerns which appear to be in the mind of the Premier of Quebec.

Hon. Jacques Flynn (Leader of the Opposition): From a position of strength.

Senator Perrault: Whatever the form of the communication, the message was received by the Government of Quebec, and a reply has been received. If the Premier of Quebec has indicated that he is not interested in negotiating, then why discuss those who will negotiate.

[*Translation*]

Senator Asselin: The Leader of the Government did not answer the whole question. My question also included the following: Who, Mr. Joyal or Mr. Chrétien, is the negotiator when we refer to reopening negotiations with Quebec? Have they both been appointed by cabinet to negotiate with Quebec, or will Mr. Chrétien alone conduct these negotiations, accompanied by Mr. Joyal?

Hon. Louis Robichaud: The whole cabinet!

[*English*]

Senator Perrault: Honourable senators, as soon as Premier Lévesque replies in a positive manner to the invitation of the Government of Canada to negotiate, we will be pleased to announce who will participate in those vital negotiations.

[*Translation*]

Senator Asselin: If I understood correctly the answer given by the Leader of the Government, neither Mr. Chrétien nor Mr. Joyal has been appointed as the official spokesman for the federal government with respect to reopening negotiations.

Hon. Azellus Denis: Both of them are competent!

[Senator Asselin.]

[*English*]

Senator Perrault: Honourable senators, this is a rather unreal dialogue. A hypothetical question is being asked and a hypothetical answer requested. I do not think the process advances the cause of a constructive Question Period.

Hon. G. I. Smith: Honourable senators, I would like to direct a supplementary question to the Leader of the Government. As I understand him, the Leader of the Government continues to say that he does not know what kind of an invitation was extended by the Government of Canada to the Government of Quebec with respect to this matter, except that this public statement was made and published by various news media. What I would like to know is whether any other invitation was ever extended to the Premier of the Government of Quebec to engage in negotiations on the subject matter we have just been discussing.

Senator Perrault: Honourable senators, this line of questioning is intriguing, to say the least. Is the opposition attempting to claim that Mr. Lévesque has not been made aware of the desire of the Government of Canada to negotiate certain constitutional differences. The invitation has been in every newspaper and on every radio and television station in Canada. Mr. Lévesque, indeed, has said that he knows that the federal government wants to sit down and negotiate, and he has replied to the Government of Canada. Senator Smith seems obsessed with an effort to determine whether, in fact, Mr. Lévesque knows about the invitation. There are many on the other side who have good connections with the Parti Quebecois.

In fact, a member of the other place, Mr. Roch LaSalle, is reported to have met recently with Parti Quebecois officials to discuss some sort of political co-operation in the next election. Perhaps he would like to convey the message to Mr. Lévesque.

Senator Smith: You are wandering, as usual.

Senator Perrault: Perhaps Senator Tremblay, who knows the ministry of the Government of Quebec very well, could get on the telephone and assure them that the Government of Canada wishes to enter into discussions.

Senator Tremblay: Are you giving me a mandate to negotiate?

Senator Smith: The honourable gentleman knows as well as anyone else—as he is accustomed to saying in answers to questions—that the road to negotiation is not through the newspapers or on the television; that the road to negotiation takes the form of a polite request from one head of government to another, or from one government to another, in an accepted way. I am not obsessed, and I am sure that my colleagues are not obsessed, with anything except finding out the truth, and if the honourable gentleman will tell us the truth we will be satisfied.

Senator Perrault: Honourable senators, Senator Smith specializes not so much in questions but in lectures, and we have heard enough lecturing on this point from him this afternoon.

Senator Smith: The honourable gentleman specializes in telling us what we should and should not do. We will take no more nonsense like that from him, and we will continue to ask questions as long as His Honour the Speaker does not rule us out of order. We have repeatedly asked the question, but the minister has endeavoured to avoid it, not by saying he does not want to answer it but by a lot of evasive and prolix statements which, when analyzed, do not mean anything, except that he does not want to answer the question.

Hon. Duff Roblin (Deputy Leader of the Opposition): That is fair enough, because you sure don't.

Senator Perrault: Honourable senators, if Senator Smith is prepared to convey a hand-written invitation to the Government of Quebec and deliver it personally, perhaps we can make the necessary arrangements. There is no mystery about the desire of the Government of Canada to meet with the Government of Quebec in order to achieve an accommodation.

Senator Asselin: Who is going to negotiate, Chrétien or Joyal?

Senator Perrault: For this opposition obfuscation to continue at this length is beyond any comprehension.

Senator Smith: Honourable senators, the minister has long since ceased to believe in credibility and has not displayed any for so long, I cannot remember it, so I do not know why we should pay much attention to his views about credibility today. We merely want to know one thing, and that is the truth. Has such an invitation as the honourable gentleman has referred to been delivered on behalf of the Government of Canada to the Leader of the Government of Quebec? That is the question which has been asked time after time and which has not yet been answered.

ENERGY

ALASKA HIGHWAY GAS PIPELINE

Hon. Stanley Haidasz: Honourable senators, I have a question for the Minister of State for Economic Development. Can the minister confirm or deny statements coming from Congressional hearings in Washington on the Alaska Highway natural gas pipeline to the effect that that project is no longer feasible financially, as the estimated costs are said to have risen from $30 billion to $60 billion?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the question before the Congressional committee deals with asking Congress to accept a waiver which changes some of the rules which were set down some time ago. I will have the documentation officially later today, but I have heard unofficially that the Senate Energy Committee has returned the resolution to the floor of the Senate by a vote of 15 in favour and one against.

THE ECONOMY

SMALL BUSINESS DEVELOPMENT BONDS—EVALUATION OF PROGRAM

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to respond to a question raised on October 15 by Senator Bosa which concerned the Small Business Development Bond Program.

The Small Business Development Bond is a relatively new instrument recently developed by the government. Under the program, banks and other financial institutions may issue term loans of not more than five years or less than one year. Given this time-frame, it is probably too early to assess fully the impact of the bond.

It is important to note that loans provided under the SBDB program are generally extended in accordance with normal banking practices. That is to say, a bank or other financial institution which makes funds available through a Small Business Development Bond, applies its own normal lending criteria. This is in addition to the very minimal conditions which the government has established for a debt obligation to qualify as an SBDB. In other words, there is no reason to believe that a bank would provide funds through an SBDB or any other instrument without a reasonable expectation that these funds would be repaid. That is only good business.

It should also be noted that although the Small Business Development Bond has been used by small businesses mainly for expansion, the bond can indeed be used for re-financing purposes under certain conditions or to assist a small business in financial difficulty, as specifically defined in the Income Tax Act. Any losses are losses on the lender's own account, not the government's. The Small Business Development Bond simply aims at reducing the after-tax costs of interest for small businesses, and in this respect I suggest that it has been most successful. I am advised by my colleague, the Minister of State for Small Business and Tourism, that over $1.5 billion in loans have been extended under the program to date.

It is the intention of the government to follow closely the progress of this measure. The Minister of State for Small Business and Tourism or I will be happy to report to Parliament as more precise data become available.

● (1510)

MANITOBA

PROPOSED SITE FOR INSTITUTE OF AEROSPACE TRAINING AND TECHNOLOGY

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Guay on November 3, 1981, at page 2946 of the *Debates of the Senate* concerning the proposed site for the Institute of Aerospace Training and Technology. Senator Guay asked the following question:

> Can we be informed as to where this Institute of Aerospace Training and Technology will be established;

whether it will be in Winnipeg, as was announced in the first place?

I am informed that the cabinet has not made any decision yet as to the establishment or location of an aerospace training centre.

As Senator Guay indicated, following release of the report recommending the establishment of an aerospace institute in Winnipeg, prepared for the Minister of Employment and Immigration by an advisory group made up of industry, unions and other private sector representatives, some opposition to the location was voiced by groups interested in seeing it established in Montreal.

The expanding aerospace industry is expected to require specialized training in view of the new technology being developed for the transportation and manufacturing sectors of the industry.

The problem of supplying skilled workers for the aerospace industry is one of national concern affecting all regions of the country, and in arriving at a solution to this problem the Department of Employment and Immigration indicates that it will try to meet the needs of all regions.

Hon. Duff Roblin (Deputy Leader of the Opposition): Is it correct that a lobby consisting of federal Liberal members of Parliament and federal Liberal members of the cabinet have taken a position in respect of the fact that it should go to Montreal?

Senator Frith: Not to my knowledge.

Senator Roblin: Perhaps my honourable friend would like to investigate the matter, because there have been some newspaper reports to that effect, saying that the francophone members of the cabinet from Quebec, and the members of the Quebec Liberal caucus, have been putting pressure on the government with respect to this matter, and wish it to be in Montreal.

I think it is rather important for those of us who have some interest in the matter to know what we are up against.

Senator Frith: Well, honourable senators, as has already been mentioned, some opposition to the location was voiced by groups interested in seeing it established in Montreal. I hesitate to undertake to ask or deal with what takes place in caucus, or to find out the names of any of the people who are making representations to the effect that it ought to be established in Montreal. I am sure that there are many asking that it go to Montreal, and many hoping that it goes to Winnipeg; but I will not undertake to get information as to what the position of cabinet ministers in cabinet is on the question, or what the position is within caucus.

Hon. Jacques Flynn (Leader of the Opposition): I understand that in caucus it is two to seventy-four.

Senator Roblin: Honourable senators, I think it goes without saying that there has been a pretty heavy lobby along the lines I have suggested; but if the minister is a little bashful about proposing names, he can propose my name as one of those who would like to see it established in Winnipeg.

My question now is: When will the minister be able to advise us as to the outcome of this matter?

Senator Frith: Honourable senators, with regard to the preamble to the question, it is not a matter of bashfulness but of principle, and of what I think is correct.

As to the question I am, of course, not in a position to answer that. I do not know that any cabinet minister is in a position to know, either; but I leave it to the cabinet ministers present as to whether they wish to make a prediction.

Senator Roblin: I wonder if I can ask the Minister of State for Economic Development, since he has been fingered so neatly, if he is prepared to make a prediction.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, many times, certainly in the life of this session, I have indicated the difficulty of trying to predict when someone is going to make up his mind. I think, however, there is a very serious matter of principle involved here. The honourable senators opposite ought at least to practise what they preach. They are now asking us to identify names, and so on. Two or three days ago, when Senator Murray came in here with stolen property, he would not even identify the source or the names. If you have any questions about who all these groups are, in fairness you should practise what you are asking us to do.

Senator Roblin: Honourable senators, if that base goes to Montreal it is going to be stolen property indeed.

DOCUMENTS TABLED

Hon. Hazen Argue (Minister of State for Canadian Wheat Board) tabled:

> Copies of letters from the Honourable Senator Argue, Minister of State (Canadian Wheat Board), to the Honourable James Downey, the Honourable Gordon MacMurchy and the Honourable Hugh Planche, respecting the Port of Churchill, being a reply to Senator Guay's question of November 9, 1981 (English text).

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

THE SENATE

Tuesday, November 17, 1981

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

Prayers.

DISTINGUISHED VISITORS IN GALLERY

HONOURABLE LEGH DAVIS, M.L.C., AND MRS. DAVIS OF SOUTH AUSTRALIA

The Hon. the Speaker: Honourable senators, before we proceed I should like to call your attention to the presence in the gallery of the Honourable Legh Davis, M.L.C., and Mrs. Davis, of South Australia, who are making their first visit to Canada. On behalf of all honourable senators I wish Mr. and Mrs. Davis a pleasant stay in Canada.

Hon. Senators: Hear, hear.

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate with a change in the list of members appointed to serve on the Special Joint Committee on Official Languages.

(*For text of message, see today's* Minutes of the Proceedings of the Senate.)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Budget papers, dated November 12, 1981, being Notices of Ways and Means Motions (1) to amend the *Income Tax Act (1)*, (2) to amend the Income Tax Application Rules, 1971, (3) to amend the *Petroleum and Gas Revenue Tax Act*, (4) to amend the *Income Tax Act (2)*, (5) to amend the *Excise Tax Act (1)*, (6) to amend the *Excise Act (2)*, (7) to amend the Customs Tariff, together with supplementary information on the Budget; and related documents issued by the Minister of Finance, as follows:

"The Current Economic Situation and Prospects for the Canadian Economy in the Short and Medium Term";

"Fiscal Arrangements in the Eighties—Proposals of the Government of Canada";

"Analysis of Federal Tax Expenditures for Individuals"; and

"Economic Development for Canada in the 1980s".

Report of the Committee on Wage Protection in matters of Bankruptcy and Insolvency, dated October 1981.

Supplementary Estimates (C) for the fiscal year ending March 31, 1982.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

NINTH REPORT OF STANDING JOINT COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. John M. Godfrey: Honourable senators, I have the honour to present the ninth report of the Standing Joint Committee on Regulations and other Statutory Instruments. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings* of the Senate of this day and form part of the permanent records of this house.

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

Hon. Senators: Agreed.

(*For text of report see appendix, p. 3020.*)

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

Senator Godfrey: Honourable senators, I move that this report be taken into consideration on Wednesday, November 25, 1981.

Motion agreed to.

[*Translation*]

THE ESTIMATES

SUPPLEMENTARY ESTIMATES (C) REFERRED TO NATIONAL FINANCE COMMITTEE

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

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the supplementary estimates (C) laid before Parliament for the fiscal year ending March 31, 1982.

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

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

THE CONSTITUTION

AGREEMENT BETWEEN GOVERNMENT OF CANADA AND NINE PROVINCIAL GOVERNMENTS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, we have heard all day that the text of the resolution implementing the agreement concluded on November 5 of this year between the federal government and nine of the ten provinces is to be tabled by the government in the other place.

Am I to understand that the document is not ready, since the Leader of the Government has not tabled it and apparently it has not been tabled in the other place either?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have to report that the text is yet to be brought to its ultimate state of perfection. It is expected that tomorrow it may be possible to present that motion in the other place, and, of course, similar action would be taken as quickly as possible in this chamber.

Senator Flynn: I suggest that if it has to be brought here in a state of perfection, then we will not get it tomorrow, nor for some time.

Hon. Royce Frith (Deputy Leader of the Government): Perfection usually takes a day or two.

Senator Perrault: It takes Liberals only a day or two.

Senator Flynn: Probably the concept of perfection is not the same on the government side as on this side. I should like to know if one of the causes of the delay in reaching perfection is the intention of the government to study the exact proposals put forward today by the Quebec government and tabled in the National Assembly.

Senator Perrault: Honourable senators, every effort is being made to accommodate a number of alleged problems which have been brought to the attention of the government concerning the constitutional proposals. Some work is being done in that and other directions, and hopefully some action can be initiated in Parliament tomorrow afternoon.

Senator Flynn: When the government leader refers to matters other than Quebec's objections, is he referring to the status of women and the question of aboriginal rights?

Senator Perrault: I can say that many Canadians of all parties would like to see enshrined, in any constitutional package, the rights of women.

Hon. Martial Asselin: What about you?

Senator Perrault: I am glad to say that efforts are being made in that direction. Senator Austin reported quite fully on the government's intentions with respect to native and aboriginal rights and the effort to achieve some sort of consensus with respect to that important matter.

Senator Flynn: Are we to understand that it is the responsibility of Senator Austin—the minister in charge of so many things that I cannot enumerate them at this time—to draft an amendment to the resolution respecting aboriginal rights?

Hon. Jack Austin (Minister of State): That is not my responsibility, honourable senators, but I hope I have a voice in the matter.

Senator Flynn: I am quite sure the minister's statement will be welcomed by the Indian people.

THE BUDGET

INCOME TAX ACT—RENTAL ACCOMMODATION—NON-DEDUCTIBILITY OF SOFT COSTS

Hon. R. James Balfour: Honourable senators, I wish to address a question to the Minister of State for Economic Development. Would the minister enlighten the Senate—and through the Senate, the country—regarding the change of direction, which I understand was announced this afternoon in the other place, with respect to the budget proposal concerning the non-deductibility of soft costs for rental accommodation?

An Hon. Senator: He's never heard of it!

● (2010)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators may not understand this, except some of those who have been in the cabinet from time to time, but I was in a committee meeting from 3.30 to 7 o'clock this evening, and I will have to take notice of that question and bring the details later. Perhaps if such an announcement was made this afternoon, we can get the details before Question Period ends; but, in the event that I cannot get them that quickly, I will bring them tomorrow.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, by way of providing additional information, an adjustment has been made with respect to the effective date.

Hon. Lowell Murray: Flip flop!

Senator Perrault: The government has demonstrated consistently its capacity to change, alter and amend, in the public interest, where that public interest is clearly identified, and we make no excuses for that.

Senator Murray: Honourable senators, may I ask a question of either the Leader of the Government in the Senate, or the Minister of State for Economic Development, who, of course, was at a committee meeting all afternoon, and therefore seeks to absolve himself of cabinet solidarity.

Oh, I see he now has a telegram from the Minister of Finance.

Senator Olson: Yes, I will read it to you now.

Hon. Jacques Flynn (Leader of the Opposition): Well done!

Senator Olson: This is the text of the statement by the Minister of Finance and Deputy Prime Minister dated today. It is as follows—

Hon. Martial Asselin: May we have a copy?

Senator Olson: It will take us about two minutes more to obtain copies, but that can be arranged too.

If you listen carefully you will get the gist of this, and then for the finer details I will undertake to see that you get a copy before this sitting ends.

The text is as follows:

> I have received a number of representations from the building industry concerning the provisions in the budget relating to multiple-unit residential buildings (MURBs) and other commercial real estate projects currently under development.
>
> Particular concern has been expressed with respect to the effective date of the proposal in paragraph 15 of the Income Tax Motion which deals with the deductibility of the so-called soft costs. I believe that the effective date of this change should be modified to overcome a number of difficulties that have been drawn to my attention. I will therefore propose in the implementing legislation that a deduction be provided for costs incurred after November 12, 1981 relating to any building provided that the installation of footings or any other base support of the building is commenced before the end of this year and that the construction of the building proceeds without undue delay.
>
> The effect of this change will be that the measure proposed in paragraph 15 of the Ways and Means Motion will apply only with respect to those buildings where the installation of footings or other base support commences after 1981.

Senator Asselin: Once again you back up.

Senator Olson: I think that is a responsible answer to the problem, and the speed with which it was delivered is partly due to Senator Austin's diligence in having answers for senators when they ask for them.

Senator Flynn: Are you sure you understood what you read?

Senator Murray: The Minister of State for Economic Development is now applauding his own statement, honourable senators, or the statement of the Minister of Finance handed to him by his colleague, and I want to say, first of all, that it is a devastating commentary on the role of the Minister of State for Economic Development in this government that such a decision was taken and announced by his colleague the Minister of Finance in the other place without his even knowing of it.

Senator Olson: I disagree with your assertion. Besides, you are supposed to be asking questions; not making statements.

Senator Murray: Very well. We will test the knowledge of the minister in these matters. Let me ask the Minister of State for Economic Development when the other shoe is going to drop. In particular, will he inform the Senate whether the government is now considering—or, rather, whether the Minister of Finance is considering—swallowing the measure pertaining to deductibility of interest paid on loans for investment purposes. This is a proposal that is having a devastating effect, as he knows, on the stock market, and which tends to be counterproductive in view of the professed policy of the government of increasing the Canadian content of industry.

● (2015)

Senator Olson: Honourable senators, I think several answers can be given to that question. First of all, it is not a question of the other shoe falling. If there had been representations made to the Minister of Finance—I should not say "if" because I know there have been some—

Senator Balfour: A simple yes or no!

Senator Olson: If those representations parallel what is outlined in the adjustments the Minister of Finance has made with regard to MURBs, for certain things that are already under way, it may be that he is going to make some changes. He has not, however, announced that at this point in time. My honourable friend knows very well what my attitude is towards making announcements for and on behalf of other ministers.

Senator Murray: I am interested to have that encouraging word from the Minister of State for Economic Development. Are we therefore to conclude that the budgetary policy placed before the other house—

Senator Balfour: It's a shambles!

Senator Murray: —and which the other house is being asked to approve in general, is simply a document for the purposes of negotiation?

Senator Olson: No, my honourable friend cannot make that assumption.

ECONOMIC DEVELOPMENT—REDUCTION IN EXPENDITURES

Hon. Lowell Murray: May I then ask the Minister of State for Economic Development why it is that the Minister of Finance announced that some $400 million less will be spent this year on economic development than had been projected in his 1980 budget?

Hon. H. A. Olson (Minister of State for Economic Development): That statement, too, is untrue.

Hon. Jacques Flynn (Leader of the Opposition): How do you know?

Senator Olson: I know because I know what the fiscal stance is.

Hon. Raymond J. Perrault (Leader of the Government): You simply have not read the budget.

Senator Murray: I put it to the honourable minister that in the 1980 budget document, the economic development envelope for 1981-82 was to have amounted to—

Hon. G. I. Smith: Four hundred million more.

Senator Murray: Yes.

Senator Olson: I will bring you a statement.

Senator Murray: If the honourable minister wants to bring in a statement, he can do so, but I tell him that statistics

indicate that the amount to be spent this year on economic development is some $400 million less than had been projected in the last budget. What concerns me is that last year when the Minister of State for Economic Development was being challenged to substantiate his claim that the economic development envelope had been increased by over 20 per cent, and we on this side claimed that virtually all of that increase could be accounted for by the Western Development Fund, the Minister of State for Economic Development told us that the Western Development Fund was not part of the money committed to the economic development envelope, but was, rather, apart from it.

Senator Olson: Honourable senators, I think I had better bring in a complete compilation of what was put in the budget last year, what was in fact spent, and what is projected for the fiscal year 1982-83. I think it would be helpful, because it would completely devastate the validity of the calculations made by the Honourable Senator Murray.

Senator Perrault: You will have to keep it in very simple form.

THE ECONOMY

UNEMPLOYMENT RATE

Hon. C. William Doody: Honourable senators, I have a question for the honourable senator responsible for the state of the economy—or, rather, the honourable minister of state responsible for the economy.

Over the past few weeks I have been asking the minister what plans the government has to deal with Canada's increasingly desperate unemployment problem. The last time I asked, I was given a little lecture and was told, in effect, that I should wait the three days necessary for the bringing down of the budget, that on budget day all things would be brought forth into light.

I wonder if the minister can tell me exactly what plans there are in the budget—because I have examined the document in some detail—to alleviate the problems of those hundreds of thousands of Canadians who have nothing to look forward to in terms of employment during the coming months. I am particularly concerned with how this issue relates to those people on the east coast who have been affected by the rather dramatic downturn in the fishing industry and who are really at desperate ends to try to make a living during the coming months.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there are a number of answers that can be given to that question.

Hon. Jacques Flynn (Leader of the Opposition): Again?

● (2020)

Senator Olson: One answer is that the main thrust of the budget, as my honourable friend knows, was to reduce the federal deficit, and to the extent that that influences the interest rate—and we believe that it can have a significant influence on the interest rate—we believe a very large number of economic development programs will go ahead as a result of a reduction in the interest rate. Therefore, there was no apology for that, because that is what needs to be done.

In addition to that, of course, there is funding provided through the Community Employment Program and through the Special Industry and Labour Adjustment Program. As I recall, some $500 million will be available to these programs in the field of job creation.

The reason I say there is more is that, of course, we have been concerned about the downturn in the marketability of some of the fish—and, consequently, of the whole fish catching and processing industry—that has occurred in the last three or four weeks, or perhaps a little longer. Informally, I was informed a little earlier today that there have been rather significant sales of frozen cod blocks out of storage, and that, indeed, the amount of inventory which has been overhanging the market is moving rapidly at the present time.

Hon. Jack Marshall: That's a lot of baloney. It's not fish; it's baloney.

Senator Doody: The Honourable Leader of the Government in the Senate has just made the comment that this is a lot of baloney—

Hon. Raymond J. Perrault (Leader of the Government): I did not.

Senator Marshall: I did.

Senator Perrault: It was Senator Marshall who said that.

Senator Doody: Well, it was a red herring I think the honourable gentleman was dragging. He is probably more familiar with red herring than he is with baloney.

Senator Perrault: We are talking about selling cod blocks and you are dragging in red herrings.

Senator Doody: That's right. That's going to be very encouraging news to the thousands and thousands of fish plant workers who are out of jobs in the province of Newfoundland and on the east coast of Canada, the trawler fishermen and the inshore fishermen who have nothing to look forward to this winter but a smart-alecky remark to the effect that this is just another red herring. It is not a red herring. It is a really desperate situation. I have never seen things so economically down as they are today in that province, and I am very surprised at that comment, and a little discouraged.

Nevertheless, since we don't know all that much about the east coast, perhaps the honourable senator responsible for economic development can tell us what he intends to do now about the 18,000-plus layoffs that have been announced by central Canadian manufacturing industries. How does the honourable gentleman propose that the province deal with that particular problem? I am not referring to some time in the future, dealing with statistics and indicators. What are these people who are out of work to look forward to in the coming months?

Senator Olson: Honourable senators, in the preamble to his question the honourable senator attempted to attribute certain facetious remarks to members on this side of the house. I suggest he take that back and look at some of the members right around him and attribute the remarks to where they belong and where they originated.

An Hon. Senator: Newfoundland!

Senator Olson: That needs to be said, because that kind of comment is unfair. I know my honourable friend thinks he can make good use of the printed record of this house, but he really ought to get it straight.

Some Hon. Senators: Hear, hear.

Senator Olson: So far as the question is concerned, several actions are being taken. I announced some just a few minutes ago. In addition to them, it is our opinion that the main thrust of the budget, which has the purpose of lowering interest rates to the whole of the private sector, will in fact do as much as, and perhaps more than, any of the direct government programs in finding jobs in the numbers my honourable friend referred to.

Senator Doody: I have just one supplementary. Is the honourable minister telling us that the budget, or the so-called budget, has lowered interest rates? Is that what we are being told here this evening?

Senator Olson: We have been advised by honourable members opposite on a number of occasions that the way to lower interest rates is to pull the federal government out of the money markets to some extent by lowering the deficit and thereby lowering our requirements for cash in those markets. Honourable members opposite have been telling us for months that that in fact would have a significant influence on interest rates. So I do not think there can be much validity to the criticism by honourable senators opposite, when we have taken their advice.

• (2025)

Senator Flynn: You never take our advice.

ECONOMIC DEVELOPMENT

GOVERNMENT ADVERTISING

Hon. Orville H. Phillips: Honourable senators, I have a question for the minister of state responsible for the poor state of the economy.

Hon. Raymond J. Perrault (Leader of the Government): Shame!

Hon. Duff Roblin (Deputy Leader of the Opposition): What is shameful about that statement? It is true.

Senator Phillips: On Thursday, November 12, prior to the "dire straits" budget, the Canadian public was subjected to a propaganda blast of alleged achievements or imaginary improvements as a result of economic development in Canada. If there was one iota of truth in that advertisement—

Senator Perrault: The honourable senator is making a speech.

Senator Phillips: —which was placed by the Cabinet Committee on Economic Development, why did the Minister of Finance call for economic renewal in his budget?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, if I may, I would like to correct one thing, and that is that there was not one iota of untruth in that advertisement.

Some Hon. Senators: Oh, oh.

Senator Olson: The information contained in that advertisement was very carefully checked and it was all retrospective of the decisions which have been made by the Cabinet Committee on Economic Development during the past 18 months.

Hon. G. I. Smith: How much did it cost?

Senator Olson: There is no question about whether or not it is true; it is absolutely true.

Senator Smith: That is what you say.

Senator Olson: Well, I am the person who has the responsibility for checking out such matters—

Senator Smith: At last, we know.

Senator Olson: —for their accuracy.

Hon. Martial Asselin: For once, the honourable senator has a job.

Hon. Royce Frith (Deputy Leader of the Government): It must have been a really good budget or they would not be so rancorous.

Senator Olson: Honourable senators opposite have distracted me and I have forgotten the second part of the honourable senator's question.

Senator Phillips: Honourable senators, I am not so sure that the honourable senator understood the second part of my question, but I will be happy to repeat it for him. Would he explain to the chamber why the Minister of Finance felt it necessary to call for economic renewal in Canada—

Senator Perrault: Are you against that?

Senator Phillips: —particularly in view of the fact that we have such a distinguished minister responsible for economic development?

Senator Olson: Now I understand the question. I would like to reply by informing my honourable friend, in case he has not noticed, that the economic development potential for Canada is greater now than it has ever been.

Hon. C. William Doody: Provided there is a change in government.

Senator Olson: It is part of the government's job to put together an economic strategy—

Hon. Jack Marshall: Shame!

Senator Olson: —based on a number of considerations, which include such things as: resolving the critical skills shortage, which the Minister of Employment and Immigration is working on; keeping abreast of high technology development, which the Minister of State for Science and Technology is working on; and responding through industrial adjustments to the enormous potential opportunities, which the Minister of Industry, Trade and Commerce is working on. It seems to me that while it may not be necessary for the honourable gentleman opposite, it is necessary for the Canadian public at large to see in one document evidence of the very close attention this government intends to give to correlating all those matters.

Senator Phillips: Honourable senators, I have a supplementary question, but before I direct it to the honourable Minister of State for Economic Development, may I thank him for explaining to the chamber, in a roundabout way, the fact that the Minister of Finance did not see the advertisement before he called for economic renewal. I have always appreciated the fact that the honourable minister could see both sides of a question.

An Hon. Senator: And explain both sides, too.

Hon. Jacques Flynn (Leader of the Opposition): More than that.

Senator Phillips: Yes, and he can explain both sides, too. I wonder if the honourable minister would consider running—

Senator Marshall: —as an M.P.

Senator Phillips: —running an ad—again at the taxpayers' expense—further elaborating on the achievements of this government. The advertisement could make mention of the fact that this government has achieved record high interest rates and record high levels of unemployment. It could also refer to the increase in foreclosures on mortgages and the increased number of bankruptcies in both farms and businesses. It might also explain the increased cost of living and numerous other things. In particular, would the minister consider referring to the fact that these alleged achievements were accomplished by a 43 per cent increase in tax revenues?

● (2030)

Senator Olson: Honourable senators, it would be very difficult for the government to run that kind of advertisement, because of its determination to print only the facts.

Senator Flynn: In that event, it would be a blank page.

Senator Perrault: It would be misrepresentation.

Senator Phillips: Since the honourable minister is having a difficult time distinguishing the truth this evening, would he consider applying my suggestion to the running of an advertisement concerning the budget? The advertisement would state that the budget forecasts continued high interest rates, continued unemployment and continued inflation. If the minister cannot agree with that, then he must claim that no facts are contained in the budget.

Senator Olson: Honourable senators, I understand the facetious nature of this kind of questioning but, if I may be serious for a moment—

[Senator Marshall.]

Senator Flynn: Yes.

Some Hon. Senators: Hear, hear.

Senator Flynn: It's about time.

Senator Olson: The advertisement to which the honourable senator referred was run after some 218 decisions had been made by the Economic Development Committee.

Senator Asselin: Name them.

Senator Olson: I have always maintained the position that the people of this country have the right to know what government is doing, and that is in keeping with our action.

Senator Smith: At whose expense?

Hon. Heath Macquarrie: Honourable senators, until I heard that answer from Senator Olson about the government being incapable of printing anything but the facts, I never knew that he could be so humorous, and I would like him to know that he is.

FOREIGN AFFAIRS

SYRIA—PROPOSED DIPLOMATIC MISSION IN DAMASCUS

Hon. Heath Macquarrie: Honourable senators, since I am a kindly, benevolent person, I am not going to ask a question on the budget. I am sure many of my friends will have further questions on that topic.

My question is for the Leader of the Government in the Senate and it concerns external affairs. It is prompted by the recent visit of His Majesty King Hussein of Jordan whose visit to this country, in my judgment, was not terribly well handled by the Department of External Affairs. Since I am one who loves to find something positive, I must say that I am very happy that the government has finally listened to my plea of the last five years that this country open a mission in Amman. I congratulate it on that.

However, since one good turn deserves another, is there any disposition to move towards the opening of a mission in Damascus in keeping with my other concurrent and consistent suggestion that this country cannot understand the Middle East without an entrée to all the states in that area? This would allow for an expansion of our foreign service. Since the second language in Damascus is French, it would be a fine opportunity for the wonderful people in the Department of External Affairs whose first language is French.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

THE BUDGET

EFFECT OF PROVISIONS ON WAGE-EARNERS

Hon. Edward M. Lawson: Honourable senators, I should like to direct two or three questions to the Minister of State for Economic Development. Is the Minister of Finance aware that he has missed his target with this budget, which was to soak the rich and help the poor? Is he aware that many thousands

of workers across the country are interpreting this as a "get the workers" budget?

Is the Minister of Finance aware that, in the greater Vancouver area, as of six o'clock last night, the construction of 7,500 rental units was cancelled? This amounts to almost $1 billion worth of construction work. Is he aware also that about 2,000 workers were laid off?

An Hon. Senator: Massey-Ferguson.

Senator Lawson: I understand that the minister has had a momentary return to economic sanity and has made some adjustment to continue MURBs until the end of the year, and that that may have happened in time to save some of those projects. Is the Minister of Finance aware that it costs $1,000 to $1,200 a month to rent a two-bedroom apartment in the greater Vancouver area and that, if the program does not continue, people will be faced with rents as high as $1,500 to $1,600 a month?

Does the Minister of Finance understand the devastating effect that the proposed budget will have on forestry and construction workers who are forced to keep two homes in order to earn the kind of wealth which keeps this country going and that with tax benefits being cut off they will be unable to earn enough to pay high mortgages resulting from high interest rates? Is the minister further aware of the additional conflict which will be created as a result of this budget because workers will have to look to their employers for additional benefits, and that this will create further conflict?

When the minister said that the budget was aiming at those rich people who could afford to invest, did he realize that he was not only aiming at doctors, lawyers and accountants, but at truck drivers, electricians, plumbers, labourers and all kinds of ordinary Canadians who are also investing?

Finally, I wonder if the Minister of Finance is aware that, by cancelling the write-offs on the interest on investment unless the investment is in an established company with dividend returns, this is being interpreted in the west as a "get the west" budget.

An Hon. Senator: Of course it is.

Senator Lawson: Is the minister aware that the feeling is that the primary sufferers of the damage of this direction are westerners who will be forced to invest in established companies in the east and discouraged from investing in Alberta or British Columbia, where 90 per cent of the stock market is in junior resource companies that create new wealth and new jobs? Is the minister aware of the very serious damage and the irreparable harm that will be done to the country as a whole as a result of this budget?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I cannot answer directly whether the Minister of Finance is aware of all the assertions made by Senator Lawson. However, I will see that he receives a copy of those assertions as soon as they are available.

Hon. Lowell Murray: Is he aware of the implications of his policy?

Senator Olson: I think it is fair to say, whether or not we accept the tone of those assertions, that the minister has received representations respecting MURBs, and he announced an adjustment earlier today.

THE ECONOMY

PROSPECT OF RECESSION

Hon. Lowell Murray: Honourable senators, I should like to pursue with the Minister of State for Economic Development the question of whether it is the diagnosis of the government that we are in, or are heading into, a serious economic recession in this country.

In October, Statistics Canada warned that:

> Signs that a slowdown in economic activity will extend over the second half of 1981 proliferated in July as the Canadian Composite Leading Indicator fell for the second consecutive month, and the weakness that characterized several components in June broadened and intensified in July. In July, seven of the 10 components fell. Indicators of consumer spending declined and large losses in the residential-construction index underlined the depressed outlook for housing. Prospects for exports weakened further.

Six days before the budget, Statistics Canada said:

> —market slowdown in activity could develop into a recession during the coming months. The sharp decline in indicators of economic activity has already led firms to cut production, and layoffs have become widespread.

I am sure that the minister will have taken note of the statement made by the respected investment house of Pitfield Mackay Ross Limited, as follows:

> —Minister MacEachen's budget represents an economic blunder of heroic proportions; a fiscal and financial disaster . . . The economy is already well launched on what promises to be the worst Canadian recession since the 1930s. This is no time to flatten the economy and torpedo the capital market.

I would ask the minister whether it is the diagnosis of the Minister of Finance and the government that we are, in fact, in a serious recession or are heading into a serious recession and, if so, how he justifies the policies that were introduced by the Minister of Finance the other night.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, it is no problem to justify the policies introduced the other day. Of course, it is perfectly normal for the opposition, in unison, to criticize the budget no matter what it contains.

• (2040)

It is not unusual for some investment houses and others who feel adversely affected by the budget to criticize it and, in some cases, to use some extreme language. I do not know whether it was that particular investment house or some other, but I know—

Hon. G. I. Smith: When are you going to answer the question?

Senator Olson: —that there was a general admonition, if that is the right word, by investment houses generally to the government prior to the introduction of the budget. One of the most difficult matters facing the economy was the high interest rates, and it follows from that that one of the causes of, if that is the right word, or one of those things contributing to, high interest rates was the size of the federal government's deficit. Therefore, the Minister of Finance took responsible action in lowering those cash requirements rather substantially.

Senator Smith: When are you going to answer the question?

Senator Olson: What is more, in the longer term, the government is of the view that it can probably give more medium- and long-term benefit to the economy of this country and, indeed, to people's job security by attacking the question directly, such as it has done in the budget.

Senator Murray: May I ask the Minister of State for Economic Development very simply whether Canada is in an economic recession?

Senator Olson: The honourable senator is now really asking me to do his homework for him. He can read the minister's speech.

Hon. Jacques Flynn (Leader of the Opposition): You are pushing it.

Senator Olson: All of those projections are outlined clearly in that speech, but if he does not have the time to read it and would like me to bring it to this house and read it to him directly, I can do that.

Senator Smith: Just answer the question.

Senator Flynn: Say yes or no.

Senator Murray: May I ask the Minister of State for Economic Development what the government's definition of a recession is?

Senator Olson: The Minister of Finance did not define that word. You can look it up in the dictionary.

Senator Flynn: Oh, oh.

Senator Murray: Is that the government's policy—Webster's Dictionary?

Senator Olson: No, the government's policy, as I tried to say a few moments ago—and I am rather surprised that the honourable gentleman cannot get this through his head, but all he has to do is read the minister's speech. I know that he has probably done so more than once already, but if he does that he will see that the minister lays out carefully the projections that have been made by him as they relate to all the indicators he has identified.

Hon. Duff Roblin (Deputy Leader of the Opposition): I wonder if my honourable friend is serious about the suggestion that we should read the minister's speech, because if one tried to reconcile what the minister said in his speech—if you would just listen to the rest of my comments you would have something to make your comments on.

Hon. Royce Frith (Deputy Leader of the Government): Is it a question or a comment?

Senator Roblin: It is a question.

How does the minister reconcile the figures given by the Minister of Finance in his speech with the actual rate of unemployment in this country, the forecast on which his prognosis for the next few years is based? How does the minister reconcile the figure for inflation contained in the speech given by the Minister of Finance with the facts issued by Statistics Canada? How can the minister ask us to pay attention to that speech when the very economic forecasts on which it is based are related to figures which we know from experience, and from information given to us by Statistics Canada, are wrong? He has underestimated unemployment; he has underestimated the rate of inflation in this country; and he has done that in a document like a budget speech. Bearing that in mind, what possible credence could we give to his forecasts for the future, and how does my honourable friend reconcile those figures?

Senator Olson: Honourable senators, I will stand and respect and defend my honourable friend's right to disagree with what is contained in the budget and what prognostications there are in it, but I can tell him emphatically that I would rather rely on what is contained in the budget speech and the projections contained therein than on the so-called off-the-cuff projections he has just made.

Senator Roblin: I did not make any off-the-cuff projections. I am not making any projections. My honourable friend knows that I am not making any projections.

An Hon. Senator: Shame.

Senator Roblin: I am asking my honourable friend to deal with the facts, and the facts on unemployment and inflation are not an invention of mine. They were given to this country by Statistics Canada. The figures contained in the budget do not match those.

Senator Olson: I asked my honourable friend—

Senator Roblin: Just a minute. I intend to continue with what I have to say regardless of what other senators may suggest.

We hear this business about bringing down pressure on the public markets in respect of government financing and what the government is going to do about interest rates in that respect. How interesting! Would my honourable friend reconcile that point of view with the excuses he has been feeding us for God knows how long to the effect that interest rates are beyond the control of the Government of Canada? Has he been telling us that interest rates come from the effects of financial policy in the United States? Of course he has, and so have all the apologists on behalf of the government. Now they are saying, "Look at us. We are going to bring down the interest rates all by ourselves." Well, I hope that they can do

it, but I suggest to my honourable friend that the pressure in the marketplace and the size of the government's borrowing program may have something to do with the Canada Savings Bond issue which we have recently heard about. What was the rate of interest applied to that? It was 19.5 per cent. What person in a responsible position in this country could have decided, in the conditions of the moment, that that 19.5 per cent was fair? Now we know why the cost of supporting the public debt is going the way it is.

I suggest to my honourable friend that he has already had his fingers in the cookie jar. We know he has already had his fingers into the financial capacity of this country by the tremendous amounts of money that were sucked into the government purse by means of that 19.5 per cent. Now he comes around and says, "Look, it is only going to be $6 billion and something for the rest of the current year."

You have had it, and you are going to get some more and you will find that your efforts to bring down interest rates will be a little more difficult than you expect.

Senator Olson: Honourable senators, what the honourable Senator Roblin has tried to do is make a great fuss about some diversionary things. Let us just go back to where he started for a minute. He says that the Minister of Finance's projections are wrong because, in his opinion, they do not square with his calculations from Statistics Canada. I just do not accept that. If he wants to come along with some well-thought-out projections based on Statistics Canada indicators at any given time, then let him do so, but he should not try to degrade the projections that were made by the Minister of Finance in his budget speech of last Thursday evening.

Senator Smith: Why not?

Senator Olson: Because those were based on figures that were available at the time and, indeed, on what happened. I suggest that they are far more reliable. None of them are always reliable because the economy can change.

In the second part of his question he claims that I said that the interest rates in this country are beyond the control of the federal government. I have said over and over again that, as long as we want to be in an open market—if that is the right word—in trade, and particularly in the movement of capital, we are, to a large extent, dependent on what happens in the international market.

We have heard this kind of complaint over and over again from members on the opposite side. When you ask them what they want us to do about it, they never have the guts to tell us to impose international monetary exchange controls. No, they do not say that, but they want to blame the government, and I have said that, as long as we have this open economy, we will be subject to the influence of the international marketplace, but we as a country have to make a contribution.

Senator Smith: So we have high interest rates.

Senator Olson: The contribution we have announced in the budget is that we lower the federal government's deficit and reduce its requirement from the market to the extent that we have an influence on that market. We are prepared to do that because we think, over the long term, that that is the most effective action that can be taken.

Senator Roblin: Honourable senators, I noticed that my honourable friend has scrupulously refrained from denying that the figures given by Statistics Canada paint an entirely different picture of the state of the economy of this nation than those given by the Minister of Finance.

Senator Olson: I deny your calculations as having no validity.

Senator Roblin: That is a simple thing to do because I have not made any calculations.

Senator Olson: You just told me that the Minister of Finance is wrong.

Senator Roblin: I simply stated that if you start on the wrong basis you will get the wrong answer. I suggested to my honourable friend that we are starting from the wrong basis because the figures in the budget speech are not the same as the figures supplied by Statistics Canada. He does not contradict that and probably agrees that they are different. If so, I certainly think it indicates that we may be operating on an entirely false assumption as to what the economic forecasts of this country are going to be. I say to my honourable friend that he will find, unless he has an opportunity to convert Governor Bouey of the Bank of Canada, that he will talk about interest rates in terms of the Canadian dollar, and that that is going to be related directly to what is going on in the United States. An argument that some of us have been making is that this regard for the value of the Canadian dollar and its effect on interest rates—which I believe is the fundamental case of the interest rate policy we have, namely, the policy of the Bank of Canada supported by the government—is the biggest single question we have to resolve, whether or not that system provides more advantages than disadvantages.

● (2050)

The Leader of the Government asks what the opposition is going to do. I do not know what the opposition is going to do, but I know some of the thoughts I have put forward in a committee of the Senate and in other places, which is that the policy of the Bank of Canada with respect to interest rates, whatever its justification might have been in the beginning, is certainly past the point of diminishing returns; and it seems to me that that is where you are going to have to do something if you are going to get anything done on interest rates.

Senator Olson: Is the honourable senator recommending that the minister of influence take a more direct hand in what the Bank of Canada is doing?

Senator Roblin: I don't know who the "minister of influence" is—

The Hon. the Speaker: Order! Would the Deputy Leader of the Opposition please try to confine himself to matters coming within the definition of Question Period?

Hon. Jack Marshall: Honourable senators, in my 14 years in this chamber I have never heard of a "minister of influence." Who is he?

Senator Roblin: My honourable friend asked me a question, and perhaps I owe him the courtesy of an answer. I agree with my honourable colleague in that I do not know who the "minister of influence" is.

Senator Olson: I said "take a more direct hand in".

Senator Roblin: The minister said "minister of influence". I do not know what my honourable friend thinks about it, but I know that the Statutes of Canada provide that the ultimate responsibility does rest with the government and not with the Governor of the Bank of Canada—

Some Hon. Senators: Hear, hear.

Senator Roblin: —and that question has to be faced. If the government wishes to support the governor of the bank, that is a perfectly legitimate position for it to take; but regarding taking a stand, as I assume my honourable friend intended me to do, as to whether or not the government should exercise its discretion in dealing with the governor of the bank, I say it is the government constitutional responsibility to do so. If the government does not do anything about it, it can only be assumed that it approves of it.

An Hon. Senator: Answer the question.

Senator Roblin: I have answered the question he was silly enough to ask me.

THE SENATE

DIFFICULTY IN OBTAINING INFORMATION FROM GOVERNMENT DEPARTMENTS

Hon. Jack Marshall: Honourable senators, apart from the fact that we are unable to get any answers here from the senators in the cabinet, I am concerned also about the difficulty senators have in trying to resolve everyday concerns. When a phone call is made to a certain department on November 2 and someone promises to return the call, and by November 17 no return call is received, one can only wonder what is our purpose is here.

An Hon. Senator: Question!

Senator Marshall: My question is: In one case, the Minister of Employment and Immigration indicated that an effort would be made to reunite families from foreign countries. It is obvious that such is not happening. I can give the Leader of the Government many instances where there has been complete ignorance of the thrust put forth by honourable senators to various government departments, where senators have been completely ignored. We do not get return phone calls, and apart from the issues of unemployment and the faltering Canadian economy, there are day-to-day problems affecting Canadians that we are trying to solve. It is utterly ridiculous that executive assistants and clerks will not return phone calls from senators who are shouldering their responsibility in trying to protect the rights of Canadians.

Would the Leader of the Government get a member of his staff to contact my office to find out about some of those problems, before something drastic happens across the country and particularly within the confines of this chamber?

[Senator Marshall.]

Hon. Raymond J. Perrault (Leader of the Government): The Honourable Senator Marshall will, I am sure, be the first to admit that every effort is being made, and has been made in the past, to obtain answers to questions which he has posed in the Senate. I had not been made aware, until this time, of any question of urgency which had not been answered since November 2. If the honourable senator feels that the question is of such urgency, he should simply pick up the telephone and call my office. He will then be provided with the best possible service.

Senator Marshall: I am not referring to any question I have asked here; but I had what I thought was a serious problem concerning the minister responsible for fitness and amateur sport. I called the director on November 2 and was promised a return phone call. Two days ago I called his office and asked whether they had a record of my original phone call. They replied "Yes, on November 2" but I have still not received a call from the director. It is an absolutely ridiculous situation.

I should tell the Leader of the Government that there is information that is sent to all members of Parliament—the Minister of State for Economic Development would call himself a member of Parliament—but which we, as senators, do not receive. I can give the minister proof in a letter that was sent to me, which says: "Of course, you know that senators do not get the same information as do members of Parliament." It is time the Leader of the Government looked into this matter.

I do not wish to stand here every day to ask questions to which I never receive answers. When I call a department I would like to be recognized for the service I have given to this country over the years, and I should get an answer from any nincompoop who pretends he is at the top level and thinks he does not have to return a senator's phone call. Such a person had better watch out.

Senator Perrault: I hope that the honourable senator will provide the details of the particular problem to which he has referred, and I will personally do everything possible to provide an answer for him, just as I have done in the past.

[*Translation*]

THE BUDGET

INCOME TAX ACT—CLOSING OF LOOPHOLES

Hon. Martial Asselin: Honourable senators, I have a question for the Leader of the Government.

When he brought down his budget speech, the Minister of Finance had the courage to tell Canadians: From now on, no more loopholes; we are going to get after the people who cheat on their income tax so that they won't be able to dodge their taxes any more.

After hearing this statement which sounded very brave, it was hoped the minister would at long last tell a few people where to get off. But if we take a close look at some of the loopholes referred to by the minister, we find they simply were tax laws passed by former ministers of finance, which the minister just repealed.

Since I have several questions about the loopholes mentioned by the Minister of Finance, could the minister, when

the Senate sits tomorrow, table in the Senate a list of such loopholes referred to by the minister, not provided under the government's tax legislation, so that we may find out whether we are dealing with new initiatives in this area or simply repealed or cancelled authorizations and/or rights granted to some Canadians pursuant to specific tax laws? Could the minister table tomorrow all the loopholes the Minister of Finance intends to close in order to prevent people from cheating the Department of National Revenue?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the budget papers were tabled this evening in the Senate, and they contain a wealth of information. It is apparent from the Question Period that not all members of the opposition have felt it important to read through the papers in order to determine exactly what the minister had to say.

An Hon. Senator: They were only tabled tonight.

Senator Perrault: May I offer a further suggestion? After a Question Period, which has been more like a budget debate than Question Period—

An Hon. Senator: Why not? Let's have some fun.

Senator Perrault: I am not criticizing that. I used to serve in the other place with the honourable senator, and I believe that a vigorous debate is an excellent thing in our parliamentary system. Perhaps we should have an inquiry on the state of the economy and the budget. If members of the opposition would like to initiate such an inquiry, it will not be resisted on this side.

Hon. Lowell Murray: As soon as we know what it is.

[*Translation*]

Hon. Fernand-E. Leblanc: Honourable senators, I have a supplementary concerning the budget and tax shelters.

I have before me the notice of ways and means motion tabled in the House of Commons on Thursday, November 12, which contains all the changes relating to tax shelters. My particular concern is with section 51 which reads as follows:

> That for the 1982 and subsequent taxation years, the provisions of section 80.4 of the Act relating to employee and certain other loans be modified
>
> (a) to apply not only to loans but also to other forms of indebtedness,
>
> (b) to withdraw the exclusion for amounts owing in respect of a purchase of shares.

My interpretation of this section, which continues with (c), (d) and so forth, is that in a company, an employee who subscribes to a program for the purchase of shares in the company will no longer be able to deduct the interest costs connected with this transaction. I wonder whether the Minister of Finance could not consider exempting companies where the program was already in existence on the date of the budget, that is on November 12? I feel this would be useful to large corporations and also to their employees who have already purchased shares and are proud to be shareholders in a Canadian company. Since we want to canadianize our industry, I feel that this is a very important section in that respect.

Senator Perrault: The question is taken as notice.

• (2100)

[*English*]

FISHERIES

CLOSURE OF FISH PROCESSING PLANTS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have one delayed answer in response to a question asked on October 14 by Senator Marshall. It would take me about four minutes to read this, though I would be happy to do so.

Hon. Jack Marshall: I would be satisfied to have it taken as read.

Senator Olson: I was going to ask that it be taken as read.

Hon. Senators: Agreed.

(*The answer follows:*)

> In response to the first question which concerned the problem of closures in fish processing plants I am informed that in September of this year the Department of Fisheries and Oceans adjusted the Atlantic Groundfish Management Plan. As a result more northern cod and Scotian Shelf pollock will be available to the offshore industry. In addition, at the request of the offshore industry, an early opening of the fall Scotian Shelf cod fishery has been announced by the Federal Government.
>
> We realize, however, that making more fish available to processing plants does not address the most critical facets of the problem. These being soft markets and high interest rates. The Department of Fisheries and Oceans is presently evaluating the situation. I will keep Honourable Senators informed of any new announcements in this regard.
>
> With regards to Senator Marshall's second question which concerned pollution on the continental shelf, I want to assure all Honourable Senators that although fish stocks are not in any immediate jeopardy, the presence of contaminant residues in marine fish is viewed with concern by the Federal Government.
>
> A number of studies and monitoring programs are being conducted by the Department of Fisheries and Oceans to determine the extent and consequences of this pollution.
>
> I would remind Honourable Senators that the Federal Government has introduced controls in the use of PCB and other persistent contaminants by amending the Environmental Contaminants Act. I am informed that preliminary evidence suggests that levels of PCB in surface waters of the Maritimes are declining as a result of these regulatory controls.
>
> In conclusion, I would like to assure the Honourable Senator that the Federal Government through the

Department of Fisheries and Oceans is very concerned that we maintain a high quality for our oceans' environment.

CANADIAN WHEAT BOARD

REVENUE GAINS AND LOSSES CAUSED BY FOREIGN EXCHANGE FLUCTUATIONS

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have a delayed answer to a question asked by Senator Roblin on June 11, 1981.

Hon. Lowell Murray: Shame!

Senator Argue: This concerns the payment of sterling in respect of sales of wheat to China. I can read the answer, if Senator Roblin wishes, or it can be taken as read.

Hon. Duff Roblin (Deputy Leader of the Opposition): I think I can describe the answer as "stale dated", and would ask my friend to include it in the proceedings of the house.

(*The answer follows:*)

During the period when the Board was receiving payment from China in sterling, their holdings of that currency were shown in their Annual Reports. They were valued in accordance with sound accounting principles at the conclusion of each pool account and certified by the auditors appointed by the Governor in Council to examine the Board's accounts.

In the closing months of their sterling contracts with China, there was considerable interest engendered in the net results of the Board's sterling experience during the period of dealings with the currency. In response to this, the Board analyzed the entire period and published in the April 1978 issue of *Grain Matters* the end result of more than 15 years of sterling transactions with China.

TRANSPORT

PORT OF CHURCHILL—VOLUME OF SHIPMENTS

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have an answer to a question asked by Senator Roblin, on November 9, 1981, as to whether or not studies have been made of the use of the port of Churchill.

The most recent study conducted by the Canada Grains Council, "Exporting Grain Through the Port of Churchill, A Capacity, Cost and Systems Analysis", was released May, 1981.

Following the release of the Hall Commission report in April 1977, the Grains Group undertook a consulting study on "Grain Assembly and Cleaning in the Yorkton Area", dated November 4, 1977. This study addressed the logistical problems associated with serving the Hudson Bay route.

The Canada Grains Council report, "Grain Shipping through Churchill", was released in 1976.

[Senator Olson.]

The Manitoba government's Department of Industry and Commerce released its report, "A Study of the Proposal to Create a Free Port Area at Churchill, Manitoba", in November 1973. The proposal was rejected by both levels of government. The Department of Finance's assessment, undertaken at the request of Mr. J. Gowan, M.L.A., is dated February 18, 1981.

The Dominion Marine Association and others have undertaken independent analyses of the prospects for the port of Churchill. However, the only commodity still moving through the port is grain.

Honourable senators, I have a number of studies here that I have collected. I shall be pleased to give them to Senator Roblin.

Hon. Duff Roblin (Deputy Leader of the Opposition): I must say I give my friend good marks on this one. I shall be happy to have the information.

Senator Argue: Accordingly, I hand Senator Roblin:

Copy of letter from Allan J. MacEachen, Minister of Finance, to Jay Cowan, M.L.A., Manitoba, dated February 18, 1981, respecting a reply to the brief entitled "The Port of Churchill—A Time for Action" (*English text*).

Document entitled "Exporting Grain Through the Port of Churchill: A Capacity, Cost and Systems Analysis", dated May 1981, prepared by the Canada Grains Council (*English text*).

Report prepared for Grains Group respecting grain assembly and cleaning in the Yorkton area, dated November 4, 1977, prepared by Bryden Development Consultants (Western) Ltd. (*English text*).

FOREIGN AFFAIRS

IRAN—RECOGNITION OF ROLE OF CANADIAN EMBASSY STAFF IN HOSTAGE-TAKING CRISIS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Marshall on October 27 concerning the role of the Canadian embassy staff during the hostage-taking crisis in Iran.

Honourable senators, the Government of Canada extended special recognition to those it believed appropriate because of the risks they took and the roles they played during the crisis. Certainly, anyone who was a member of the embassy staff may take pride in having participated in an action which reflected well on them all.

Hon. Jack Marshall: Honourable senators, I would like a clearer explanation. The Leader of the Government in the Senate said that they were "recognized". Would the honourable leader indicate how they were recognized?

Senator Perrault: I stated that the Government of Canada extended special recognition to those it believed appropriate because of the risks they took and the roles they played during the crisis. I said that anyone who was a member of the

embassy staff may take pride in having participated in the action which reflected so well on them all.

GOVERNMENT PROGRAMS

URBAN TRANSIT DEVELOPMENT CORPORATION SYSTEM

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on November 3, Senator Murray asked about the status of the federal commitment to the advanced light rapid transit project in Vancouver.

Earlier this year, British Columbia's Urban Transit Authority signed a contract with Ontario's Urban Transportation Development Corporation, for the purchase of the advanced light rapid transit (ALRT) technology for use in Vancouver. In April, the federal government committed $60 million in 1981-82 dollars to Vancouver's ALRT project, subject to the negotiation of satisfactory terms and conditions regarding federal participation in the project. Negotiations with the Urban Transit Authority are continuing. This federal commitment would be funded by a draw against the envelope of the Cabinet Economic Development Committee.

THE CONSTITUTION

AGREEMENT BETWEEN GOVERNMENT OF CANADA AND NINE PROVINCIAL GOVERNMENTS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Haidasz on November 9, 1981, as to whether section 27 of the Charter of Rights and Freedoms will be subject to the "notwithstanding" clause agreed to by the federal government and nine provincial governments.

Honourable senators, I can confirm that section 27, which protects Canada's multicultural heritage, will not be subject to the "notwithstanding" clause.

A question was asked by Senator Flynn on November 9, 1981, as to whether Premier Lévesque has been sent a working draft of the new constitutional resolution.

Honourable senators, I can confirm that the Government of Quebec was indeed sent a copy of the working draft of the new constitutional resolution.

On November 9, 1981, Senator Roblin asked a question regarding the subject matter to be discussed in potential meetings between the Government of Quebec and the federal government.

Honourable senators, the Right Honourable the Prime Minister outlined the points that he is prepared to discuss with the Province of Quebec last Saturday, November 14, in Quebec City. Those points fall within the three areas of reservation that Mr. Lévesque raised at the first ministers' meeting.

Honourable senators, I have a delayed answer to a question asked on November 9, 1981, by Senator Flynn, regarding negotiations that took place the night of November 4, 1981.

All ten provinces took part in the First Ministers' Conference on November 4, 1981. That meeting was adjourned at 6 p.m. on that date until 9 a.m. on November 5, 1981. All provinces participated in the formal sessions. What happened between 6 p.m. on November 4 and 9 a.m. the next morning was of an informal nature. There are, of course, no formal records kept of whatever may have gone on during the night. However, it is important to emphasize that all provinces and the federal government were present at all official meetings.

PUBLICITY CAMPAIGN OF FEDERAL GOVERNMENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to the question asked by Senator Flynn on November 10, 1981, concerning the national government's publicity campaign in Quebec.

The first stage of the constitutional publicity campaign in Quebec is over.

Hon. Jacques Flynn (Leader of the Opposition): Bravo!

Senator Perrault: However, for the information of honourable senators who may be concerned about this point, there will be another stage at a date yet to be determined.

AGREEMENT BETWEEN GOVERNMENT OF CANADA AND NINE PROVINCIAL GOVERNMENTS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have here a delayed answer to the question asked by Senator Roblin on November 10, 1981, concerning the implementation of minority language education rights by the provinces.

Eight provinces—Newfoundland, Nova Scotia, New Brunswick, Prince Edward Island, Ontario, Saskatchewan, Alberta and British Columbia—have agreed to implement minority education rights. The implementation in these provinces is not conditional.

In Manitoba, that item is subject to the approval of the Legislative Assembly of Manitoba before implementation. There may be a new government in Manitoba this evening. It is hard to tell. As honourable senators may be aware, the Prime Minister has offered to negotiate a compromise that will satisfy the Quebec government.

Honourable senators, I now come to an answer to the question raised by Senator Roblin on November 10, 1981, as to which provinces wanted fiscal compensation dropped from the amending formula.

Nine provinces agreed to this provision being dropped, the exception being Quebec. I am not at liberty to offer further details of negotiations. However, it is obvious that seven provinces altered the stance they had taken on April 16, 1981, in respect to section 3 of the amending formula they agreed to on that date.

There are one or two other questions which I shall answer tomorrow.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, perhaps I could ask a supplementary question in connection with that last statement. I really did not want to know whether the provinces agreed to it, but whether

they proposed it; and if they did not, who did propose it? Can my honourable friend tell me who proposed the dropping of the fiscal equivalent from the amending formula?

Senator Perrault: Honourable senators, the question will be taken as notice.

GOVERNMENT PROGRAMS

URBAN TRANSIT DEVELOPMENT CORPORATION SYSTEM

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have a supplementary question with regard to the Vancouver light rapid transit system which my honourable friend told us was part of the economic package. What is its relationship to the Western Development Fund? Is it considered as a payment against the Western Development Fund, or is it quite different?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a further statement will be made at some appropriate time in the near future with regard to that.

Hon. Lowell Murray: Honourable senators, did the minister not indicate some months ago, when I was asking questions on this very subject, that some of the federal moneys for this project would come from the energy envelope?

Senator Perrault: I cannot recall my comments on that occasion. I am sure they were accurate. I do not, however, have at hand the precise text of those alleged earlier remarks.

● (2110)

FOREIGN AFFAIRS

IRAN—RECOGNITION OF ROLE OF CANADIAN EMBASSY STAFF IN HOSTAGE-TAKING CRISIS

Hon. Jack Marshall: Honourable senators, I would like to ask a further supplementary question with regard to the special recognition which the Leader of the Government indicated was given to those personnel who served in Tehran. I would like to know what this special recognition entailed. Was it a certificate? Was it an award? Was it a medal? Was it a bonus? What recognition was given?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators are aware, of course, that at least four Canadians who participated in that valiant exercise of protecting those American refugees in the embassy of Tehran have been inducted as members of the Order of Canada. Those referred to in my reply have been given this special recognition.

The others who played an important part have not, I understand, been given any official recognition for doing so. I presume that that is the recommendation being offered by Senator Marshall.

Senator Marshall: The Leader of the Government has finally come to the point I am trying to make, which is with regard to those employees who have not as yet received recognition, though they were still on a dangerous mission. I would like to know how those people are going to be recognized as they ought to be. Is it the intention of the Department of National Defence or the Department of External Affairs to show recognition to those people who are not as yet recognized and who should be along with the others?

Senator Perrault: The Honourable Senator Marshall, with his military background, understands that if this had been a military exercise, perhaps a unit citation would have been awarded to all of those who served at the Tehran embassy. The action in Tehran was rather unprecedented. While no official recognition has been given to all of those who participated in that valiant Canadian exercise, thanks have certainly been extended from the nation to all of those who served in the embassy.

If the Honourable Senator Marshall has a suggestion as to some more tangible form of recognition, the government will listen with a great deal of interest to his proposals.

CANADA ELECTIONS ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Austin, seconded by the Honourable Senator Goldenberg, for the second reading of the Bill S-11, intituled: "An Act to amend the Canada Elections Act".—(*Honourable Senator Macquarrie*).

Hon. Heath Macquarrie: Honourable senators, although I stand second to nobody in this chamber or in this country with regard to making available the electoral machinery of the country so that we could have a change of government, I nevertheless ask honourable senators that this item be allowed to stand until December 17. I have had discussions with the Honourable Senator Frith and with the mover of the motion, the Honourable Senator Austin, who has been elevated from, shall we say, a private member of this august body to a ministerial member. I would be grateful if it would be acceptable to stand this order to December 17, *Deo volente,* as we say in the Presbyterian Church.

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

Hon. Senators: Agreed.

Order stands.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

SEVENTH REPORT OF STANDING JOINT COMMITTEE—MOTION FOR ADOPTION—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Godfrey, seconded by the Honourable Senator Cameron, for the adoption of the Seventh Report of the

Standing Joint Committee on Regulations and other Statutory Instruments.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator Godfrey moved what we might call a companion order to be dealt with on November 25. Perhaps we should stand this order until November 25.

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

Hon. Senators: Agreed.

Order stands.

STATUTE LAW (MILITARY AND CIVILIAN WAR PENSIONS, COMPENSATION AND ALLOWANCES) AMENDMENT ACT, 1980

CONSIDERATION OF REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on Health, Welfare and Science entitled: "They Served—We Care", tabled in the Senate on 20th October, 1981.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator Thompson has told me that he wishes to speak to this order. There is some preparatory work he wants to do that cannot be done until the end of the month. I ask that this order stand until December 1, and that it stand in the name of Senator Thompson. If any other senator wishes to speak on the subject in the meantime, I am sure that Senator Thompson would be glad to yield.

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

Hon. Senators: Agreed.

Order stands.

NORTH ATLANTIC ASSEMBLY

TWENTY-SEVENTH ANNUAL SESSION, MUNICH, WEST GERMANY—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Bonnell calling the attention of the Senate to the Twenty-seventh Annual Session of the North Atlantic Assembly, held at Munich, Federal Republic of Germany, from 11th to 16th October, 1981, and in particular to the discussion and proceedings of the Session and the participation therein of the delegation from Canada.—(*Honourable Senator Langlois*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this order stands in the name of Senator Langlois, and I believe it does because he was acting as deputy leader on an occasion on which the order was called. He adjourned it in his name simply to keep it open. I understand that Senator Hastings proposes to speak to this order but does not wish to do so this week. I suggest that this order stand until next week in the name of Senator Hastings. If some other senator wishes to speak to it, I am sure that Senator Hastings will yield.

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

Hon. Senators: Agreed.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 3005*)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

NINTH REPORT OF STANDING JOINT COMMITTEE

TUESDAY, November 17, 1981

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its Ninth Report as follows:

(Statutory Instruments No. 14)

1. In accordance with its permanent reference, section 26 of the *Statutory Instruments Act,* S.C. 1970-71-72, c. 38, your Joint Committee has determined to draw to the special attention of both Houses SOR/81-892. Order Varying Canadian Transport Commission Orders and Decisions. (For convenience this regulation will be referred to as "the Order".)

2. Your Joint Committee's objections to the Order rest on four of its criteria, namely:

"Whether any Regulation or other Statutory Instrument within its terms of reference, in the judgment of the Committee:

2. has not complied with the provisions of the *Statutory Instruments Act* with respect to transmittal, recording, numbering or publication;

4. makes some unusual or unexpected use of the powers conferred by the enabling statute . . .

8. appears for any reason to infringe . . . the rules of natural justice;

10. in the absence of express authority to that effect in the enabling statute or prerogative, appears to amount to the exercise of a substantive legislative power properly the subject of direct parliamentary enactment, and not merely to the formulation of subordinate provisions of a technical or administrative character properly the subject of delegated legislation;"

3. Your Committee is aware that litigation is currently based in part on a challenge to the validity of the Order as an exercise of the power conferred on the Governor in Council under section 64(1) of the *National Transportation Act.* While it is aware of the doubts as to the validity of the Order, and has itself considered the matter, your Committee has not sought to form a judgment on the Order in terms of *vires* because this issue is before the courts.

4. The Order was made on 6th August 1981 by P.C. 1981-2171. It proceeds by varying a number of Orders and decisions of the Canadian Transport Commission. The effect of the Order is to reduce the railway passenger network of Canada by approximately one fifth in terms of routes serviced. The authority for the Order is expressed to be subsection (1) of section 64 of the *National Transportation Act.* The other subsections of section 64 relate to appeals from Orders or decisions of the Commission and the whole section is set out in full to give to subsection (1) its context which has remained similar, although not identical, since the *Railway Act, 1903,* 3 Edward VII, c. 58.

"64. (1) The Governor in Council may at any time, in his discretion, either upon petition of any party, person or company interested, or of his own motion, and without any petition or application, vary or rescind any order, decision, rule or regulation of the Commission, whether such order or decision is made *inter partes* or otherwise, and whether such regulation is general or limited in its scope and application; and any order that the Governor in Council may make with respect thereto is binding upon the Commission and upon all parties.

(2) An appeal lies from the Commission to the Federal Court of Appeal upon a question of law, or a question of jurisdiction, upon leave therefor being obtained from the Court upon application made within one month after the making of the order, decision, rule or regulation sought to be appealed from or within such further time as a judge of that Court under special circumstances allows, and upon notice to the parties and the Commission, and upon hearing such of them as appear and desire to be heard; and the costs of such application are in the discretion of that Court.

(3) No appeal, after leave therefor has been obtained under subsection (2), lies unless it is entered in the Federal Court of Appeal within sixty days from the making of the order granting leave to appeal.

(4) Upon such leave being obtained the party so appealing shall deposit in the Court the sum of two hundred and fifty dollars, by way of security for costs; and the said appeal shall be heard by the Court as speedily as practicable.

(5) On the hearing of any appeal, the Court may draw all such inferences as are not inconsistent with the facts expressly found by the Commission, and are necessary for determining the question of jurisdiction, or law, as the case may be, and shall certify its opinion to the Commission, and the Commission shall make an order in accordance with such opinion.

(6) The Commission is entitled to be heard by counsel or otherwise, upon the argument of any such appeal.

(7) Neither the Commission nor any member of the Commission is in any case liable to any costs by reason or in respect of any appeal or application under this section."

5. In your Committee's judgment, the Order is a "regulation" within the meaning of the *Statutory Instruments Act* as it is a "statutory instrument" as defined in that Act and was made in the exercise of a legislative power by the Governor in Council. Your Committee notes that this view of the Order has now been accepted by the Legal Advisers to the Privy Council Section of the Department of Justice as possibly being valid and that the Order was registered as a regulation on 3rd November 1981, as SOR/81-892 and published in Part II of the Canada Gazette albeit "out of an abundance of caution" as expressed in court by counsel for the Government in the litigation referred to in paragraph 3 above. Your Committee notes that pursuant to the Statutory Instruments Regulations there appear in Part II of the Canada Gazette regulations, five specific classes of statutory and other instruments (none of which includes the Order now under report) and such other statutory instruments or documents as the Clerk of the Privy Council may direct or authorize. Having already published the Order in Part I of the Canada Gazette on 15th August 1981 in the public interest, it seems unlikely to your Committee that the Clerk of the Privy Council would have ordered it to be published again in Part II simply as "a document" the publication of which is in his opinion in the public interest. Your Committee also notes that only regulations are recorded under SOR numbers and that SI numbers are used for mere statutory instruments and other instruments and documents appearing in Part II of the Gazette.

Your Committee trusts that the registration of the Order marks the demise of the "magic formula" approach to the definition of a "statutory instrument" which your Committee and its predecessor condemned in their general reports of 1977 and 1980—(1). This approach requires that an enabling power be expressed in terms of a preposition and noun such as "*by order*" or "*by regulation*" before the resulting subordinate legislation can be accounted a statutory instrument. Your Committee places on record that the traditional Department of Justice view of the definition of a "statutory instrument" is also inconsistent with the registration, as SOR/80-148, of Order in Council P.C. 1980-519 which varied the Air Carrier Regulations as made by the Canadian Transport Commission, and with SOR/81-694, Statutory Instruments Regulations, amendment, which exempts from certain requirements specified in the *Statutory Instruments Act* for regulations, instruments not made pursuant to "magic formula" enabling powers.

6. Section 5(1) of the *Statutory Instruments Act* requires that "every regulation-making authority shall, within seven days after making a regulation . . . transmit copies of the regulation in both official languages to the Clerk of the Privy Council for registration pursuant to section 6". Section 6 provides that the Clerk of the Privy Council shall register every regulation transmitted to him pursuant to section 5(1). Your Committee notes that the Order was made on 6th August 1981 and was registered on 3rd November 1981. It is clear that the Order was never dealt with as a proposed regulation and scrutinized, before it was made, under section 3 of the *Statutory Instruments Act*. Neither was it treated as a document the exact status of which as a regulation was in doubt, under section 4 of that Act. Although the Order was voluntarily published in the Canada Gazette Part I on 15th August 1981, this does not account to or indicate registration as a regulation pursuant to section 6 of the *Statutory Instruments Act,* and the Order was not transmitted within seven days of its making on 6th August 1981 to the Clerk of the Privy Council for registration as a regulation. In terms of its criterion 2, therefore, your Committee reports that the Order was not scrutinized in its proposed form by the Clerk of the Privy Council in consultation with the Department of Justice, as required by setion 3 of the *Statutory Instruments Act,* and was not transmitted within seven days of its making to the Clerk for registration as a regulation, as required by section 5 of that Act.

7. Section 8 of the *Statutory Instruments Act* relieves against the consequences of failure to observe the requirements of section 3 and expressly states that failure to have a proposed regulation scrutinized in that form before making does not for that reason alone invalidate it. There is no such relieving provision for failure to transmit for registration within seven days of making. The Government has taken the risk that in the litigation now in progress the courts will hold that section 5(1) of the *Statutory Instruments Act* expresses a mandatory requirement the non-observance of which will render the registration effected as SOR/81-892 null and void. The result of such a finding would be that the Order, never having been properly registered, would never have entered into force under section 9(1) of the *Statutory Instruments Act*. Even if the final decision of the courts is that section 5(1) embodies only a directory requirement, there is the issue of whether or not there has been substantial compliance with it. There is some doubt as to whether registration of the eighty-eighth day after the Order was made amounts to substantial compliance with a requirement of transmittal for registration within seven days of making, and of registration thereafter.

8. Your Committee is aware that strong arguments can be made on both sides of the question as to whether section 5(1) is mandatory or directory. No doubt these arguments have been made in the current litigation. In the one case so far heard a single judge of the Federal Court held on 11 November that section 5(1) is directory only. This decision may be appealed. The final result of the current litigation will be of peculiar significance to your Committee which is :esponsible to Parliament for the oversight of the regulation-making processes of the *Statutory Instruments Act*. Your Committee cannot but be concerned that the statutory requirements laid down by Parliament in the *Statutory Instruments Act* might become mere expressions of pious intent to be disregarded at

will in the interests of administrative convenience or the retrieval of past errors.

9. In assessing the Order in terms of criteria 4, 8 and 10, your Committee had perforce to consider matters far wider than those already noted. In keeping with its mandate and with the traditions of parliamentary scrutiny committees on subordinate legislation, your Committee did not consider and is not now reporting on the merits of the policy embodied in the Order. Whether the cutbacks in railway passenger services are a good thing or not is none of your Committee's business. Your Committee is concerned, as ever, with the means used to achieve policy ends, and not with those ends themselves. This point was very succinctly put by Mr. E. G. Abbott, Executive Secretary of the Canadian Railway Labour Association, in evidence before the Committee:

> "The merits and demerits of rail passenger service are not the issue. That will come and go. That will find its way and resolve itself whatever happens. The more important factor is that we are giving governments the power to move by regulation . . . I think the strength and power of Parliament is far more important than VIA Rail will ever be, in the long run . . . "

10. In forming the judgment that the Order constitutes an unusual and unexpected use of the power conferred on the Governor in Council and amounts to a substantive legislative enactment that should have been dealt with by Parliament itself, your Committee has considered the history of the use of section 64(1) of the *National Transportation Act*. Section 64(1) first appears in its current form as section 44(2) of the *Railway Act,* 1903. The remaining seven subsections of that section dealt with appeals from orders or decisions of the Board of Transport Commissioners. At that time appeals to the Supreme Court were limited to matters of jurisdiction by leave of a judge of the Court and on other matters of law by leave of the Board. The orders and decisions of the Board were otherwise protected by a strong privative clause—(2) of a kind that would at that time probably have been treated as conclusive by the courts. (The privative clause finally disappeared in 1970 on the enactment of the *Federal Court Act*.) Clearly, in 1903, whatever other purpose section 44(2) of the *Railway Act* served, it did provide a safety valve when the Board of Transport Commissioners refused leave to appeal, or acted in some mistaken way. The Governor in Council's jurisdiction was clearly supervisory, as later held in *C.S.P. Foods Ltd.* v. *Canadian Transport Commission* (1978) 84 D.L.R. (3d), 54. Insofar as his power to amend regulations of the Board, and later of the Canadian Transport Commission, is concerned, this is in a real sense a weaker version of the supervisory power exercised by the Governor in Council over many regulation-making bodies and expressed in the form: "may, with the approval of the Governor in Council make regulations". The Transport Commission does not have to obtain approval of its proposed regulations, but the regulations might be varied or revoked if the Governor in Council disapproves of them, either on policy grounds or on legal grounds. It goes without saying that the powers of the Governor in Council have always been limited to the purposes and objects of the statutes under which the Board or the Canadian Transport Commission operated. Clearly, the Governor in Council could not make a new Order or regulation or so amend an existing one that it would become a regulation or order that would have been *ultra vires* the Board or the Commission.

11. Neither the Department of Transport nor the Canadian Transport Commission was able to supply your Committee with details of all instances of the use by the Governor in Council of his power under section 64(1) and its predecessor subsections back to 1903. Those instances known to your Committee are summarized in Appendix I to this Report. It would appear that the power of the Governor in Council has been used mostly on petition, as an appeal mechanism, although it is clear that the power is not so limited but is supervisory and can be exercised by the Governor in Council of his own motion. It is also apparent that there has almost invariably been a timely connection between the order of decision of the Canadian Transport Commission and its variation, suspension or rescission by the Governor in Council. Supervision carries with it the notion of correction when an error has been made or has been discovered. The only known cases in which His Excellency has used his power to act of his own motion are the present one, the variation of the Air Carrier Regulations in early 1980, and the restoration of daily passenger service on the Sudbury-White River line in 1978 by Order in Council 1978-3042. An Order was made by the Canadian Transport Commission on a particular matter—the number of services per week on the Sudbury-White River route—and that Order was in short order overruled by the Governor in Council.

12. The 1980 amendment of the Air Carrier Regulations by Order in Council 1980-519, registered as SOR/80-148, raises serious issues. The Governor in Council's action of his own motion to alter the Regulations to overcome a legislative decision recently arrived at by the Canadian Transport Commission was announcced and taken swiftly. Yet, it must be noted that some provisions of the Regulations that had stood for thirteen months were amended in a consequential fashion in order to accomplish the Governor in Council's objective. It might also be said that the use of section 64(1) to accomplish a major change in policy was, in light of the earlier uses of the power, unusual and not to be expected. It may be that a power which properly existed had lain dormant for seventy-seven years. Your Committee cannot but conclude that it was and is surprising that a supervisory power of the Governor in Council was used for the first time to upset a legislative scheme, albeit a subordinate or delegated one, arrived at by the body charged by Parliament with the duty to do so as a matter of public convenience and necessity under the *Aeronautics Act*. That said, it must be admitted that the Governor in Council was substituting his view of the proper classification of commercial air licences and their terms for that formed by the Air Transport Committee of the Canadian Transport Commission

pursuant to section 14(1)(a) of the *Aeronautics Act*. In the case of the Order now under report, as will be seen, the Governor in Council has not substituted his view of the result of the application of the statutory tests to be applied by the Canadian Transport Commission, but rather has proceeded on the basis of a consideration which, as will be discussed later, that Commission could not itself have entertained. Therefore, while the Order amending the Air Carrier Regulations may have been unusual and unexpected in your Committee's judgment, it does not constitute any precedent for the present Order.

13. The Order now under report goes beyond any known Order in Council as an unusual and unexpected use of the power conferred by section 64(1) of the *National Transportation Act*. A timely connection between the orders and decisions of the Canadian Transport Commission affected and the Order is almost entirely lacking. Appendix II to this Report shows the date of the last public hearings held in respect of each service to be eliminated or reduced. The customary approach to the discontinuance of railway service in this country by decision of the Canadian Transport Commission after a relevant and contemporary public hearing has not been followed. Orders of the Canadian Transport Commission, some of which were part of regional transportation plans, and all of which have been acted upon and relied upon for a considerable time, have been abruptly overturned. The Governor in Council has at a stroke remodelled an entire industry or transport mode. He has used his power to proceed by Executive action to alter radically and very extensively an industry pattern which has been established by the existing processes put in place by Parliament for the very purpose. It may be that those processes as well as the existing industrial pattern are no longer suitable or desirable. But those are matters Parliament should have been, and should be, called upon to debate and to settle.

14. Your Committee is not unmindful of the awkward position in which the Government of Canada finds itself. It was the opinion of Mr. Keith Thompson, Senior Legal Adviser, Rail, at the Canadian Transport Commission, given in evidence before your Committee, that the *Railway Act* does not permit "the Minister of Transport to direct the Canadian Transport Commission to hold hearings with a view towards discontinuance and the savings of dollars". It would in your Committee's opinion be unlawful to give a specific direction to the Canadian Transport Commission to save $100 million by eliminating particular services so that the money saved could be spent on new equipment for use on some of the remaining services. Parliament has already ordained the matters the Canadian Transport Commission may and shall consider. The basis of the Government's policy, the saving of a global sum of money over the whole industry, is not one of them. Neither the regular quinquennial reviews by the Canadian Transport Commission of its individual orders nor a further overall review of the railway passenger system under the existing *Railway Act*, such as that carried out between 1976 and 1979, may produce the budgetary results desired by the Government. All this may be difficult from the Government's point of view. Yet your Committee must observe that this difficulty is of the Executive's own making. Successive governments have declined to bring in legislation to set up VIA Rail Canada on a normal statutory footing and to have Parliament define its mandate. This is the case despite appeals for a clear mandate in the two last general reports of VIA Rail Canada. Governments have not sought to amend the *Railway Act* so as to introduce new factors which the Canadian Transport Commission should consider in applications to abandon railway services. Governments have not sought to obtain from Parliament power to issue binding policy directives to the Canadian Transport Commission. Government has never taken Parliament or the public into its confidence by enunciating a railway passenger policy and then seeking to give that policy legislative expression. The Executive can not now be heard to complain if it is criticized for misusing section 64(1) of the *National Transportation Act*. It has taken a supervisory power to change particular regulatory results and sought to use it to legislate generally by designing a new railway passenger system for Canada. The Minister of Transport is very frank when he acknowledges this and admits that the Order is the first made under section 64(1) to achieve the wide implementation of policy. The conclusion is inescapable that the Governor in Council has not reviewed or supervised the work of the Canadian Transport Commission. He has instead used section 64(1) as a vehicle for the execution of his own policy, a policy based on a premiss which runs counter to that laid down by Parliament in section 260 of the *Railway Act*. Parliament did not ordain that a factor, even the overriding factor, was that in the Government's view the cost of subsidizing railway services could not be afforded. Parliament seems instead to have decided that the cost was to be afforded if the Transport Commission decided that it was in the public interest that one or more uneconomic passenger services be maintained. What the Governor in Council has done strikes your Committee as being a political act of high policy and properly Parliament's business.

15. Your Committee recommends, as it did in its Seventh Report for this Session, (Statutory Instruments No. 12) that legislation be brought in to set up VIA Rail Canada, to define its mandate, functions and relationship with the operating railway companies, and to make detailed provision for the services it is to provide and for the manner in which those services may be changed.

16. Your Committee is also troubled by the possible precedent the present Order might establish. It is obvious that if the Governor in Council can by a subordinate legislative act under section 64(1) eliminate one fifth of the railway passenger service in this country, he could as a matter of policy equally close down every service. He could range back to any extent to rescind or vary any order or decision of the Canadian Transport Commission. If Parliament had ever intended such a result, your Committee would expect to find section 64(1) to

have been drawn quite differently. The Canadian Transport Commission may use its powers to permit abandonment of services only for the purposes and in accordance with the criteria laid down in the *Railway Act*. It may abandon a service, or order it continued, whereupon a subsidy is to be paid. If the Governor in Council may proceed wholly on a policy footing for purposes and on considerations foreign to those which govern the Canadian Transport Commission, it seems to your Committee that he should not be relying on a power given to him to correct and supervise the Commission. If the Governor in Council is not to be bound by the same considerations as bind the Commission, Parliament should clearly say so.

17. Closure of railway passenger services in this country has traditionally been one of those areas of public administration attended by notice and comment procedures. These have taken the form of notice and public hearings before the Railway Transport Committee of the Canadian Transport Commission and its predecessors. Apart from "leaks" no notice was given to those affected, whether users or employees, even though the actual cuts in service now made were under active consideration as far back as March 1980 and probably earlier. No opportunity has been given for public input or representations. No chance has been given to anyone to challenge the statistics on which the Government has based its actions. Here your Committee notes that up-to-date statistics are always compiled for hearings on particular services by the Railway Transport Committee and otherwise do not exist. The Governor in Council has not only run the risk of proceeding on an incorrect statistical basis but has also deprived himself of the opportunity to show that he has used accurate figures to justify the policy pursued and to demonstrate its wisdom. Your Committee is well aware that as a matter of law no procedural safeguards burden the Governor in Council when acting under section 64(1). Nevertheless, it concludes that, given the customs and usages of Canada, this latest use of section 64(1) amounts to a breach of the rules of natural justice. It also amounts to a negation of the extensive recommendations of your Committee as to the need for notice and comment procedures as contained in its Fourth Report for this Session (Statutory Instruments No. 10). Reliance on hearings held three years ago and more in an entirely different context is not satisfaction of a genuine notice and comment procedure. The Governor in Council's manner of proceeding in this instance also flies in the face of the specific recommendations of the Special Committee of the House of Commons on Regulatory Reform for the observance of "procedural decencies" when the Governor in Council acts of his own motion under section 64(1) of the *National Transportation Act*. The Canadian Transport Commission would not order the discontinuance of a single service, far less a wholesale abandonment of services, without prior notice to and hearing from the public. It does not appear to your Committee that the Governor in Council should do so. An opportunity for the public to be heard might take many forms, including the successful technique used in 1980, a Special Committee of the House of Commons.

Footnotes

(1) Second Report, 2nd Session, 30th Parliament (Statutory Instruments No. 1), paragraphs 21 to 50 and Appendix I—Fourth report, 1st Session, 32nd Parliament (Statutory Instruments No. 10), paragraphs 56 to 58.

(2) A privative clause is a provision in an Act which seeks by comprehensive language to deprive the courts of jurisdiction to review a decision, whether by one of the prerogative writs or their modern equivalents, or otherwise.

Appendix I

Known uses of Section 64(1) *National Transportation Act* by the Governor General in Council to vary or rescind orders, decisions, rules or regulations of the Canadian Transport Commission or the Board of Transport Commissioners or the Canadian Radio-Television and Telecommunications Commission.

P.C. 1933-349 dated 25th February 1933

On appeals by three provincial Attorneys General and the United Farmers of British Columbia against Board of Transport Commissioner's General Order 448 on freight rates dated 26th August 1927, appeal denied. The petitions of the appellants were lodged in 1929 and were heard before the Council. The delay in decision was due to a change in Government. The Council quoted from an earlier Order in Council P.C. 1923-2166:

> " . . . the intent of the legislation is to invest His Excellency with judicial powers by which he may in his discretion aid in securing and enforcing the provisions of the *Railway Act*, having due regard to the method of railway rate regulation by an independent Commission which was the outstanding innovation in the *Railway Act of 1903* and which has been preserved throughout succeeding revisions of the Act to the present time."

The Council also quoted from Order in Council P.C. 1927-1170:

> " . . . in appeals to the Governor in Council from the Board of Railway Commissioners a practice has grown up not to interfere with an Order of the Board unless it seems manifest that the Board has proceeded upon some wrong principle, or that it has been otherwise subject to error. Where the matters at issue are questions of fact depending for their solution upon a mass of conflicting expert testimony, or are otherwise such as the Board is peculiarly fitted to determine, it has been customary, except as aforesaid, not to interfere with the findings of the Board."

In dismissing the appeals, the Privy Council noted:

"The *Railway Act of 1903*, under which the Board was created, constituted the Board a Court of Record with all the powers of such a court as to the hearing of witnesses and obtaining of evidence. The members of the Board, in addition to their own long and varied experience, have available for the purposes of their investigations a permanent staff of expert officers and a complete system of records, which render that tribunal peculiarly qualified to deal with the intricate and highly technical subjects such as those involved in the said judgment from which the appeals were taken.

One of the most important subjects involved in the said appeals was grain shipped from prairie points to points in British Columbia for use for feeding purposes, it being alleged that by a reduction in the rates of the lower grades of grain not only would an outlet be provided for a large quantity of grain which was not marketable under present conditions, but the development of the dairy and poultry industries of British Columbia would be greatly assisted.

As a result of negotiations which took place with members of the Government of the Provinces of British Columbia, Alberta, Saskatchewan and Manitoba during the period of the recent Interprovincial Conference, the representatives of the railway companies intimated that in order to assist in the movement of the lower grades of grain for the purposes outlined above, they would be prepared to put into effect tentatively substantial reductions in rates on the grades of grain involved. This offer has since been accepted by the Governments of the said provinces as satisfactory to them.

Having in view the facts found by the Board in the said judgment, being General Order No. 448, dated the 26th day of August, 1927, and having regard to the principles recognized under the previous Orders in Council as governing the exercise of the jurisdiction of the Governor in Council on applications made to him under the provisions of s. 52 of the *Railway Act,* as above referred to, the Committee are of opinion that further action on the part of the Governor in Council in reference to the matters involved in the said appeals should not be taken, and advise that the said appeals be dismissed."

The principles enunciated by the Governor in Council in this instance appear to be inconsistent, to some degree at least, with his later actions in ensuing decades.

1942:

An appeal from Order 62062 of the Board of Transport Commissioners dated 1 April 1942 permitting the New York Central Railway Company to reduce service between Malone, New York and Montreal. The Governor in Council directed the Board to review the situation and pending such review to extend the effective date of its Order. (The Board later confirmed its earlier decision). See *New York Central Railway Company* v. *City of Valleyfield, Québec* (1942) 56 C.R.T.C. 234.

P.C. 1948-4678

On petition by seven provincial governments the Governor in Council allowed to stand a 21% increase in freight rates decided upon by the Board of Transport Commissioners in the 1946-48 General Rate Increase Case, unless and until altered by the Board in the disposition of an already pending application for a further rate increase of 20%. The Board was directed to consider the opinion of the Committee of Council that some portion of the corporate needs of the railway companies should be borne by income derived from non-railway operations. It was also directed to determine the apportionment to be made between railway earnings and "other income". See *Re. General Increase in Freight Rates* (1948) 62 C.R.T.C. 273.

P.C. 1959-569 dated 7th May 1959

The Governor in Council suspended Board of Transport Commissioner's Order 94426 of 27 March 1958. He directed the Board to suspend the tariffs dependent on it. The Order had had the effect of reducing the number of days of free time for demurrage purposes at western grain terminals. The Governor in Council's Order was prospective only. See *C.P.R.* v. *Manitoba Pool Elevators* (1963) 39 D.L.R. (2d) 475.

P.C. 1973-871 dated 9th April 1973

The Governor in Council varied a decision of the Canadian Transport Commission dated 30 March 1973 on a Bell Canada Tariff increase application dated 10 November 1972 by postponing to 3 July 1973 the date on which the tariff increases came into effect.

P.C. 1973-1765 dated 21 June 1973

The Governor in Council further varied Canadian Transport Commission's decision of 30 March 1973 on Bell Canada Tariff increases by revoking 50 per cent increases in certain service charges.

P.C. 1976-894 dated 13th April 1976

The Governor in Council varied orders of the Canadian Transport Commission relating to rapeseed carriage as follows:

(a) Order No. R-16824 dated June 27, 1973;

(b) Order No. R-17016 dated August 2, 1973; and

(c) any other Order or decision of the Canadian Transport Commission that is inconsistent with paragraph (d) hereof

to provide

(d) that the following rates or portions of rates for domestic and export movement of rapeseed meal and rapeseed oil from the four rapeseed crushing plants at Altona, Nipawin, Saskatoon and Lethbridge, be established annually at minimum compensatory levels:

(i) rates for rapeseed meal and rapeseed oil moving west;

(ii) rates for rapeseed oil moving east; and

(iii) the portions of rates pertaining to the movement of rapeseed meal east of Thunder Bay or Armstrong, Ontario.

This is popularly known as the Rapeseed Case and followed litigation. The Canadian Transport Commission made new orders to give effect to the Order in Council. These orders led to the further Order in Council 1977-362. The Order in Council was considered in *Re. C.S.P. Foods Ltd. and C.T.C.* (1978) 84 D.L.R. (3d) 541. The Federal Court of Appeal held that the Governor in Council's power under Section 64(1) was "supervisory". The litigation concerned the power of the Commission in interpreting the phrase "minimum compensatory levels" used in the Order in Council.

P.C. 1976-2066 dated 5 August 1976

On petition by the Attorney General of British Columbia the Governor in Council suspended Decision No. 4886 of the Air Transport Committee permitting Pacific Western Airlines to remove its headquarters and repair and maintenance facili-

ties from British Columbia pending the outcome of an appeal in the Supreme Court of Canada.

P.C. 1977-362 dated 18 February 1977

The Governor in Council varied two Orders of the Canadian Transport Commission:

(a) Order No. R-16824 or 27 June 1973 as varied by Order in Council P.C. 1976-894; and

(b) Order No. R-17016 dated 2 August 1973 as varied by Order in Council 1976-894,

in order to provide

that, regardless of the validity, when prescribed, of Canadian Transport Commission Orders No. R-23976 dated November 26, 1976 and No. R-24045 dated December 16, 1976 purporting to be in conformity with Order in Council P.C. 1976-894, the reasons set out in Appendix "A" to said Order No. R-23976 express the intention of the Governor in Council and the provisions for tariffs of tolls or rates prescribed in Schedule "A" to said Order No. R-23976 as amended by said Order No. R-24045 are binding upon the Canadian Transport Commission and upon all parties.

(This Order is a continuation of the Rapeseed Case).

P.C. 1977-2026 and 2027 dated 14 July 1977

On appeals dated 9th and 10th June 1981 to the Governor in Council from a decision dated 1st June 1977 on telephone tariffs in the Northwest Territories, appeals denied. See *Attorney General of Canada* v. *Inuit Tapirisat of Canada et al* (1980) 115 D.L.R. (3d) 1.

P.C. 1977-3152 dated 3 November 1977

The Governor in Council on petition varied a decision of the Canadian Radio-Television and Telecommunications Commission dated 14th August 1977 so as to approve the "Telesat Canada's Proposed Agreement". This really had the effect of reversing the Canadian Radio-Television and Telecommunications Commission's decision, and substituting the Governor in Council's own decision. The Order in Council recites the receipt of petitions but also states that the Governor in Council acted "of his own motion". These two statements seem to be contradictory. See *Consumers' Association of Canada* v. *Attorney General of Canada* (1978) 87 D.L.R. (ed) 33.

P.C. 1978-3042 dated 27 September 1978

The Governor in Council on his own motion varied Canadian Transport Commission Decision No. R-26520 dated 8 March 1978 in order to increase passenger service on the Sudbury-White River line as proposed by VIA Rail Canada Inc. in submission of July 1978 to the Canadian Transport Commission referred to in Railway Transport Committee decision of 15 September 1978.

P.C. 1980-519 dated 12 February 1980

The Governor in Council of his own motion varied the Air Carrier Regulations as amended a month earlier by the Canadian Transport Commission in accordance with a decision announced two months earlier. The effect of the variation was to widen the class of air carriers who might apply to operate charter flights.

Appendix II

Order in Council Schedule No.	Dates of Last Public Hearings
I	May—October 1977
II	October 3, 4, 7, 1977
III	July 10-12, 17-20, 1978
IV	October 2-5, 13, 17, 1978
V	March 28, 1978
VI	October 11, 12, 14, 1977
VII	February 1 & 2, 1966
VIII	December 1, & 3, 1970 January 5 & 11, 1971
IX	December 1 & 3, 1970 January 5 & 11, 1971
X	June 11, 1976
XI	April 30 & May 1, 3 1979
XII	December 15, 17 & 19, 1980
XIII	December 4, 6 & 7, 1979
XIV	December 4, 6 & 7, 1979
XV.1	April & July, 1976
XV.2	July 10 & 12, 1973
XVI	N.A.
XVII	N.A.

Railway Transport Committee
Rail Economic Analysis Branch
October 21, 1981

Respectfully submitted

JOHN M. GODFREY,
Joint Chairman.

THE SENATE

Wednesday, November 18, 1981

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

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Superintendent of Insurance on the Administration of the *Investment Companies Act* for the fiscal year ended March 31, 1981, pursuant to section 27(1) of the said Act, Chapter 33, Statutes of Canada, 1970-71-72.

QUESTION PERIOD

[*Translation*]

THE CONSTITUTION

TEXT OF RESOLUTION TO BE TABLED IN PARLIAMENT

Hon. Jacques Flynn (Leader of the Opposition): Could the Leader of the Government tell us whether or not, as was suggested yesterday, the new constitutional resolution will be tabled today in the other place and here also, if we are still sitting?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I spoke with the house leader in the other place only 10 minutes ago. The honourable the minister stated that as of now there is a 99 per cent chance that the notice of motion will be tabled in the other place at some point this afternoon, and it is anticipated that debate on the motion may well commence on Friday of this week. That is the latest information made known to me.

[*Translation*]

Senator Flynn: Does that mean that the consultations which have been going on for a few days between the federal government, on the one hand, and the provinces and other groups, such as Indians, on the other, are now over? Is that phase completely finished and is the drafting of the final text the only thing left to do?

[*English*]

Senator Perrault: Honourable senators, I understand that a helpful amount of useful consultation has been held, the details of which are not available to me at this time.

[*Translation*]

Senator Flynn: In particular, have consultations been held with the premier-elect of Manitoba?

Hon. Joseph-Philippe Guay: That would go smoother.

Senator Flynn: Not with the Manitoba Liberal opposition though!

• (1405)

[*English*]

AGREEMENT BETWEEN GOVERNMENT OF CANADA AND NINE PROVINCIAL GOVERNMENTS CONCERNING RIGHTS OF NATIVE PEOPLES

Hon. Willie Adams: Honourable senators, I too have a question for Senator Austin. I heard this morning that there is no chance of getting section 34, on native rights, back in the accord. I was wondering if the minister has had a chance to meet the people from Yellowknife and the Northwest Territories.

Hon. Jack Austin (Minister of State): Honourable senators, I thank Senator Adams for his question. The Minister of Indian Affairs and Northern Development and I met with the Council of the Northwest Territories during the lunch hour today, and discussed their representations, which are, essentially, three in number. They are: First, that section 34 be reinstated in the joint resolution so far as federal jurisdiction is concerned; secondly, that paragraph 9(e) of the so-called Vancouver formula—the provision allowing extension of provincial boundaries northward—be deleted from the accord, or agreement, of November 5; and thirdly, that section 9(f) of the so-called Vancouver formula be deleted, this being a provision that would require the federal government, if it sought to create new provinces in the Yukon or the Northwest Territories, to proceed under the general amending formula to obtain the concurrence of the provinces.

Those matters were discussed, Senator Adams. I cannot tell you the outcome of representations made during a visit by the Council of the Northwest Territories to Ottawa this week but, as Senator Perrault has said, some time later today the joint resolution will be made available in the other place, and perhaps here, if we have not adjourned prior to that time, and we will then have the actual document before us.

Hon. Jacques Flynn (Leader of the Opposition): Do you mean that at that time we will finally be given the replies to the questions we have raised?

THE ECONOMY

INTENTIONS OF GOVERNMENT RE 1980 POVERTY LINE UPDATE

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate concerning the poverty line figures which have just been published, and which I received in my office today.

There are over one million persons in Canada living below the poverty line. According to the 1980 poverty line figures, established by one of our Senate committees, a family of two requires an annual income of $11,000. Those living on the veterans' allowances are only receiving $752.30 per month. I wonder if the government leader could find out what the government's intentions are with regard to reviewing old age security pensions, war veterans' allowances, widows' pensions and the like, to bring people up to a reasonable standard of living in today's inflationary times.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the government has a continuing concern for the less fortunate in our society. Again, this was reflected in the recent budget where, despite all the predictions of the opposition, the social programs were left intact, and, indeed, enhanced. The detail requested by the honourable senator will be sought, and information will be provided.

THE CONSTITUTION

TEXT OF RESOLUTION TO BE PRESENTED TO PARLIAMENT—DISTRIBUTION TO SENATORS—TIMING OF DEBATE

Hon. G. I. Smith: Honourable senators, I wonder if I might direct a question to the Leader of the Government in the Senate regarding the text of the draft resolution to which reference has been made. If it should happen that that draft is unavailable for distribution in this chamber before we adjourn, could arrangements be made to distribute it to the offices of senators as soon as it is available?

● (1410)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, as soon as the information is made available, it will be circulated to the best of the ability of the government.

Hon. Ernest C. Manning: Honourable senators, may I ask the Leader of the Government a question on the same matter? In light of the anticipated presentation of the resolution today or tomorrow in the other place, should we assume that the resolution will be debated in this chamber next week, or is the timetable firm enough to indicate a date at this time?

Senator Perrault: Honourable senators, when the notice of motion has been tabled in the other place, it is the intention of the government to hold meetings involving the leadership of the parties in both chambers to discuss how this matter may be most usefully debated. It is expected that the debate will commence first in the other place and at some later point—which date will most certainly be discussed with the Leader of the Opposition here—debate in this chamber will be held.

[Senator Flynn.]

Discussions may well take place in the other place this evening or tomorrow morning with respect to the length and terms of the debate, whether or not it may be possible to establish a set time for a vote, and matters of that kind. It is the intention to table the notice of motion as soon as possible in the Senate as well, so that the motion will be on our order paper. From that point we can then proceed to determine our debating schedule here.

Senator Smith: On that point I wonder if I might ask a supplementary question of the Leader of the Government. Is it reasonable to assume that the house order in the other place limiting the length of the debate to two days is no longer considered by the leadership in that place to be applicable?

Senator Perrault: Honourable senators, of course, the original motion has been withdrawn in the other place. I may have a similar proposal later this afternoon with respect to that same motion on our order paper. It may be that the wording of the new motion will be received so ecstatically that the members of the other place may wish to give it immediate unanimous consent. That is always a possibility. It is more likely, however, that the debate will go on for at least two days, and perhaps longer.

[*Translation*]

THE ECONOMY

NATIONAL DEBT—STATEMENT BY AUDITOR GENERAL

Hon. Martial Asselin: I have a question for the Leader of the Government. Yesterday, in the House of Commons Committee on Public Accounts, the Auditor General stated that the Department of Finance was not estimating the national debt correctly and that it appeared to be $9 billion less than it is in fact. He also noted that the figures given by the Department of Finance at the end of August showed an accumulated deficit of about $86 billion. According to the figures of the Auditor General, the actual deficit would be $95 billion. He then stated:

> From what I have been able to see, our assets should be reduced by about $2.4 billion and our debt increased by about $5.6 billion.

In view of the damning evidence given by the Auditor General, which can be upsetting for the Canadians who want to know about the financial situation of Canada, will the Minister of Finance review his figures? Will he check, reassess and correct them so that Canadians may know the real financial situation of Canada?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, despite my high regard for the newspaper profession, perhaps I would be better prepared to reply to the honourable senator's question had he commented directly from an official statement made by the Auditor General. What he has quoted from appears to be a newspaper report—a fragmentary account of remarks attributed to the Auditor General.

Senator Asselin: Do you deny it?

Senator Perrault: Honourable senators, I will give the commitment that the question will be taken as notice, and efforts will be made to obtain as much accurate information as possible.

• (1415)

Hon. Lowell Murray: Honourable senators, in view of the fact this is the second time in recent years that the Auditor General has found that the government has grossly overstated its assets, I should like to ask the Leader of the Government in the Senate whether he will consult with the Minister of Justice and the law officers of the Crown and advise us as to what penalties would be levelled against the directors of a company in the private sector for grossly overstating their assets and understating their liabilities for public consumption. Can he tell us whether such directors in the private sector would have to go to jail for such an offence?

Senator Perrault: I may be mistaken and it may be unfair of me to suggest this, but do I sense a political orientation to that question directed to this side by the official opposition?

Hon. Jacques Flynn (Leader of the Opposition): Never from Senator Murray!

Hon. H. A. Olson (Minister of State for Economic Development): What was your statement when you were in office? Exactly the same!

[*Translation*]

THE CONSTITUTION

PUBLICITY CAMPAIGN OF FEDERAL GOVERNMENT

Hon. Martial Asselin: On a different subject, I should also like to direct a question to the Leader of the Government in the Senate. The minister who seems to be responsible for federal-provincial relations with Quebec, the Honourable Serge Joyal, announced yesterday with considerable emphasis that the federal government was ready to spend $2 million or more on advertising or progaganda in Quebec, to promote the new constitutional document that is to be tabled in Parliament this afternoon. Considering the appalling state of the economy in Quebec, at a time when we see large numbers of factories closing down and as many companies going bankrupt, would it not be preferable, for the time being, to spend this $2 million on the private sector in the form of grants to create jobs, instead of throwing this money out the window just to tell Quebecers that the federal government is right and the provincial government is wrong?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): First of all, honourable senators, with respect to assisting private enterprise and small businesses in this country, let me say that no government in the history of this nation has been more generous or more forthcoming in its investment policies. If the Honourable Senator Asselin commits himself to read to this chamber all of the grants which have been made to deserving companies in the province of Quebec to assist employment and economic growth, that list will be provided to him, but only on condition that he share that information and knowledge with every member of the chamber.

Secondly, with respect to the information program contemplated for the province of Quebec, we do not regard that as an expenditure but as an investment in public enlightenment for the benefit of Quebec and for the benefit of Canada and for national unity.

Some Hon. Senators: Hear, hear.

Senator Perrault: Surely Senator Asselin is not suggesting that what many Canadians consider to be the irresponsible and divisive accusations being made now by the Premier of Quebec and some of his colleagues, distributed, I understand, to every home in the province of Quebec and throughout the media, should go unanswered? Surely he is not suggesting that there should be no reply by the Government of Canada?

[*Translation*]

Senator Asselin: Once again, the Leader of the Government has not answered my question. I asked him the question in view of the appalling state of the economy in Quebec. I could invite my colleague to come and visit Quebec if he really wants to see what the economic situation is like, when twenty service stations had to close recently because the owners could not meet their payments as a result of the high interest rates set by the federal government and the Bank of Canada. I therefore ask the Leader of the Government whether there is not a better case for investing this money to create jobs instead of wasting it on partisan advertising for the federal government.

[*English*]

Senator Perrault: First, we do not intend to cancel the program; and, secondly, one of the best ways in which to encourage economic expansion in the province of Quebec would be to re-establish the spirit of confidence in the economy of that province which many believe has been adversely affected by the present provincial government.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Well done.

• (1420)

Hon. Jacques Flynn (Leader of the Opposition): Is the Leader of the Government suggesting that by speaking in the manner in which he has just spoken he is helping the situation with regard to the resolution on the Constitution?

Senator Perrault: Honourable senators, I am suggesting that there comes a point in time when some facts must be placed on the table, because the future of this nation is of critical importance.

Senator Flynn: Honourable senators, I do not believe that the timing of the Leader of the Government coincides with the timing indicated by Mr. Joyal yesterday.

THE BUDGET

CUTBACKS IN SOCIAL PROGRAMS—REACTION OF PROVINCES

Hon. Heath Macquarrie: Honourable senators, I would like to direct a question to the Leader of the Government in the Senate. It is prompted by his remarks to my colleague, Senator Asselin, about sharing enlightenment and knowledge. Were we now in the House of Commons together, as we once were, I would ask my question through the production of papers procedure, but in view of the fact that I am preparing a monumental speech under my inquiry in reference to what he called and I think it was a good term—the "social programs," would the minister bring to the Senate documentation as to the reaction to the budget of the provincial ministers concerned with these social programs, which, I understand, is one of great dismay and concern over what will happen to these very important programs under the massive onslaught of the budget introduced the other night? Would the minister bring to this honourable house the documentation which will reveal the reaction of the provincial ministers concerned, from one end of this country to the other, so we can look at it and see how wrong he was when he suggested, I hope not seriously, that these programs were to be enhanced as a result of the budget introduced the other night?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I am most pleased to reply to Senator Macquarrie's question but, first, I would like to make a general comment. Senator Macquarrie has served in Parliament with some distinction for many years, and I ask him if he can recall, in that long experience, one budget which elicited from the opposition one favourable comment, one budget which resulted in the heaping of praise upon the government, whether it was a Conservative government, a Liberal government or any other government. Of course, he cannot. Senator Macquarrie's question typifies the automatic reaction of some of those who serve in opposition—and they have an important responsibility in that role—to seek out weaknesses in any budget.

Honourable senators, despite all the dire predictions on the part of Senator Macquarrie, especially that the government would take a Draconian approach to post-secondary education and make a drastic cutback—

Hon. Martial Asselin: You said it.

Senator Perrault: —we were told the other evening—and the figures can be found in the budget papers—that support for higher education by this federal government, which, in fact, is very conscious of the need for a better educated population, will increase from $11 billion over a four-year period to almost $20 billion, which represents an increase of almost 13.5 per cent per year in each of those four years. This is what Senator Macquarrie talks about in terms of being "a drastic cutback" in federal support for post-secondary education. The charge has no basis in fact, and I think it most unworthy of the official opposition to continue its theme and continue its—

Hon. G. I. Smith: Oh, come off it!

[Senator Flynn.]

Senator Perrault: —efforts, even through advertising campaigns in institutions of higher learning in this country, to strike fear into the hearts of the student body when they know the facts are contrary to their allegations.

Senator Macquarrie: Honourable senators, it is a new role for such a gentle old fellow as myself to become the Draco of this place. I submit to the minister, whose expostulations sometimes go a little beyond his information perhaps, that I am not concerned with wreaking havoc and sowing gloom and doom—

Senator Perrault: You give it a good try.

Senator Macquarrie: I am merely concerned about the provinces. It seems to me that all the provincial ministers concerned with these programs have been talking about nothing but this topic for the past few days, and if the minister can convince me that they are wrong, then I will help him convince the provincial ministers that they are wrong. But it would surprise me wonderfully if the ministers, from the Atlantic to the Pacific, have misread this budget so atrociously. I think the minister knows very well that assigned and definite contributions to specific pre-arranged programs have in fact been cut off, and the provinces have been thrown into the realm of equalization. I know exactly, and he should find out, what the provincial treasurers feel about this, and that is why I would like the information produced, and then we will argue about it in full.

• (1425)

Senator Perrault: Honourable senators, we, on this side, are concerned with doing constructive things. Perhaps Senator Macquarrie may wish to write to the provincial treasurers and ask them what they think of the budget. Believe me, it is low on the priority list as far as some of us are concerned.

In my own province of British Columbia, for example, the budget has been criticized by the government of that province, saying that the federal government has not been generous enough toward this or that program, including higher education. Here is a province which hopes to be able quite easily to balance its budget this year. Indeed, the Minister of Finance of British Columbia stated the other day that he was delighted to be able to announce that there could be a fairly good surplus. Now we are being lectured by Senator Macquarrie who suggests that somehow these provincial governments are being starved and deprived by the federal government which had a deficit that it is urgently striving to reduce.

Some Hon. Senators: Shame.

Senator Perrault: Every sitting we are asked in this house to reduce the deficit; cut down spending here, there and everywhere, but as soon as the government attempts to do anything constructive or—

Senator Asselin: It's too late.

Senator Perrault: —as soon as an attempt is made to bring into balance the sharing of responsibility to provide services for the people of this country, be it VIA Rail or be it education or

anything else, we are immediately attacked for being parsimonious—

Hon. Jacques Flynn (Leader of the Opposition): We are taken by surprise.

Senator Perrault: —and attacked for being unfair. I know that Senator Macquarrie has a better developed sense of justice than to make an accusation of that kind—

Senator Flynn: Don't make us cry.

Senator Perrault: —that somehow the federal government is not being fair with the provinces.

Senator Macquarrie: Honourable senators, what I need at this moment is a well-developed sense of humour, and I hope I have it. I would like to say again that I am appealing for information on this, and I hope I did not hear correctly although I usually do hear correctly—I am not that decrepit—but do I get the impression that the last thing the government cares about is the views of the provincial governments on these matters?

Hon. Lowell Murray: That is what he said.

Senator Macquarrie: I would say that is a shocking decline from what the great Lester Pearson used to call "co-operative federalism." There is no one in the country they should be listening to more attentively than those people who are involved in raising revenues and running programs for the education of the young and the health of the old in the provinces. They should have consulted with them beforehand and not be trying to bamboozle them now. I hope they will not try to bamboozle us, that they will produce the evidence, and we will see what the provincial treasurers think of the hocus-pocus on this program.

Senator Perrault: Honourable senators—

Senator Smith: A short answer!

Senator Perrault: —perhaps this may be my final word on this subject. Low on the list of priorities is the gathering of random opinions which appear in the media about the attitudes of provincial ministers of finance, but high on the list of priorities is the opportunity to sit down with these finance ministers and to negotiate new federal-provincial joint program agreements. That is why the federal government has taken the lead to obtain provincial views at this forthcoming finance ministers' conference. We will be pleased to meet with them on a rational basis, but if the honourable senator is suggesting that, across the many miles of Canada, we should be writing letters saying, "Tell us what you think of the budget," then I will say that that is a very disorganized way to appraise the views of the provinces, and we do not intend to engage in that process.

Senator Smith: Very suitable to a disorganized government.

Senator Macquarrie: This will be my final comment as well. It probably would not hurt, although they would not like it, for the government to find out what the people of Canada think of this budget, and I do not think they will find that they like it very much. Meanwhile, it is better late than never to meet with these people. In the interim, please produce the evidence.

Senator Perrault: We will attempt to obtain an observer ticket for Senator Macquarrie so he can listen to every word.

Senator Flynn: That is not what he asked for. You can read it tomorrow.

REVISION OF EQUALIZATION SYSTEM

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development. Could the minister give the Senate some information on the changes in the equalization program? I understand that now the Ontario tax-raising capacity is a new benchmark or standard by which the equalization formula would be determined. Can the minister tell us what that means in terms of the six recipient provinces? Will their entitlements increase or decrease under the new system?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I believe it was clearly explained in the budget, but I will try to get a further explanation than that if my honourable friend needs it.

• (1430)

Hon. Jacques Flynn (Leader of the Opposition): We do need it.

Senator Doody: At the same time, would the minister obtain some information on the components of the formula? I understand that the municipal taxing capacity will be included as the twenty-fourth or twenty-fifth component of the formula. Perhaps the minister could provide us with some information as to how that will affect the entitlement to the recipient provinces.

Senator Olson: I will also take that as notice.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

Hon. Duff Roblin (Deputy Leader of the Opposition): Would the Leader of the Government explain his position respecting the complaint raised by my colleague, Senator Macquarrie, regarding assistance to the provinces which is in keeping with the line of questioning opened up by my honourable friend, Senator Doody? While it may be true that established programs financing appears to have emerged relatively unscathed, no mention was made of the fact that there has been a decided change in the net impact of the federal budget on provincial government revenues, because guarantees will be removed from the tax arrangements with the provincial governments.

One has to remember that however this government may regard established programs financing, those funds are used as block grants by the provincial governments and the guarantees that are already in the tax rental agreements are being used, as Mr. Breault's task force reported, for education and health.

If my honourable friend will refer to page 50 of *Fiscal Arrangements in the Eighties—Proposals of the Government*

of Canada, he will see the point that my honourable friend, Senator Macquarrie, is trying to make—that there is a decline of $1.9 billion in the net impact on provincial revenues because of the changes proposed in this budget.

Even if the established programs financing funds remain relatively untouched, will my honourable friend explain for me, if he can, this $1.9 billion net reduction in the revenues accruing to the provinces over the five-year period in question? It seems to me that this completely bears out Senator Macquarrie's point.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice, and I will be prepared to make a statement on the subject.

Of course, Senator Roblin ignores the fact that if certain of the tax reforms and changes are followed by parallel provincial action, it would help to compensate for any lesser revenues.

Senator Roblin: My honourable friend could not be more wrong in that statement because the facts are that the estimated savings by the federal government are $5.690 billion, and from that it deducts the estimated increase in provincial revenues which will arise from this very same budget.

The details of those items are to be found at page 50 of *Fiscal Arrangements in the Eighties*. For my honourable friend to suggest that the provinces will be able to make up on the roundabouts what they have lost on the ferris wheels is nonsense. His own budgetary document makes it perfectly clear that they are short by $1.9 billion over the period.

That is precisely the point which will bear on the question of education and health support, among other things, that the provinces have to finance. What good does it do the people of Canada to merely go through a bookkeeping shuffle by transferring a tax obligation or expenditure from one level of government to another?

It is all very well to talk about the Province of British Columbia, since it has a surplus and it can balance its budget. There are only three provinces in this country in that happy position, and the others have deficits. The deficit in the case of the Province of Quebec is even more daunting than the deficit budgeted for by my honourable friends.

Senator Perrault: As I stated, I would be pleased to bring a statement to this chamber on this particular subject. Again, I say that Senator Roblin is only giving a partial picture, and the full picture must be made known in order to judge this budget and some of the statements made in it.

We should remind ourselves that, when the Minister of Finance presented this budget, he talked in terms of equity and fairness, and there must be fairness in the relationship between provincial and federal governments. There has to be a fair sharing of responsibilities among municipal, provincial and federal governments in this country. That is how a country should be operated.

Senator Roblin: I must protest my honourable friend's ascribing to me a partial, inadequate or incomplete view of this matter. Perhaps it is, but all I can say is that, when I make this statement, I am reading from the document presented by the Minister of Finance himself.

[Senator Roblin.]

Hon. H. A. Olson (Minister of State for Economic Development): There are more documents you should read.

Senator Roblin: This table in headed: "Net Impact on Provincial and Territorial Revenues of Budget Tax Changes and Proposed Savings by the Federal Government." What could be clearer? If there is more to it than that, then let us hear it.

Senator Perrault: There is.

Senator Roblin: I am not trying to mislead this house by presenting incomplete or inadequate figures.

Senator Perrault: Never.

Senator Roblin: I am simply trying to bring to my honourable friend's attention something he should have found out for himself a long time ago, but obviously has not done so. We on this side of the chamber have been asked by some cabinet ministers whether we have ever read these documents. We certainly know something about them, which is more than some of the gentlemen opposite can say.

I am simply reporting to this house what the government itself says, and to call my presentation inaccurate or incomplete on that account is a comment which is not deserved under the circumstances.

Senator Perrault: I urge the honourable senator to absorb as much as possible of the information contained in the seven cabinet papers and documents.

The government and the Minister of Finance have been very forthcoming in providing information for honourable senators. Honourable senators opposite are making rather selective use of the material. Earlier today it was suggested that somehow the Minister of Finance had been citing incorrect figures. Now Senator Roblin is citing these figures as the absolute economic gospel. In the view of the opposition, are these figures accurate or inaccurate?

Hon. G. I. Smith: That is the gospel according to MacEachen.

Senator Roblin: If my honourable friend wants to go down that diversionary road, he may do so, but the facts and records are here and they cannot be altered.

When he talks about equity in the budget he tempts me to deal with the question of equity. I will restrain myself from launching into an exposition of some of those facts he ought to know which relate to the effect of marginal federal tax rates on individuals in this country. This was presented to the whole nation as being a move towards equity when, in fact, all it does is help people in the very high income tax brackets to a much greater extent than it helps anybody else. I know that some time later we will have a debate on this matter, so I will not pursue it at this time.

I think my honourable friend will agree that there is a lot of good material in this document if he will take the trouble to read it.

INCOME TAX ACT—NON-DEDUCTIBILITY OF INTEREST ON LOANS FOR INVESTMENT PURPOSES

Hon. Lowell Murray: Honourable senators, I am sure we would all like to read and absorb all the documents. If I were in the minister's position, I would not be very proud of a document on economic development that is already being described widely in the press and by unnamed officials of the government as "pap for the eighties."

That being the case, I should like to ask the Minister of State for Economic Development whether he has anything new to report with regard to the provision in the budget to abolish deductibility of interest on loans made for investment purposes. Last night the minister indicated that representations have been made to the Minister of Finance, and he said that, if those representations parallel what is outlined in the adjustments the Minister of Finance has already made with regard to MURBs for certain projects which are already under way, it may be that he will make some changes.

In view of the fact that this provision to abolish deductibility is having a counterproductive effect on the professed desire of the government to Canadianize industry; and in view of the fact that it is causing some trauma in the stock exchanges, particularly in the smaller regional stock exchanges, will the minister say whether the government has reached a conclusion on whether to withdraw or change this provision?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the statement made by the Minister of Finance yesterday dealt specifically with MURBs. In his statement he also indicated that there are probably a number of other transitional matters that should be dealt with.

An Hon. Senator: You can say that again.

Senator Olson: You can say that about every budget which seeks reform because, obviously, some transactions or projects are under way at the time the budget is presented. Therefore, the budget proposals require detailed study. The Minister of Finance is adopting a very responsible attitude in that he will have some discussions with the people directly involved in these matters. Certainly, this may not occur today or tomorrow, or even in a couple of weeks. When those budget papers, in fact, are introduced, he will have listened attentively to the representations and will introduce whatever amendments seem appropriate for the transitional period at that time.

• (1440)

Senator Murray: Specifically with regard to the question of deductibility of interest paid on loans made for investment purposes, am I correct in interpreting the minister's reply to mean that the government is now considering a revision of that measure?

Senator Olson: I do not want to repeat what I said a moment ago, but the honourable senator can take it that the Minister of Finance has received some representations on that point.

Senator Murray: And is now considering changes in that provision?

Senator Olson: Honourable senators, I could go back to the speech I made a moment ago, however short, when I said—

Hon. Jacques Flynn (Leader of the Opposition): That is an admission.

Senator Olson: —that the honourable senator is aware that there are transitional problems from one tax regime to another and representations are being received. This government, in keeping with its traditional role of responding to reasoned representations, obviously is giving the matter some consideration.

[*Translation*]

INCOME TAX ACT—DISCONTINUANCE OF INCOME AVERAGING

Hon. Martial Asselin: Along the same line of thought, may I ask the minister whether the Minister of Finance will reconsider his decision to discontinue, as of now, the income-averaging tax deduction on payments made over a period of 15 years of which hockey players and artists could avail themselves? The minister ought to know that since the Minister of Finance announced that decision, the owners of professional hockey teams have raised objections and said that professional sports in Canada are quite simply being strangled because hockey players will join American teams instead of remaining in Canada as a result of last week's budget announcement that the deduction for payments made over a 15-year period is discontinued.

I should point out to the Leader of the Government the likely possibility that the Vancouver team, which happens to be a good one, may move to the United States. Vancouver would be left without a hockey team next year because the players see no point in being treated differently from their American colleagues. In my opinion, professional hockey in Canada is now a major job-creating concern. In light of the general outcry by hockey team owners and hockey players themselves, will the minister reconsider his decision?

[*English*]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the reply that I gave Senator Murray a few moments ago applies also to the honourable senator's question.

Hon. Jacques Flynn (Leader of the Opposition): We will be left only with the skaters on the government side.

SMALL BUSINESS DEVELOPMENT BOND PROGRAM

Hon. Duff Roblin (Deputy Leader of the Opposition): While my honourable friend is advising the Minister of Finance on further flip-flops, I have another one that I would like him to take under consideration for me.

Hon. H. A. Olson (Minister of State for Economic Development): Rephrase it.

Senator Roblin: The minister wants me to rephrase it. I don't know whether I am prepared to do that, because "flip-flop" is such a descriptive phrase and so accurately describes what is taking place that one is pretty well compelled to adopt

it. However, I am concerned about the Small Business Development Bond Program. The Minister has told us that this is a reform budget. It certainly is so far as the Small Business Development Bond Program is concerned. One might say that it has gutted—I believe that is the expression that has been used recently—the Small Business Development Bond Program, because while it is extended to unincorporated small businesses, which we requested during the last budget discussion—and I acknowledge that that is good thing—the trouble is that its application has been reduced; so instead of applying to companies that want to buy certain types of capital equipment to grow and expand—and, after all, small businesses have been the major force of our expansion during this last little while—it is now restricted to only those firms that are in financial difficulty. In other words, if one is about to go broke, one might get some of this money; but if one wants to do something productive and keep the economy expanding, it does not look as though one will get it.

Could my honourable friend explain why this reform from the previous arrangement, whereby this money could be spent for productive purposes, has now been restricted to take care only of those who are in financial difficulty?

Senator Olson: Honourable senators, my friend, Senator Roblin, will recall that the extension of the Small Business Development Bond Program announced last year was for one year. He knows that the budget announcement of November 12 extended the eligibility for people in distress. The Minister of Finance has taken the position—and I am sure the honourable senator will understand this—that this is a matter of some preferential treatment and, in some respects, a tax expenditure by the banks that extend these small business development bonds. The honourable senator is arguing that it should probably continue even beyond the announcement made a number of years ago with respect to the qualification and definition that was therein stated. I guess we have to balance the major thrusts of the budget in terms of equity for a whole lot of people involved, and that is probably the reason.

Senator Roblin: Would my honourable friend not agree that when this small business development bond was introduced, interest rates were substantially lower than they are at the present time? Would he not consider that to be a true statement? When it was good last year, when interest rates were lower, to extend this privilege to small businesses in order to develop the economy, why is it no good today when interest rates are higher? It seems to me that, if anything, it should be retained until interest rates reach some more reasonable level. At that stage one could understand that a reasoned case could be made for eliminating it; but now, when interest rates are even higher than when this policy was introduced, it seems ironic that it has been reduced to such laughable proportions.

Senator Olson: Honourable senators, if there were unlimited amounts of money available to the government, including such things as tax expenditures that are involved in this, regarding the financing institutions that extend this small business development bond, I suppose one could agree with the validity of that argument. I am sure that my honourable friend would agree that the extension of the qualification to individuals and, indeed, to farmers who are in distress is perhaps the best use of that tax expenditure.

Senator Roblin: If my honourable friend would persist in his policy instead of losing heart, he would find that the increase it would add to our productive capacity, and therefore to tax revenues, would represent a very reasonable investment, in the circumstances.

Senator Olson: I understand that argument, and over time it is probably an interesting one; but the main thrust of the budget, as I explained several times yesterday—and I do not want to go over it again—is to reduce the federal deficit, thereby withdrawing the Minister of Finance, to that extent, from the market, in the hope that we will make our contribution towards getting interest rates down. If that happens, my honourable friend probably will agree with me and the Minister of Finance that that is one of the most important economic stimuli that could take place in this country.

Senator Roblin: I wish my honourable friend would read his documents, because if he will turn to page 8 of *The Current Economic Situation and Prospects for the Canadian Economy in the Short and Medium Term,* he will find the question of interest rates dealt with, and dealt with in spades. In that particular document, which is a document of the government, it makes it quite clear that it is the Bank of Canada which raised the interest rates in the last little while. I will read it to him:

> Concerns about the increasing rate of inflation in 1981 prompted the Bank of Canada to respond to pressures on the Canada-United States dollar exchange rate resulting from the high interest rates in the United States by raising interest rates in Canada.

Which was precisely what I told my honourable friend last night. The document goes on to say:

> The uncovered differential between short-term Canadian and American rates increased from substantially less than 1 per cent at the end of 1980 to over 2 per cent at the end of the second quarter of 1981.

It goes on to explain further why the interest rates situation is the way it is.

I am telling my honourable friend that unless he is willing to face up to the Bank of Canada's interest rate policy, he is not going to get the results he expects, even from a lower borrowing position of the federal administration.

Senator Olson: My honourable friend can read over and over again the assertion by the Minister of Finance that he supports the Bank of Canada in its monetary policy and, indeed, for the very reasons that the Bank of Canada has stated in following that policy.

Senator Roblin: Would the minister deny the truth of my statement?

Senator Olson: If the honourable senator has read a quotation from any of the budget papers, I would be the last one to deny the truth of what is contained therein.

Senator Roblin: Then you had better change your tune, because it knocks your argument into a cocked hat.

• (1450)

INDIAN AFFAIRS

SLAVE INDIAN BAND—LOSS OF INTEREST ON NATURAL GAS ROYALTIES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have one delayed answer in response to a question asked by Senator Williams on July 9, 1981, concerning the rates of interest for accounts held by the Department of Indian Affairs and Northern Development for members of the Fort Nelson band.

Under an agreement negotiated last year, the Fort Nelson band of British Columbia will continue to receive substantial moneys from oil and gas sales and royalties from the reserve. All such band funds fall within the scope of the Indian Act, and they are retained in the Consolidated Revenue Fund. Interest is paid on these moneys according to a Treasury Board minute, as amended on January 29, 1981, P.C. 1981-3/255, "at the quarterly average of those market yields of the Government of Canada bond issues as published each Wednesday, by the Bank of Canada . . . which have terms to maturity of 10 years or over."

Honourable senators, at this point there follows a rather detailed amount of information of a technical nature on the subject. May I propose that this be incorporated as part of the record of today's proceedings? Honourable senators may then wish to comment after they have read the total reply.

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

Hon. Senators: Agreed.

(*The reply continues:*)

This results in interest being calculated quarterly and credited semi-annually.

Over a period of years, and under normal conditions, this rate would be generally comparable to that obtainable in the private market. In the current highly fluctuating situation that prevails there, however, and in the short term, it may well result in a somewhat lower rate at any given time than that otherwise available.

Moneys held in the Consolidated Revenue Fund are available for the purposes set out in the Indian Act, but to obtain the higher rate of interest in the private sector, funds must generally "be tied up" for varying periods of time and would not, therefore, be available for use.

The study done by the band's management consulting firm, together with a request that the rate be revised, has been received, and the Minister of Indian Affairs has referred it to officers in our finance and professional services branch.

Although a full analysis of the study will take some time, it should be borne in mind that the interest rate comparison is weighted in the firm's favour since it sets present short-term rates against long-term ones. No mention is made that, for the period August 8, 1980, to January 6, 1981, the short-term rates paid by the Canadian Imperial Bank of Commerce averaged 10.16 per cent while the average rate used by the department was 12.61 per cent, for a net difference in our favour of 2.45 per cent. While it is true that we are now paying a lower rate when compared to short-term rates available, a study performed by the Department of Finance indicates that, over the last three years, our rate of return has been more favourable.

If the financial institutions were convinced that the present trend would continue, it would be logical for them to increase the rate of return on long-term investments, and decrease it for short-term. The study's projections appear to be based on the continuation of abnormal economic conditions, without asking what happens the moment the long-term rate of return exceeds the short-term one.

The minister believes that all band councils should be made aware of the facts as they are, so that they may avoid placing themselves in a position of loss on their investments, once the economy returns to normal.

TRANSPORT

PORTS OF HALIFAX AND SAINT JOHN—LOSS OF BUSINESS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a reply to a question asked on November 4 by Senator Smith concerning the ports of Halifax and Saint John. It is fairly long. Perhaps honourable senators would be willing to take it as having been read.

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

Hon. Senators: Agreed.

(*The answer follows:*)

Honourable senators will know that the government is not generally aware of management strategies that may possibly be considered by private companies.

I am informed, however, that the president of Zim Israel Navigation Company, Mr. Rafael Kochav, has been reported as saying that the company has no immediate intentions of moving from Halifax to the Port of New York. As noted by the executive director of the Halifax-Dartmouth Port Commission, it is a healthy and normal practice for any company to look at proposals designed to improve operations. One would expect that a dynamic company such as Zim, which has been at the Port of Halifax for ten years, would continually be assessing their market strategies.

Honourable senators may wish to note that CN's rate increases have, in fact, been below the levels of inflation. The annual increase from January 1981 to January 1982—which includes a 2.3 per cent fuel surcharge implemented in August 1981—is 10.99 per cent for the movement of a 20-foot container from Halifax to Montreal. The increase for Montreal to Toronto has been 13.03 per cent for the same 20-foot unit.

I would also like to note that on Monday, November 16, the CTC resumed hearings in Halifax into the Dart acquisition. Although this forum could have served as an opportunity to register disapproval of freight rate increases, Zim Israel is not registered as an intervenor in the case.

CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUR

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—DEBATE CONTINUED

The Senate resumed from Thursday, November 5, 1981, the debate on the consideration of the report of the Standing Senate Committee on Health, Welfare and Science entitled "Child at Risk," tabled in the Senate on October 16, 1980.

Hon. Allister Grosart: Honourable senators, the report of the Standing Senate Committee on Health, Welfare and Science entitled *Child at Risk,* which I hold in my hand, makes, I believe, a most important contribution in an area of major and increasing importance to Canada and to many other nations. I refer, of course, to the wellbeing of the rising generation of Canadians and others.

Senator Bonnell, as chairman of the committee, and Senator McGrand, as the chairman of the subcommittee, deserve our thanks for what I think will prove to be a very important contribution to the literature in this field of social science.

The last speaker in the debate made some interesting comments on the report. Senator Bell made a general statement which I think we must consider carefully in deciding what our response is going to be, not only to this report but also to the many recommendations that are put before us from time to time by our committees.

The general statement to which I refer was as follows:

> I am interested in what the Senate can do to implement those recommendations.

Then she added:

> I have a few suggestions.

It seems to me that the suggestions that Senator Bell made with regard to our response to this report go to the very heart of a matter that must concern us all here, surely, from time to time, namely, what the Senate—not somebody else, but the Senate—will do to implement, or not to implement, a report of one of its committees. I say this because it seems to me that over the past few years, particularly, the area of Senate activity which has created the most favourable comment from the press and interested public is that of the initiatives taken in our committees and the work done by them.

Senator Bell, if I may paraphrase her various suggestions, seems to me to propose that we do something more than just receive this report and other reports, pay the usual compliments to the authors, and then allow such reports to gather dust on the shelves of the archives or libraries or wherever they may be, which is what has happened to the vast majority of parliamentary reports made to this and the other house.

Senator Bell makes the specific suggestion that we should have some methodology, some regular system, by which the recommendations of this committee would be applied when we are considering other acts that come before us, such as—and she names them—the Criminal Code, the Food and Drugs Act, the National Housing Act, the Indian Act, the Income Tax Act, the Excise Tax Act, the Unemployment Insurance Act and the Broadcasting Act, all of which this committee which has reported to us believes should be influenced, in connection with any future amendments made to them, by the recommendations of this committee.

I ask honourable senators this question: Do we really think that such amendments will be influenced in this way? Will we have such a system inaugurated here, in terms of which we will really pay attention to and give the respect that is due to such a report as this?

The final suggestion made by Senator Bell also goes to the heart of the matter. Senator Bell says:

> —we should originate legislation in the Senate that does not call upon the public purse.

Again she cites specific acts which could be the subject of resolutions and amendments here, immediately following on this report. Again I ask, will that happen? It seems to me that these reports, and this report particularly, offer a tremendous opportunity to the Senate. I would agree that it is very much to our credit that in recent years we have outlived the description that we used to be so proud of, to the effect that we are "a chamber of sober second thought." I think what we have accomplished over the years is that we have become a place where new ideas originate, not merely where the ideas presented by other people are rehashed over and over again. I am not suggesting that we should suddenly become intoxicated with our own exuberance—far from it—but I do think the time has come for us seriously to consider accelerating the rate of initiative in the Senate in the matter of legislation and policy. I think this can be done.

The records are full of items which indicate that substantial changes in legislation and government policy have originated in the Senate; yet those same records give very scant credit to the Senate—only 25 or 30 in the last 20 years being recorded as Senate amendments to Commons bills.

I used the phrase "originated in the Senate". By that I mean that on-going practice, that very sound development, which we have evolved step by step over the years. One thinks immediately of what has come to be called "the Hayden Formula," by means of which Senator Hayden and the members of his committee have made it possible for the subject matter of bills introduced in the House of Commons to be referred to the Standing Senate Committee on Banking, Trade and Commerce for pre-study. The committee has then called witnesses and has discussed the bills with those witnesses, with the result that the simultaneous debate going on in the other place has

been improved greatly over and over again. I have heard the proceedings of that committee quoted in the other place.

The committee, of course, has gone beyond that, and has been able frequently to obtain commitments from ministers that certain amendments, or policy changes, would be made either at the report stage, at third reading, or at the first possible opportunity. I am thinking, for example, of the committee headed by Senator Croll which a good many years ago, at a most appropriate time in our social history, introduced the great improvement of the Income Supplement to the Old Age Pension. I think also of Senator Lamontagne's Science Policy Committee, which turned around our science policy, and whose recommendations are reflected in substantive changes in our legislation, including the creation, for the first time, of a secretaryship of state for science policy.

● (1500)

The same would apply to many other committees. For example, the National Finance Committee, of which Senator Everett is the chairman, in one report made 56 recommendations, if my memory serves me correctly. The minister came back before the committee and indicated that 54 of those recommendations would be accepted. There are many other examples of this sort of thing that will occur immediately to honourable senators who are familiar with the work of specific committees. I know that comparisons are not always the most useful exercise. However, I know that there are other such examples to be found in the work of Senator van Roggen's Foreign Affairs Committee, the Agriculture Committee, the Legal and Constitutional Affairs Committee, and the Transport and Communications Committee, of which Senator Smith is the chairman, which made over 100 amendments to a single bill.

Honourable senators, these are matters that should be brought to the attention of the Senate, of the media and of the public. If my recollection is correct, a few years ago a careful study was conducted. It began with the assertion, which may or may not be true, that in the last 10 years it is quite possible that more amendments to legislation originated in the Senate than in the House of Commons. I am not saying that that statement is true, but it is not far from the truth.

It seems to me that our timidity in the past has arisen from the attitude that we would not amend legislation because that would mean that it would have to go back to the House of Commons and we would then have to go through the whole business all over again. It has always been my feeling, honourable senators, that if we did that a few times, the Commons would get used to it and would welcome it. This is quite a different viewpoint from that which was expressed by the leadership in the Senate at one time—not the present leadership, I might add—which advised us not to send legislation back because, if we did, it would set off the NDP all over again on their theme of abolishing the Senate. I have not heard that attitude expressed lately, and I do not believe it is an attitude of the present leadership in the Senate.

How could we accelerate this Senate initiative? Senator Bell made some suggestions in that respect when she was referring to the Standing Senate Committee on Health, Welfare and Science. Perhaps I could add to her suggestions. She suggested that such a committee should list its priorities and should recommend to the Senate that the Senate should introduce an amendment or a resolution which would be sponsored, presumably, by the chairperson of the committee. Another suggestion would be that the government itself should take responsibility and say, "Because excellent work has been done in the committee, we will take the responsibility of seeing that it does not die, that it does not go on the shelf." The government would then examine the recommendations contained in these reports to see what the responsibility of the leadership of the Senate was. Leaving aside for the moment the fact that it is generally described as the leadership of the government in the Senate, it is also the leadership of the Senate for all of us, and I suggest that this is an activity that could well be a responsibility assumed at the level of the leadership in this chamber. That would certainly give us, as senators, the knowledge that serious consideration is being given to implementing the recommendations of these committees.

In any event, honourable senators, I feel certain that the climate and the spirit of innovation and improvisation which has characterized our chamber for a good many years will continue and become an increasing and invigorating aspect of the work of this honourable chamber.

Hon. Senators: Hear, hear.

Hon. John M. Godfrey: Honourable senators, I did not intend to speak to this matter, but when I heard Senator Grosart putting forward these suggestions, I wanted to add one other. This procedure is actually in practice and is one which Senator Grosart overlooked.

The National Finance Committee, of which Senator Grosart is an active and important member, adopted the practice, when dealing with a certain report we had issued, of hauling the people from the department back six months later and asking them what they had done about our recommendations. They are aware that we are going to do this, so they consider the recommendations and either accept them or come back with reasons why they have not accepted them. I am simply saying that this is one method which has proved of value in the past.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this may not be directly in order, but I would like to express my thanks for the constructive intervention that Senator Grosart has just made, using this excellent report to illustrate the suggestions he has for the future conduct of the Senate, or at least beefing up some of the trends that the Senate has begun. I am sure that all other honourable senators share that reaction to his intervention.

I am not sure whether any other honourable senator wishes to speak on this inquiry, so in the meantime I will take the adjournment.

On motion of Senator Frith, debate adjourned.

LABOUR RELATIONS

MOTION TO APPOINT SPECIAL SENATE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Deschatelets, P.C., seconded by the Honourable Senator McIlraith, P.C.:

That a special committee of the Senate, to be composed of seven members, be appointed to inquire into and report upon

(a) any matter relating to labour relations in Canada with particular reference to problems concerning the free collective bargaining process and the constructive settlement of disputes; and

(b) any proposals for a more orderly and less disruptive exercise of the right to strike.

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

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time, and to print such papers and evidence from day to day as may be ordered by the Committee.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have discussed what I am about to suggest with the proposer of this inquiry, Senator Deschatelets, and with your permission I will ask that this order stand for a month.

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

Hon. Senators: Agreed.

Order stands.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN WITHDRAWN

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, in view of the fact that we will probably have the text of a new resolution before us tomorrow, I would ask for the unanimous consent of honourable senators to discharge the house order agreed to on April 15, 1981, and to withdraw the motion for a Joint Address to Her Majesty the Queen. Pursuant to rule 23, I ask leave to withdraw the motion of February 19, as amended, standing in my name:

That an Address be presented to Her Majesty the Queen respecting the Constitution of Canada.

The Hon. the Speaker: Honourable senators, as you know, in order to withdraw this motion we must have the unanimous consent of the Senate. Is there unanimity?

Hon. Senators: Agreed.

Order discharged and motion withdrawn.

[Senator Frith.]

AGRICULTURE

COMMITTEE MEETING AT LENNOXVILLE, QUEBEC—AUTHORIZATION OF FUNDS

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the Standing Senate Committee on Agriculture has set up a series of meetings to be held at various cities across the country. The first such meeting is scheduled for tomorrow. Through an oversight, authority was not obtained from the Standing Committee on Internal Economy, Budgets and Administration to draw certain preliminary funds in order to finance this series of hearings. Since the first hearing is to begin tomorrow in Lennoxville, Quebec, it seemed to some of us who discussed this matter that the only way to handle it would be to have the chairman of the Agriculture Committee explain his predicament, if he wishes to add anything to what I have said. He can request of the Senate permission to draw down a certain amount, subject to eventual approval by the Standing Committe on Internal Economy, Budgets and Administration.

• (1510)

So, I will call on Senator Hays to make that request and to add anything he wishes to what I have said.

Hon. Harry Hays: Thank you very much, Senator Frith.

Honourable senators, through an oversight on my part the committee neglected to obtain prior approval of its budget from the Standing Committee on Internal Economy, Budgets and Administration. It is my hope that that committee will, when it meets tomorrow, approve the budget we will present to it, even though it will only have a short time to study the details of that budget.

The committee is scheduled to travel to Lennoxville, Quebec, tomorrow to hold a meeting. I would be quite upset, as I am sure the other members of the committee would be, if we were prevented from continuing on as arranged owing to this oversight on my part—and I do take full responsibility for it.

In order to overcome the problem facing us I would respectfully ask that the Senate approve today an advance of $3,230 to enable us to get our investigation under way as scheduled.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, under the circumstances the proposal seems reasonable. The Committee on Internal Economy, Budgets and Administration and the subcommittee will undoubtedly be proceeding to a consideration of the budget for this trip and, I understand, future trips that have been planned by the committee, and in view of that I think the committee should be allowed to go in peace to Lennoxville tomorrow.

The Hon. the Speaker: Is it agreed, honourable senators, that I put the motion at this time?

Hon. Senators: Agreed.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Hays, P.C., seconded by the Honourable Senator Godfrey:

That an amount of $3,230 be authorized as an advance to the Standing Senate Committee on Agriculture for its travel to Lennoxville, Quebec, subject to the presentation by the Chairman, of a supplementary budget, to the Standing Committee on Internal Economy, Budgets and Administration.

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

Motion agreed to.

THE CONSTITUTION

TEXT OF RESOLUTION TO BE PRESENTED TO PARLIAMENT

Hon. Jean-Paul Deschatelets: Honourable senators, I should like to ask Senator Frith, if the amended resolution on the Constitution is available sometime this afternoon, could it be distributed to us in our offices sometime during the day?

Hon. Royce Frith (Deputy Leader of the Government): In answer to another question, the Leader of the Government in the Senate made reference to that, and I understand that, unless the new resolution has already been tabled in the other place during our sitting, it will be tabled in the other place just before 6 o'clock. That being so, it is our intention, so I am advised by the leader, to give notice tomorrow for that resolution to appear on the order paper next week. Discussions will then take place with respect to how we will handle the debate itself.

If we follow that intended procedure, honourable senators will receive their copies of the new resolution sometime tomorrow, without any debate. They will have it when we table it, with copies for all senators. There will be no debate on the matter until the following week, and, in fact, we will be discussing with the other side what debate there will be even at that time.

Senator Deschatelets: If copies are available sometime today, even at 6 o'clock, let us say, would there be any objection to senators receiving copies in their offices tonight, even if it is as late as 7 o'clock?

Senator Frith: There would be no objection to that at all. I simply do not know that I can undertake to do the mechanics; but, if it is possible, you will have them. There is certainly no objection in principle. Honourable senators should have them as soon as we can distribute them.

Hon. Allister Grosart: Perhaps what I am about to ask is, in a way, a repeat of a question I asked earlier on the same subject, but as I understand it, as presented, the resolution will be in the form of suggesting an Address to Her Majesty with respect to some proposed changes in the Constitution of Canada. The question that concerns me is whether we will have an assurance that this new resolution to be presented to us will have been agreed upon by those who agreed to the "Accord." Will we know that this document exactly reflects the decision taken at the time of the "Accord" and any subsequent agreements? I believe it is most important that we know that and are not just presented with a document bearing no indication of its credibility.

Senator Frith: Honourable senators, I represented the Leader of the Government in the Senate yesterday at a meeting at which that subject arose, and on the basis of the discussions which took place yesterday I can say that the answer to the question is: Yes.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, November 19, 1981

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

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Canada Post Office for the fiscal year ended March 31, 1981, pursuant to section 80(2) of the *Post Office Act*, Chapter P-14, R.S.C., 1970.

THE CONSTITUTION

NOTICE OF MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I give notice that on Wednesday next, November 25, 1981, I will move a motion respecting the Constitution of Canada.

TRANSPORT AND COMMUNICATIONS

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Graham be substituted for that of the Honourable Senator Lewis on the list of senators serving on the Standing Senate Committee on Transport and Communications.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have prepared a motion for adjournment until Tuesday next, November 24, 1981, at 8 o'clock in the evening. However, it will have been noticed that the resolution respecting the constitutional proposals will be moved on Wednesday, November 25. It seems to me that it would be worthwhile our considering adjourning not until Tuesday, but until Wednesday. Therefore, I would ask you to allow me time in which to consult the committee chairmen, and later in the day I will request leave to revert to Notices of Motions.

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

Hon. Senators: Agreed.

[*Later:*]

Hon. John M. Godfrey: Honourable senators, I should like to bring up a point that I have brought up in the past and that I shall continue to bring up. I do not see why, for instance, whether or not we sit on Tuesday evening should have any bearing on the commitments for committee meetings on Tuesday afternoon. I believe that the Standing Senate Committee on Banking, Trade and Commerce, of which I am a member, is meeting next Tuesday afternoon, and I am prepared to be present, but why should we drag in all other honourable senators who are not involved, simply because that particular committee, or any other committee, is meeting? We should get into the habit of having committee meetings, and not necessarily tie them in with sittings of the Senate, when all honourable senators have to be present. Why can't we just go ahead on Tuesday afternoon and have our committee meet, and not have the Senate sit on Tuesday evening and have all honourable senators dragged in for the benefit of a few?

Senator Frith: Honourable senators, I agree that the meetings of committees should not have any relationship to the sittings of the Senate, but I must say that my experience is that they do. Therefore, I intend to check with the chairmen, as a matter of courtesy at least, to see what meetings are planned and to ask each chairman what his reaction is. Apart from that, and in principle, I totally agree with Senator Godfrey.

Senator Godfrey: I have been hearing similar remarks for eight years, and yet we have never really tried it out, so how do we know that it has that much influence? The committee met on the Constitution week after week and had quorums, even though the Senate was not sitting. We have had numerous instances to prove that the Senate need not be sitting, but there is this tradition. Why don't we try it out next Tuesday afternoon and see how it works?

QUESTION PERIOD

[*Translation*]

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN— TIMING OF DEBATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, this is perhaps an extension of what the Deputy Leader of the Government has just said, and I hope I won't upset the apple cart. The Leader mentioned that he would be moving the resolutions on the Constitution next Wednesday.

He did not say that they were to be put on the Order Paper, but that the debate would start on that day.

I was wondering whether this was a formal decision, and whether the government will not consider the representations I made privately yesterday to the leader and the deputy leader, namely, that the debate here should not start before the other debate in the House of Commons has ended, unless of course it should last beyond a reasonable time in which case there might be an advantage. Logically, however, I do not think we should be asked to vote on a resolution until we know in what final form it will come to us once approved by the House of Commons.

• (1405)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, there is a possibility, of course, that next Wednesday action could be taken to stand the motion. The meetings being held in the other place at the present time are to discuss the length of the debate and its terms. As yet, that information has not been conveyed to me. I understand that discussions are continuing. However, it was felt important enough to have this motion on our order paper, and I would be pleased to meet with the Leader of the Opposition at some appropriate time—perhaps later in the day—when we have received more information from the other place, to determine precisely the type of schedule which may be agreed to by the other parties over there. Certainly, we should not rule out the possibility of at least accepting in part the proposal put forward by the Leader of the Opposition.

Hon. Jean-Paul Deschatelets: Honourable senators, I should like to ask a question of the Leader of the Government. Perhaps my question is premature, but was any decision made during the debate that individual amendments could be entertained rather than having global amendments presented by one side and then the other? Will he take this matter into consideration?

Senator Perrault: Honourable senators, I thank Senator Deschatelets for his suggestion. One of the matters under discussion in the other place at the present time is whether the previous agreement as to the consolidation of proposed amendments from the various parties in omnibus form will be put in place, or whether individual amendments will be considered.

Hon. Martial Asselin: Senator Deschatelets is referring to the Senate, not the other place.

Senator Perrault: Honourable senators, of course we are free to establish our own practices here, but I think the procedures adopted in the other place, with the support of the leaders of the parties, should have some significance for supporters of those parties in this chamber.

Senator Flynn: They may have significance, but they are not binding.

Senator Perrault: Of course not.

Senator Flynn: I think the leader will agree with me that the order that was made with regard to the previous resolution does not apply to this one, and that the normal procedure would be for separate amendments.

Senator Perrault: Yes.

Senator Flynn: It would be irregular to move a package of unrelated amendments.

• (1410)

THE BUDGET

MODIFICATION OF PROVISIONS

Hon. R. James Balfour: Honourable senators, I invite the Leader of the Government, or the Minister of State for Economic Development, to explain to the Senate and to the country the reasons for the second flip-flop in budget policy announced yesterday by the Minister of Finance concerning the rules governing tax-free rollovers and share transactions in cases of corporate re-organization.

Hon. H. A. Olson (Minister of State for Economic Development): The honourable senator can call it whatever he likes. This move was in keeping with what the Minister of Finance announced the day before. In that particular instance he dealt with changes to the MURB program and, in case there was any confusion, he made it very clear that it would be extended to the end of 1981.

His announcement yesterday, with respect to share transactions and the tax treatment that would be applied to them, dealt with those kinds of situations which any budget comes up against—that is, those matters that are already in place and which were put together on the basis of the regime prior to the budget.

The Minister of Finance has also stated that he will listen to representations concerning other matters covered by the budget.

Hon. Duff Roblin (Deputy Leader of the Opposition): I should think so.

Senator Olson: He has indicated that, where justified, there would be provision for the transition.

Senator Roblin: It is a little late for that.

Senator Balfour: Would the honourable senator enlighten us in that regard and indicate, if he can, whether those additional measures under consideration include the non-deductibility of interest paid to earn investment income?

Senator Olson: I am sure some representations are being made in this regard. However, if I were the honourable senator opposite, I would not hold my breath while waiting for a decision. There were good and sufficient reasons for accelerating the decisions announced on MURBs and on the transfer of shares because they were, in fact, related to transactions that were under way. Consideration has been given to what has just been mentioned and, perhaps, some other anomalies will show up as a result of representations in the next few days.

I want my honourable friend to understand that all these changes in the budget are for the purpose of establishing a better base of equity in the taxation system.

Hon. Royce Frith (Deputy Leader of the Government): That will be the main theme.

Senator Balfour: Along the lines just opened up by the honourable senator, would he enlighten those on this side of the house by telling us why the rules concerning tax-free rollovers and share exchanges on corporate re-organizations were appropriate for being put into place by the government of which he is a member, and why those reasons are no longer valid?

Senator Olson: That is the honourable senator's opinion.

Senator Roblin: It is obviously your opinion.

Senator Olson: It relates to equity, and the concept of people all across the country carrying their fair share of the tax burden. What the Minister of Finance has announced is what is, in his view and in the view of the government, a more equitable situation.

Senator Balfour: To put the question in very simple terms, would the honourable senator explain how the principles of equity have altered since the time the measures were put in place and the present time?

Senator Olson: Honourable senators, I will take that question as notice and give a detailed answer.

Hon. Lowell Murray: Honourable senators, what is really frightening about this whole process, for anybody who cares about the Canadian economy, is the fact that the Minister of Finance has clearly brought in budgetary and economic policies not knowing what he was doing and not knowing what the consequences of his actions were going to be, and that he is getting advice from advisers who do not know what they are doing and do not understand the consequences of their actions on the Canadian economy.

Having said that, may I ask the minister to elaborate—

Senator Olson: Is that comment related to a question, or is it just thrown in? It is completely against the rules.

Senator Murray: It is a statement of fact.

Senator Frith: Free of charge and worth what we paid for it.

Senator Murray: It may be, as the minister says, completely against the rules, but it is completely in accord with the facts of the situation in this country today. The Minister of Finance did not know what he was doing.

Senator Olson: Your opinion is not necessarily fact.

Senator Murray: He is having to swallow his own budget piece by piece.

• (1415)

Some Hon. Senators: Hear, hear.

Senator Murray: I want to ask the minister if he will kindly elaborate on his statement that there are a number of other transitional matters that are being dealt with, so that we will know just what is the next morsel of his budget that is going to be swallowed by his colleague.

[Senator Olson.]

Senator Olson: Honourable senators, I will bring in a statement, if I can get one from the Minister of Finance, of the number of people who are being affected by the changes in the tax regime. The Minister of Finance has stated—I don't know how many times I have to say this—that the government believes in equity and fair play.

Some Hon. Senators: Oh, oh!

Senator Frith: Keep saying it until it sinks in.

Senator Olson: It is not sinking in well, but perhaps after a while it will. I believe that the Minister of Finance has adopted a very proper attitude. He has received representations, and where there are transactions that are under way, or some investment and the possibility of loss, he will listen sympathetically to them and will respond by providing a transition period. If honourable senators opposite cannot understand that, then I may have to say it two or three times more today.

Hon. Jacques Flynn (Leader of the Opposition): I don't think it will be very helpful.

Senator Balfour: Is the minister stating that what we received the other night was not a budget proposal at all, but something in the way of a white paper put forward for discussion purposes?

Senator Olson: Not at all. The simple answer is no. Perhaps the honourable senator can understand that. It might help toward his enlightenment if I point out that it is not a new practice to have some transition period with respect to certain things that I described a few moments ago.

Senator Murray: Why were they not in the budget?

Senator Olson: This government believes in listening to the people. The Tories opposite, when they brought in their budget, did not do much consultation and they were tossed out of office for it. So they really ought to understand that we on this side listen to the people.

Senator Flynn: You are not serious!

Senator Olson: That is exactly what happened.

Senator Flynn: Do you think this government would survive if it were not in a majority position? All those trained seals in the other place would vote for that budget, while they voted against ours, even though ours was much better.

Senator Olson: It was clear that the Conservatives had demonstrated an absolute inability to manage the house, even to the point of showing they could not count. If that is not a clear demonstration of mismanagement, I don't know what is.

Hon. Raymond J. Perrault (Leader of the Government): Shocking!

Hon. Douglas D. Everett: Honourable senators, I have a question for the Minister of State for Economic Development. I wonder if he would agree with me that when a change is made to a budget by a Minister of Finance, the stance of the opposition would be better to congratulate that change and seek other changes rather than find carping fault with the minister, thereby causing him to protect himself in keeping the

budget the way it is. It seems to me that the opposition—I don't know whether or not the minister would agree with me—is doing exactly the wrong thing and, in fact, is putting obstacles in the way of changing the budget to make it more workable.

Senator Olson: I agree, and the opposition is again demonstrating what they always do, namely, that they are not really concerned about the sincere representations that are made to the government when a new policy is announced.

Senator Perrault: They are playing nothing but politics over there.

Senator Flynn: He didn't give that advice to the government two years ago. He is on the side of the trained seals.

Hon. C. William Doody: Honourable senators, would the minister consider printing a document for our consideration when the budget debate is concluded, or shall we have to add in the little bits and pieces ourselves?

Senator Olson: Honourable senators opposite have already demonstrated a reluctance to read carefully all the documents that have already been presented to them, and the Minister of Finance has said that he will listen to other representations. The minister has also said that by the time the budget papers—

• (1420)

Hon. Martial Asselin: Because it is a bad budget.

Senator Olson: —or "bad" budget bills are brought in, he will have considered any representations with regard to the transition period.

In reply to Senator Asselin—

Senator Asselin: It is a bad budget.

Senator Olson: —he wants to have captions for the budget, but I am sure that he will have to change them in the next few days.

Senator Roblin: If you make enough changes, I am sure he will.

Senator Asselin: How many changes are needed for the resignation of the minister?

Hon. Nathan Nurgitz: Honourable senators, I have a question for either the Leader of the Government or the Minister of State for Economic Development which deals with this very question. I do not think I would go as far as Senator Everett would like us to and congratulate the government on the changes, but in light of the fact that the government is taking into account certain changes, such as those to the MURB program and others, would either one or both of the ministers take to the government the concerns expressed over the inequities which arise through time differences? For example, while the forward averaging annuities are in effect wiped out for a young athlete who lives in the Maritimes, Quebec or Ontario, simply because of the time zones which cause the earlier closing of business in those provinces than in the western provinces, an athlete living in Vancouver has a decided advantage. I am sure that the Leader of the Government would not want people in his province to have an advantage over people in the other provinces.

Senator Perrault: Honourable senators, the proposal advanced by the Honourable Senator Nurgitz will certainly be given attention by the government.

It has been rather interesting, honourable senators, to follow the discussions this afternoon. It seems that if the government refuses to change its position, it is described as hard-hearted and intransigent—

Senator Murray: Incompetent.

Senator Perrault: —but when it changes its position to meet a perceived need, the government has supposedly engaged in a flip-flop. So, obviously, there is very little the government can do to please the opposition.

Senator Asselin: We call it incompetence.

Senator Perrault: Honourable senators can be reassured by the words of the Minister of Finance, who stated in the other place—

Hon. Jack Marshall: The Vancouver Canucks are okay.

Senator Perrault: —that he is considering further changes, modifications, alterations—

Senator Asselin: How many times?

Senator Perrault: —or fine-tuning in order to make this a budget that is truly responsive to the needs of the Canadian people. That is the kind of Minister of Finance we require at this time.

Honourable senators opposite seem to enjoy quoting from newspapers. Senator Guay has brought to my attention an article which appeared in the *Financial Post*. The very heart-warming headline is, "Federal budget called 'reasonable for times' ".

Senator Marshall: Which budget?

Senator Perrault: The article goes on to say:

> Despite widespread criticism, the federal budget is one of the better pieces of public policy Canada has seen for some time, says Stephen Browne, chief economist at Sun Life Assurance Co. of Canada, Toronto.
>
> "I think this is a pretty reasonable budget for the times," he told a luncheon meeting of economists in Toronto.

The article continues:

> John Grant, director and chief economist of Wood Gundy Ltd. of Toronto, told the meeting that Finance Minister Allan MacEachen has done the right thing in continuing a policy of restraint.

The article further states:

> Mr. Browne agreed that fiscal measures in the budget could not have stopped the recession. "The irony for the minister is that he's taking criticism for the things he did right."

Despite the carping criticism of the Jeremiahs on the other side of the house, the Minister of Finance has shown that he has the courage and the fortitude to do the right thing.

Senator Asselin: What, back up?

THE CONSTITUTION

AGREEMENT BETWEEN GOVERNMENT OF CANADA AND NINE PROVINCIAL GOVERNMENTS CONCERNING CHARTER OF RIGHTS AND FREEDOMS

Hon. G. I. Smith: Honourable senators, I would like to direct a question to the Minister of State who, I think, has the responsibility for Indian and aboriginal affairs in this country, and perhaps many other things as well; I am not quite sure. Would the minister inform the Senate as to what concessions, either during or since the last meeting of the first ministers, the Prime Minister put before the first ministers of the provinces in order to obtain their agreement to the entrenchment of aboriginal rights in the accord which was reached at that time or in the draft text of the resolution which has been placed before us since that time?

• (1425)

Hon. Jack Austin (Minister of State): Honourable senators, I think that the public record is very clear that the Prime Minister sought to maintain section 34 in the amendments to the Constitution proposed to be sent to Westminster, and that a substantial number of provinces would not permit section 34 to be retained.

Senator Smith: That is not quite the question, although I am sure the honourable gentleman would rather say what he did say than answer the question. I will repeat the question for his benefit, however, and see if he will deign to answer it. The question was: What concessions did the Prime Minister offer to the first ministers of the provinces in order to obtain their agreement to such entrenchment?

Senator Austin: Honourable senators, the only fit answer to that question is to be found in the notice of motion dated November 19 which is now before you.

Senator Smith: Honourable senators, it sometimes becomes a little wearisome to listen to this sort of spineless declaration in answer to a question, and which avoids the question very nicely.

Just in order to remind the honourable gentleman of the attitude of the federal government, to which he now has the distinction to belong, I should like to point out that in the original resolution that was placed before the House of Commons, of which I have a copy here, there was a notable absence of any effort to do anything about the entrenchment of aboriginal rights, and if there had not been amendments recommended as a result of representations made to the joint committee studying it there would have been no such contents in the resolution which was placed before this house and the other house in April last.

[Senator Perrault.]

Senator Austin: Honourable senators, I wonder at the ability of Senator Smith to skate on the thinnest possible ice.

Senator Smith surely knows that in the work of the joint committee to develop what became known as section 34, the government and the two opposition parties took positions on the text that were similar, but not on the preconditions. Senator Smith surely knows that the party to which he adheres took the position that no provision such as section 34 and others would be supported by the Conservative Party, except with the support of a substantial number of provinces. As we have not been able to obtain that substantial support, which includes the support of a number of provincial Progressive Conservative governments, I am amazed that he is on his feet asking that question of us.

Senator Smith: Honourable senators, the honourable gentleman's capacity to be amazed rather than his capacity to answer a question with facts is really amazing to me, I having observed this facility of his now for quite some time.

I asked what concessions or persuasions the Prime Minister of Canada offered to the first ministers in order to obtain the agreement of the first ministers of the provinces. It is clear that there was none, and I say to him that it is clear also that the federal government never intended in the first place to have any such provisions in the Charter of Rights, or whatever they want to call this proposed resolution for a Joint Address to Her Majesty the Queen concerning the Constitution of Canada, bearing the name of the Prime Minister as the person who introduced that resolution in the House of Commons for the first time.

It is perfectly clear that there was no intention on the part of the federal government at that time to do anything about aboriginal rights.

Senator Austin: What is perfectly clear is that the Minister of Justice proposed section 34 at a time during the course of those dicussions when the aboriginal peoples had been successful in making known their representations to the people of Canada, and at a time when the opposition parties would have been embarrassed to deny them that opportunity. But part of the hidden agenda of the Conservative Party was the veto of the provinces—

• (1430)

An Hon. Senator: Shame!

Senator Austin: —of this country, and I might add, for Senator Smith, that the successor government of his province, Nova Scotia, has, I understand, moved its position on the equality of women, from a denial to an affirmation, only under the greatest of pressure, and no doubt Senator Smith will be pleased to bring to the attention of Premier Buchanan and his government the need to make a similar shift on aboriginal rights.

Hon. Raymond J. Perrault (Leader of the Government): Yes, get on the phone!

Senator Smith: Well, my honourable friend, to use his own words, continues to amaze me with his ingenuity in avoiding

answering a simple question to which obviously the answer is "no." How he could consider it relevant to turn a question about aboriginal rights into a lecture on the status of women amazes me, too. However, it is perfectly clear that the honourable gentleman is not prepared to deny what I said, and said quite early in this discussion, to the effect that there was no intention on the part of the federal government to put anything in this resolution concerning aboriginal rights, because they did not have it in their first edition which was introduced in the House of Commons, and now it is still not there except in some very attenuated form, which is far from satisfactory and which, in fact, is extremely annoying, to put it mildly, to the aboriginal peoples.

Senator Austin: Senator Smith, with his long legislative experience, is a past master of the art of trying to turn white into black. The record is very clear that this government, through the Minister of Justice and the joint committee, proposed section 34, and the record is very, very clear that it was the provinces—eight of them, not including New Brunswick and Ontario, and with the possible exception of Quebec, as I said before, because I always want to be generous to Quebec—who placed before the Prime Minister on the morning of November 5 a document which was a proposed accord, on their part, that eliminated section 34. The Prime Minister asked them whether that was an oversight and they said, "No, it is not an oversight. This is our final position." The Prime Minister asked them to reinstate in the accord the provisions of section 36, which are now found in the document of November 19 before us, and they were prepared to meet without precondition in a first ministers' constitutional conference. Anything which Senator Smith, with his vast experience in practising obfuscation and obscurantism, can produce here will not get away from the real record of the event.

Senator Perrault: Hear, hear.

Senator Smith: My honourable friend has just added two very interesting words to describe his own conduct in this house ever since he became a minister—

Hon. Jacques Flynn (Leader of the Opposition): It goes back further than that.

Senator Smith: —and I thank him for that, because they would not have occurred readily to me as suitable words to use. But whatever he may say, the fact is that in the first edition of the resolution introduced by the Prime Minister in the House of Commons there was absolutely no reference to the question of aboriginal rights; but in the resolution which was amended by a great number of amendments and which was placed before the house in April of this year there was entrenchment. Now, when we look at the resolution which was introduced in the House yesterday, we find there is no entrenchment. That leads to my question, whatever the facts may be: What did the Prime Minister do to persuade the first ministers of the provinces to agree? He has now obviously said nothing, except to ask them if they would.

Senator Austin: Honourable senators, Senator Smith is a lawyer, and so am I—

Senator Flynn: Are you a lawyer?

Senator Austin: —so perhaps I can say to him that we have joined issue on this matter and we will debate it again before the people of Canada.

Senator Flynn: I never realized you were a lawyer.

Senator Smith: I suppose, honourable senators, that is as good an answer as I will get out of the distinguished senator.

Hon. George J. McIlraith: Question!

Senator Smith: Question? I have asked the question at least four times already. If the honourable gentleman has not heard it yet, that's because he is hard of hearing.

Hon. Lowell Murray: May I ask the Minister of State whether it is not a fact that in the original resolution the aboriginal rights referred to were to be defined at a meeting of first ministers? Therefore, how does the question of provincial veto arise?

Senator Austin: Honourable senators, I am not sure what "original resolution" means, but in the first document that was brought to this chamber as a proposed joint resolution there was no such provision as section 36; that was also put in during the course of the work of the joint committee. It is absolutely true that the Conservative Party never raised the question of including aboriginal rights at the time the document first appeared, but that the question of aboriginal rights being included flowed from the presentation of briefs by the aboriginal peoples.

Hon. Martial Asselin: It was not raised by your party.

Senator Austin: Of course it was. It was raised by the Minister of Justice after he had received the aboriginal peoples' briefs.

Senator Perrault: Absolutely.

Senator Asselin: No, it was raised by the N.D.P.

Hon. Joan Neiman: Honourable senators, I should like to direct a question to the Leader of the Government on the same topic. I have not had a chance to refer to the original resolution, but having looked at the notice of motion laid before us today, and having compared that with the resolution introduced here in April, I have the overwhelming feeling that the Charter of Rights has, in effect, been emasculated and that the work done during the spring and summer by the special joint committee has to a large extent been nullified. I hope that in the course of the forthcoming debate the government will give us an explanation of that.

I would ask the Leader of the Government to undertake to determine why it was felt necessary to make a "notwithstanding" clause applicable to our fundamental rights. We have been talking so much about the equal rights of women and of the native peoples—both, of course, are extremely important—that I think we forget that this change strikes at the most fundamental rights we now have. In fact, it takes away rights. Why bother having a Charter of Rights at this point, I wonder.

I hope we will be furnished with a statement from the government with respect to the reasons why that was done.

I am also extremely concerned about section 33 and its application to all sections between 7 and 15. I do not know—and perhaps the Leader of the Government can tell me—why section 28 was left in, because at this point it really is meaningless. It was added to the April version of this document. I hope that during the course of the debate we will hear some explanation of the government's policy. In particular, I should like to have an explanation as to why it was felt a reference to Parliament had to be included in section 33, because when this resolution was presented to Parliament in April I think it was approved by all parties and a commitment was made to the people of Canada. In my opinion, Parliament is honour bound to stand by that commitment.

I can understand our difficulties with certain of the provinces—and I am glad to hear the news about the Province of Nova Scotia, and now we have to deal with Premier Blakeney and the Province of Saskatchewan—but that does not exempt the Parliament of Canada from the commitment it made earlier this year with respect to this Charter, and I hope that our leader, Senator Perrault, on behalf of the government, will be able to explain these changes.

I conclude by saying that I only raise these matters for purposes of clarification.

• (1440)

Senator Perrault: Senator Neiman has asked a number of important questions which will be taken as notice. Perhaps those questions will be answered in more detailed form during the course of the debate which may commence next week. This is a matter which, of course, will be discussed thoroughly with the Leader of the Opposition, but I would like to make a brief statement with respect to the Charter of Rights. Perhaps this statement will serve to allay some of the concerns expressed by Senator Neiman and felt by certain other members of this chamber.

It is important at the outset to understand that the entire Charter of Rights will be entrenched in the Constitution, and that no province will be able to opt out of any provision of the Charter. The agreement signed by the Prime Minister and nine premiers does not, in the view of the government, emasculate the Charter at all. Democratic rights, fundamental freedoms, mobility rights, legal rights, equality rights and language rights are all enshrined in the Constitution—

Senator Asselin: And women's rights?

Senator Perrault: —and apply across the country in all its areas.

What the premiers and the Prime Minister have agreed to could be described as a safety valve, which is unlikely ever to be used, except in non-controversial circumstances, by Parliament or legislatures to override certain sections of the Charter. The purpose of an override clause is to provide the flexibility that is required to ensure that legislatures rather than judges have the final say on important matters of public policy.

[Senator Neiman.]

The override clause of the Charter of Rights will require that a law state specifically that part or all of it applies, notwithstanding a particular section of the Charter. Such a law automatically expires after five years, unless specifically reviewed by a legislature. The effects of this provision are, first, that it will be politically difficult for any government, without very good reason, to introduce a measure which applies notwithstanding the Charter of Rights; second, a sunset provision of five years provides a degree of control over the use of an override clause and allows public debate on the desirability of continuing the derogation further.

It is important to remember that the concept of an override clause is not new in Canada. Experience has demonstrated that such a clause is rarely used and, when used, is usually non-controversial.

The Alberta Bill of Rights was enacted in 1972 and includes an override clause. The Saskatchewan Human Rights Code of 1979 also has an override provision. Neither has ever been used. The Canadian Bill of Rights, enacted in 1960 by the late Right Honourable John Diefenbaker, also contains an override provision, which should provide encouragement to the Conservative members of both chambers of Parliament. In 20 years, the only time it has ever been used was in the Public Order (Temporary Measures), Act enacted in November 1970, after the October crisis of that year. The regulations under that act which derogated from the Canadian Bill of Rights, however, expired less than six months later on April 30, 1971.

The Quebec Charter of Rights and Freedoms, adopted in 1975, contains an override clause which has been used several times. However, its use has been non-controversial and is instructive in looking at how the override clause may be applied in terms of the new constitutional Charter.

For example, despite the provision in the Quebec Charter guaranteeing that everyone is equal before the law, the Juries Act states that a lawyer cannot be a member of a jury. Despite the guarantee of open trials in the Quebec Charter, the Youth Protection Act provides for circumstances where a juvenile court may hold closed sessions. Despite the protection in the Quebec Charter for the privileged doctor-patient relationship, the Highway Safety Act requires a doctor to inform the licence bureau of the name of a patient who is medically incapable of driving a motor vehicle. These examples demonstrate the utility of an override clause where strict application of a Charter would otherwise lead to absurd results.

What is interesting, as well, in the Quebec experience, is that the first draft of Bill 101 would have made its provisions applicable notwithstanding the Quebec Charter of Rights and Freedoms. In this controversial area, public pressure forced the Quebec government to delete the clause from the bill.

Hon. Jacques Flynn (Leader of the Opposition): Keep some of that for your speech.

Senator Perrault: It is because of the history of the use of the override clause and because of the need for a safety valve to correct absurd situations without going through the difficul-

ty of obtaining constitutional amendments that three leading civil libertarians have welcomed its inclusion in the Charter of Rights.

Alan Borovoy, general counsel to the Canadian Civil Liberties Association, was quoted in the Montreal *Gazette* of November 7 as saying, "Our reaction is one of great relief. They did not emasculate the Charter." He went on to say:

> The process is a rather ingenious marriage of a bill of rights notion and a parliamentary democracy.

Senator Flynn: I rise on a point of order. I realize that the Leader of the Government is prompted by the speech made by Senator Neiman, but that is not sufficient reason for making a speech before the debate begins. A question is a question, and a speech is a speech. I think we have had enough of this.

Hon. H. A. Olson (Minister of State for Economic Development): You do not know the difference on that side.

Senator Flynn: We certainly do. You do not, because you only make speeches.

Senator Perrault: Honourable senators, it may well be that the Leader of the Opposition is rushing to a more important appointment.

Senator Flynn: It is certainly something more important than listening to you.

Senator Perrault: I ask this indulgence of honourable senators. I have left approximately one-half page of this rather important explanation of the Charter of Rights, so I will carry on. Mr. Borovoy was quoted as saying:

> The process is a rather ingenious marriage of a bill of rights notion and a parliamentary democracy. The result is a strong Charter with an escape valve for the legislatures. The "notwithstanding" clause will be a red flag for opposition parties and the press. That will make it politically difficult for a government to override the Charter. Political difficulty is a reasonable safeguard for the Charter.

Gordon Fairweather, who was an outstanding Progressive Conservative member of Parliament and now the Chief Commissioner of the Canadian Human Rights Commission, is quoted as saying "I'm in no mood for nitpicking today. I'm feeling tremendously upbeat." That quote appeared in the Montreal *Gazette* of November 7, 1981. Mr. Fairweather said that the override clause will become as dead from lack of use as a clause in the British North America Act that, at least in theory, still enables Ottawa to disallow provincial legislation. Referring to long-standing provincial opposition to entrenched rights, Mr. Fairweather said, "The gang of 'no' has become the gang of 'yes'."

Professor Walter Tarnopolsky is a past president of the Canadian Civil Liberties Association and an international expert on bills of rights. His view is that the override clause is "really not such a bad idea and could have a great many advantages."

It should be clear, in conclusion, that the compromise reached by the Prime Minister with the nine premiers maintains the principle of a full, complete and effective constitutional Charter of Rights. It does not exclude rights which had previously been guaranteed. In fact, the Charter has been improved because unforeseen situations will be able to be corrected without the need to seek constitutional amendments.

Honourable senators, I hope to provide a more extended explanation during the course of my speech.

Some Hon. Senators: Hear, hear.

Hon. Jack Marshall: Will the honourable leader repeat the answer?

Senator Neiman: I have a supplementary question. I wonder, then, if the Leader of the Government would be able to clarify part of the statement which he just made with respect to the use by the Parliament of Canada of an excepting clause. The statement he gave us was that there had been no other exceptions made. I remind him of a provision of the Canadian Human Rights Act, a section of which I looked at less than an hour ago, which specifically exempts the provisions of the Indian Act. Senator Austin, this is for your information as well. This, to me, is a classic example of our accepting something that was then, and is now, very controversial.

I would ask the Leader of the Government to consider, since the Canadian Human Rights Act was enacted in 1977, whether it will be subject to the sunset clause immediately, if this present legislation is approved, or whether the application of the sunset provision to legislation that contains such a *non obstante* clause will only date from the time such legislation is enacted.

Senator Perrault: Honourable senators, I have some notes here but I will take the question as notice this time.

• (1450)

Hon. John M. Godfrey: Honourable senators, I should like to ask a supplementary question of the Leader of the Government in the Senate. Is he prepared to refer Senator Neiman to a speech I delivered in the Senate on January 23, 1979, and another on March 11, 1981, in which I advocated a "notwithstanding" clause as a reasonable compromise and which set out the same arguments as we have heard from the leader today?

Senator Flynn: I think you will have an opportunity to continue the debate, but to show you what a question is, as distinct from a speech, I am going to ask the Leader of the Government this question: Since the accord signed on November 5 provided that the Government of Manitoba was accepting section 23, subject to the approval of the legislative assembly of Manitoba, and since in the accord this opting out or reserve of the government is not mentioned, has there been any agreement with either the outgoing government or the incoming government not to provide for that reserve in the accord? That is a question of fact.

Senator Perrault: Honourable senators, my understanding is that the premier-elect of Manitoba, Mr. Pawley, will be in communication with the Right Honourable the Prime Minister

sometime today to discuss the position of the incoming government of that province.

Senator Flynn: But why was it not mentioned? Did you assume that it did not mean a thing, or what?

Senator Perrault: Well, I hope the Leader of the Opposition is not suggesting that the overwhelming defeat of the Conservative Government of Manitoba is a reason to halt all action on constitutional proposals.

Senator Asselin: What about your party?

Senator Perrault: We believe that the new Premier of Manitoba is a reasonable person, and it is heartwarming to discover that he supports the idea of a Charter of Rights.

Senator Flynn: The Leader of the Government does not understand my question. The accord mentioned that reserve. I am asking you why it is not there. Do you know? If you do not know, just say, "No. I will inquire."

Senator Perrault: The question will be taken as notice, but the question is really academic now that Mr. Lyon is Leader of the Opposition.

Senator Flynn: Unless you have had the agreement of the premier-elect that would justify the non-inclusion of that clause.

Senator Perrault: The Leader of the Opposition must be aware of the fact that the new premier is presently engaged in discussions with the Prime Minister on this and allied matters. The new premier may have a different attitude with respect to—

Senator Flynn: That is not my question.

Senator Perrault: —the marginal notation entered on that original document of agreement by the Attorney General of Manitoba.

Senator Flynn: I am asking you why it is not there.

Senator Perrault: We may know soon.

Hon. Florence B. Bird: Honourable senators, I have a supplementary question for the Leader of the Government. I had always been under the impression that the fundamental freedoms, as outlined in Part I, section 2, came under federal jurisdiction because a series of Supreme Court decisions had given paramountcy to the federal government. Our committee understood, that when we entrench this will continue to apply.

Why does the change in the resolution before us today not only not entrench those rights so that they cannot be changed by any legislature, but allows them to be changed by any one of the provincial legislatures as well as Parliament? I would be very grateful for an explanation of that.

Senator Perrault: Honourable senators, the question will be taken as notice. There will be a detailed discussion of all of the provisions in this set of constitutional proposals within a few days. I can say that there is some disappointment on the part of the government that the Charter of Rights, which most Canadians felt to be a splendid document, has not emerged in its original form, but of course the leader of the Conservative Party and the leader of the N.D.P. insisted that there be an agreement with the provinces, and in the process of obtaining that agreement certain sections had to be modified in order to meet the requests of the Conservative premiers, primarily, in the provinces.

[*Translation*]

Hon. Martial Asselin: Is it not true that the Prime Minister, in order to get a consensus from nine provinces, threw overboard native rights and women's rights? Is it not true that such was the price to be paid for securing the support of the nine provinces?

[*English*]

Senator Perrault: Honourable senators, may I express the personal hope, and I think the hope felt by many of those who serve in Parliament, that before the debate has come to a conclusion we will have again restored those sections with respect to women's rights and native rights which will provide assurances to both of those groups that Parliament is very concerned about their protection and welfare.

Hon. C. William Doody: Honourable senators, I have a supplementary to the question asked by Senator Neiman. It relates primarily to the long and involved answer that the Leader of the Government gave. If the override clause—the "notwithstanding" clause—is so innocuous and so non-controversial and it appears that it will never be used and so on, why did it take so long for the Government of Canada to agree to the inclusion of such an override clause? There was a time when it appeared as though the whole heart and soul of the Charter would be ripped out if such a clause where inserted, and now, suddenly, it appears that it is not a very important clause at all. Could the Leader of the Government give us an explanation?

Senator Perrault: Honourable senators, again this is a further demonstration of the desire of this government to develop a spirit of co-operative federalism from coast to coast in this country. From the outset, the government stated—and, of course, these statements were not believed by the opposition—that we would be responsible and flexible, and that we would like to sit down with the provinces and work out an accommodation. That has been done. I find it remarkable that some honourable senators seem to resent the fact that an agreement was reached. The achievement of the Right Honourable the Prime Minister in working out this agreement will stand to his credit for all time.

Senator Flynn: Or otherwise.

Senator Perrault: The official opposition should really rejoice instead of sulking because of certain of these achievements.

Senator Asselin: We will not rejoice as long as Quebec is not part of the agreement.

Senator Doody: Honourable senators, my question is not aimed at criticism of the Right Honourable the Prime Minister in coming to an agreement on the override clause, which apparently is of no importance. My question is as to why there

was such hesitation and delay and so much reluctance in conceding that point over the past year.

Senator Perrault: In the process of achieving an agreement, the federal government gave up certain of its positions, as did the provinces. Isn't it remarkable, honourable senators, that nine of the ten provinces—and, hopefully, all ten—will shortly agree that we want to patriate the Constitution and—

Senator Asselin: We cannot do it without Quebec.

Senator Perrault: —that we want the ability to amend that Constitution here in Canada, and that together with that agreement we are providing a Charter of Rights for Canadians?

ECONOMIC DEVELOPMENT

REQUESTED ESTABLISHMENT OF INDUSTRIAL LABOUR AND MARKET INSTITUTE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have two delayed answers to give on behalf of the Minister of State for Economic Development. The first response deals with a question raised on November 10 by Senator Smith which concerned the Industrial Labour and Market Institute.

A recommendation to establish an Industrial Labour and Market Institute was presented to the federal government by the Canadian Labour Congress and the Business Council on National Issues. I am informed that my colleague, the Minister of Employment and Immigration, has agreed in principle with the provision of federal funds for this institute.

The Canadian Labour Congress and the Business Council on National Issues have been asked by the minister to submit a detailed proposal for further consideration. It is my understanding that the CLC and the BCNI are expected to submit this proposal to the Minister of Employment and Immigration early next month.

ENERGY

NATIONAL ENERGY PROGRAM—NATURAL GAS BANK

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the second question was asked on October 29 by Senator Roblin concerning the Natural Gas Bank.

As honourable senators know the Natural Gas Bank is one of the initiatives of the federal government's National Energy Program. The concept was developed at a time when it appeared that a large number of Canadian companies were experiencing cash-flow problems due to shut-in gas and they would require financial assistance for their exploration activities.

● (1500)

I am informed that Canadian-owned companies within the industry are presently in the process of being polled to obtain an estimate of shut-in gas and to ascertain if, in fact, a cash-flow problem exists. The results of this questionnaire are expected in the near future and will be carefully studied before a final decision is taken as to what policy directions will be pursued in relation to a Natural Gas Bank.

EMPLOYMENT AND IMMIGRATION

MINISTER'S ANNOUNCEMENT RE IMMIGRATION QUOTAS

Hon. Raymond J. Perrault (Leader of the Government): I have a delayed answer to a question asked by Senator Muir on November 4 regarding percentages of refugees from Indochina accepted by Sweden, Norway, Denmark and the Soviet Union.

According to the United Nations, 660,667 refugees from Indochina, including both boat people and those who fled overland to Thailand, have been re-settled in third countries. As of the end of July, 1981, Sweden and Denmark had each admitted 0.3 per cent of refugees from Indochina, and some 0.4 per cent had re-settled in Norway. These percentages were provided by the Office of the United Nations High Commissioner for Refugees. According to the UNHCR, no refugees from Indochina were re-settled in the Soviet Union. Canada admitted 11.3 per cent of the Indochinese refugees. Therefore, Canada's performance in relation to these other nations is truly remarkable and commendable.

Honourable senators, in response to a supplementary question asked by Senator Godfrey regarding the Indochinese Family Reunification Program, in March, 1979 an agreement was reached with the Socialist Republic of Vietnam to begin the processing of applicants in Vietnam for whom an application had been made in Canada by a close relative. As of November 10, 1981, 3,329 persons had been interviewed, which resulted in the issuance of 2,360 immigrant visas. To date, 1,740 persons have arrived in Canada.

[*Translation*]

BUSINESS OF THE SENATE

ADJOURNMENT

Leave having been given to revert to motions:

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, as I explained before, I tried to get in touch with the committee chairmen and was told that three meetings were scheduled for next Tuesday, namely the Senate Committee on Banking, Trade and Commerce, the Special Joint Committee on Official Languages and the Sub-Committee of External Affairs on National Defence. I consulted the three chairmen, who assured me that the committee meetings would take place as scheduled, regardless of the fact that it appears to be the wish of the senators that the Senate adjourn until next Wednesday instead of next Tuesday. Therefore, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until next Wednesday, November 25, 1981, at 2 o'clock in the afternoon.

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

Some Hon. Senators: Agreed.

Motion agreed to.

CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUR

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on Health, Welfare and Science entitled: "Child at Risk", tabled in the Senate on 16th October, 1980.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): I have discussed the matter with the originator of the motion, Senator Bonnell, who told me that he wanted to close the debate. I merely wish to point out to the senators that if anyone would like to speak to this question on the Order Paper before Senator Bonnell closes the debate, the senator in question should so advise Senator Bonnell. Meanwhile, I move on behalf of Senator Bonnell that this debate be adjourned.

On motion of Senator Frith, for Senator Bonnell, debate adjourned.

[*English*]

THE SENATE

INVITATION TO MEET WITH MEMBERS OF LEGISLATIVE COUNCIL OF THE NORTHWEST TERRITORIES

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before calling Inquiries, may Senator Adams be allowed to make an announcement concerning a meeting this afternoon?

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

Hon. Senators: Agreed.

Hon. Willie Adams: Honourable senators, I have arranged to meet with members of the Legislative Council of the Northwest Territories in Room 356-S this afternoon. Although an agenda has not been prepared, honourable senators are invited to listen to and discuss matters raised by the representatives of that assembly. I would point out that equipment is in place for simultaneous translation from the Inuit language. Therefore, to those honourable senators who do not have travel arrangements in place and need not leave by four o'clock, I would extend an invitation to attend this meeting in Room 356-S.

Hon. Senators: Hear, hear.

The Senate adjourned until Wednesday, November 25, at 2 p.m.

THE SENATE

Wednesday, November 25, 1981

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

Prayers.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGES IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate with changes in the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

(*For text of message, see today's* Minutes of the Proceedings of the Senate.)

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate with a change in the list of members appointed to serve on the Special Joint Committee on Official Languages.

(*For text of message, see today's* Minutes of the Proceedings of the Senate.)

DOCUMENTS TABLED

Hon. Royce Frith (Deputy Leader of the Government) tabled:

Statement related to the addition of raccoon dogs to the Import Control List, issued by the Department of Industry, Trade and Commerce, pursuant to section 5(c) of the *Export and Import Permits Act*, Chapter 29 (2nd Supplement), R.S.C., 1970.

Instrument of Exchange of ratifications between Canada and the United States to submit to binding dispute settlement the delimitation of the Maritime Boundary in the Gulf of Maine.

Agreement between Canada and the United States on Social Security, signed at Ottawa, March 11, 1981, together with Order in Council P.C. 1981-3206, dated November 12, 1981, approving same.

Report of the Board of Trustees of the Queen Elizabeth II Canadian Fund to Aid in Research on the Diseases of Children, including the Auditor General's Report on the financial statements of the Board, for the fiscal year ended March 31, 1981, pursuant to section 15 of the *Queen Elizabeth II Canadian Research Fund Act*, Chapter Q-1, R.S.C., 1970.

Report of the Department of Public Works for the fiscal year ended March 31, 1981, pursuant to section 34 of the *Public Works Act*, Chapter P-38, R.S.C., 1970.

He said: The item regarding raccoon dogs will perhaps be of interest to Senator Bird.

[*Translation*]

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (C) PRESENTED AND PRINTED AS APPENDIX

Hon. Fernand-E. Leblanc: Honourable senators, I have the honour to present, on behalf of Senator Everett, the report of the Standing Committee on National Finance on supplementary estimates (C), laid before Parliament for the fiscal year ending March 31, 1982. I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings* of today and form part of the permanent record of this house.

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

Hon. Senators: Agreed.

(*For text of Report see Appendix p. 3063.*)

Senator Leblanc moved that the report be placed on the Orders of the Day for consideration on Tuesday, December 1, 1981.

Motion agreed to.

[*English*]

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator Perrault, the Leader of the Government in the Senate, has been detained in the west on public business. He is on his way back to Ottawa and will be present in the chamber later this afternoon. I should add that both Senator Perrault and I have a meeting to attend at 3.45 this afternoon regarding the constitutional debate. He will probably be joining me directly at that meeting. In the meantime Senator Langlois will be acting as deputy government leader and Senator Olson will be here throughout that period as well.

Hon. C. William Doody: Thank heaven!

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, may I direct the following question to Senator

Frith: In view of what he has just announced, am I to understand that the Leader of the Government will not introduce the constitutional resolution this afternoon? I suppose in that case it will be postponed until tomorrow, but I would like to know whether the Leader of the Government would prefer the debate to start tomorrow rather than after the House of Commons has voted on the same resolution.

Senator Frith: Honourable senators, the Leader of the Opposition is right. That is, with respect to the first point, we did not intend to start the debate today, although the resolution is on the Order Paper for today. Regarding the second point, my reply is no, no final decision has been made, and we are going to discuss this with the Leader of the Opposition after the meeting.

QUESTION PERIOD

[*English*]

THE ECONOMY

INTENTIONS OF GOVERNMENT RE 1980 POVERTY LINE UPDATE

Hon. Jack Marshall: Honourable senators, I should like to direct a question to the Deputy Leader of the Government that has to do with the report of the Ontario Council on the Status of Women, which relates some pretty depressing statistics on the deplorable circumstances of aged single women in Canada.

As a follow-up to a question I asked last week, and without going into too many details, can the deputy leader say whether the government is considering the provision of relief in view of the fact that some of these single senior citizens are far below the poverty line, and not just below it? This is a situation involving many people, and I think it should be treated as an emergency. Would the deputy leader obtain information as to the government's plans in terms of changing pension plans and the like?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, as to obtaining information, I will see that the question is passed on to the appropriate authorities. As to whether the government is considering relief of any kind at the present time, it may be that Senator Olson wishes to make some comment.

Hon. H. A. Olson (Minister of State for Economic Development): I will take the question as notice, honourable senators.

Senator Marshall: Perhaps I may ask a supplementary question. I understand the Prime Minister told a national pensions conference just a few months ago that the government would be acting quickly to adjust pensions in order to bring the incomes of such people as the handicapped up to a decent standard. Could an answer to that question also be given at the same time? I am concerned about the immediacy of the need to reform pensions and to provide these people with a reasonable scale of living.

[Senator Flynn.]

Senator Olson: As I indicated a minute ago, I will take the question as notice. I will obtain a reply as quickly as possible, and include in it answers to the questions raised in the senator's last comments.

FOREIGN INVESTMENT REVIEW ACT

INQUIRY RE INTRODUCTION OF PROPOSED AMENDING LEGISLATION

Hon. C. William Doody: Honourable senators, I should like to direct a question to the Minister of State for Economic Development. Can the minister bring us up to date on the current status of the Foreign Investment Review Agency? There seems to be some confusion because of conflicting, or what appear to be conflicting, policy swings respecting that particular agency. In recent Throne Speeches there were some promises to expand and strengthen FIRA. It was also promised that FIRA's mandate would be broadened, and that caused considerable concern in many areas.

However, I now understand from the recent budget that no legislative action is contemplated to modify the Foreign Investment Review Act. Nevertheless, I would like to know exactly where FIRA stands in the Canadian economic scheme right now.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I doubt that I could give my friend better advice, or, indeed, better information, than to ask him to read the economic development strategy paper that was tabled along with the budget. That excellent document sets out the answer to what the honourable senator is asking in clear, unequivocal terms, and my honourable friend would have the benefit of being able to go back and read it four or five times. I am sure that if he were to follow my advice he would understand the matter.

• (1410)

Hon. Jacques Flynn (Leader of the Opposition): How many times did you read it yourself?

Senator Doody: Honourable senators, are we to assume, then, that the philosophy outlined in the budget is the current government thinking—that is to say, that the pressure groups in the United States have won and the economic nationalists have lost?

Senator Olson: Honourable senators, it does not say that in the papers which were filed. The honourable senator may put whatever distorted and contorted interpretation on those papers he likes, but the words in that document say what they mean and mean what they say.

Senator Doody: I have a final supplementary question. If the minister is serious in saying that I am allowed to put any interpretation on the document I wish, I would like to go on record now as saying that I would ban FIRA from the Canadian legislation books, now and forever, because it has been a detriment to the progress of this country for far too long. However, I am certainly encouraged to see that common

sense has prevailed and that the minister has won his wrestling match.

Senator Olson: Honourable senators, as I have said, this is a free country, whose citizens enjoy freedom of speech, and the senator is free to express his interpretation of the document. But I also reserve that right, and I am sure the senator respects my right, to disagree completely with his interpretation. Going back to what I said a moment ago, the paper says what it means and means what it says.

Senator Doody: I do not understand the minister's reservations.

THE BUDGET

ECONOMIC DEVELOPMENT STRATEGY

Hon. Orville H. Phillips: Honourable senators, I have a question for the Minister of State for Economic Development. I am happy to relate this question to his earlier reply. The Toronto *Star* dismissed the economic development strategy tabled with the budget as a "second rate piece of work that could have been written by a handful of college students on a long weekend."

Hon. Duff Roblin (Deputy Leader of the Opposition): That is what happened.

Senator Phillips: Did the ministerial team which produced the economic strategy take longer than one weekend to develop it?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, it took much longer than one weekend to develop the strategy, and despite whatever flippant comments the Toronto *Star* or anybody else wishes to make about that document, the fact is that while it may not include many new, sensational policies—though, indeed, it does state some that have not been stated before—it brings together into one, what I would call, brief document a number of priorities which have been pursued by several ministers, including the Minister of Employment and Immigration, the Minister of Industry, Trade and Commerce, the Minister of Science and Technology and several others. It seems to me that it is useful to have all this information in one brief document which states the priorities and objectives of the government that are in keeping with what we regard as high potential for the Canadian economy.

Senator Phillips: Honourable senators, I have a supplementary question for the minister, but first I would remind him that the *Star*, the voice of Liberalism in this country, stated that the economic strategy policy was a sad commentary on the cabinet. In view of the fact that the 1980 budget anticipated an expenditure of $7.15 billion on economic development in 1981-82, as compared with $6.75 billion offered in the November budget, would the minister attempt to increase the amount of money allocated for economic development in order to develop a specific economic policy, and would he give us some details of that policy?

Senator Olson: Honourable senators, I agree with the first part of my honourable friend's preamble when he said that the commentary is sad. I agree with him, that it is a sad commentary, a sad way of reaching a consensus or a conclusion on the facts that have been laid before us. However, several days ago—I believe it was on November 17—Senator Murray asked essentially the same question. When we come to the point in the proceedings when Delayed Answers are called, I shall make a somewhat more detailed reply to that question which, I believe, also answers the question just raised by Senator Phillips. If honourable senators opposite would like to hear the delayed answer now, I would be glad to read it now.

• (1415)

Hon. Jacques Flynn (Leader of the Opposition): We would like to hear it now.

Senator Phillips: As a supplementary, I would ask the honourable gentleman if he would be kind enough to provide the chamber with a list of plant closings and reductions in employment in various plants across Canada since the introduction of the budget.

Senator Olson: Honourable senators, I am not sure that that list is available. The government is making a great effort to ameliorate any difficulties and hardships which may have arisen. Indeed, it has set out an economic strategy so that, in the future, the economic activity in this country will, indeed, tax our capability to provide the financial and human resources necessary so that the economy may progress at its potential rate.

The Honourable Leader of the Opposition has suggested that I read the response I have to the question asked by Senator Murray. The question was as follows:

> May I then ask the Minister of State for Economic Development why it is that the Minister of Finance announced that some $400 million less will be spent this year on economic development than had been projected—

And I would stress those words.

> —than had been projected in his 1980 budget.

I replied that I would bring in a more complete compilation of what was put in the projection of the budget for last year and for this year.

I have reviewed the relationship between the Economic Development Envelope projections of planned expenditures contained in the 1980 budget and those given in the 1981 budget and have confirmed that Senator Murray's calculations with respect to reductions in the envelope are invalid. There has not been a reduction of $400 million, as he alleged on November 17.

In addition to its principal functions in providing resources for economic development activities, the Economic Development Envelope was assigned accounting and control responsibility for parts of the Western Development Fund, as the Minister of Finance explained in both budget presentations.

There has been no reduction in the funds provided for economic development. As I reported to honourable senators in

March in connection with the differences between the 1980 budget and the 1981-82 main estimates, the differences are matters of accounting practice and display rather than of content. The 1981-82 main estimates and the new 1981 budget include the effects of repayments by crown corporations and others amounting to $205 million in 1981-82 and $211 million in 1982-83 not offset by new loans. The 1980 budget showed the gross amounts of loans made and the envelope levels were therefore higher by these amounts. In other words, the apparent reduction does not represent a reduction in overall spending, but simply an accounting transaction which offsets a portion of the gross expenditures within the envelope by crediting revenues arising from loan repayments. Taking into account this change in display, provision for economic development increased from $6.6 billion to $6.619 billion in 1981-82, and from $7.157 billion to $7.377 billion in 1982-83 between the two budgets.

With respect to the Western Development Fund, the Minister of Finance stated in the other place on November 12 that planned expenditures from the fund had been re-profiled as a consequence of the larger sums flowing to the provinces through the conclusion of energy agreements. Allocations from the fund have been made for western transportation initiatives in coming years in the amount of $1.355 billion. In addition, allocations have been made to the Social Affairs Envelope to meet the economic development objectives of native people.

In summary, then, economic development per se has not been reduced and there has been a re-profiling of Western Development Fund expenditures.

● (1420)

Hon. Lowell Murray: That is, indeed, a detailed answer, and I shall reserve final judgment on it until I have had an opportunity to read it. But the bottom line seems to be that there has been a re-profiling of the fund. That is a new phrase that has come to us from the bureaucracy or, perhaps, from the political advisers, through the minister—I do not know which.

Senator Flynn: Perhaps from the minister himself.

Senator Murray: Perhaps from the minister himself, as the Leader of the Opposition suggests. In any case, I shall read it and have more questions to ask about it in a day or two.

BRIEFING LUNCHEON FOR JOURNALISTS—ALLEGED RESPONSIBILITY OF MINISTER OF STATE FOR ECONOMIC DEVELOPMENT

Hon. Lowell Murray: Honourable senators, in the meantime, I would like to give the Minister of State for Economic Development an opportunity to refute the calumny that is being uttered against him in some quarters of the press, to the effect that he was responsible for the extravagant arrangements for the luncheon that the Minister of Finance offered to certain select members of the media a week or ten days ago.

If the minister indeed bears part of the responsibility for that luncheon, then I would like to give him the opportunity to say that he is going to dig into his own pocket and share the expenses, personally, with the Minister of Finance—

Hon. Robert Muir: Why blame it on Allan?

Senator Murray: —the Minister of Finance being an impecunious Cape Bretoner who is just getting over the expense of his disastrous run for the Liberal leadership in 1968.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not want to refute anything, and I am not, therefore, particularly grateful to my honourable friend for giving me the chance to do so, but it indicates again that you can read and report what you choose to and ignore what you choose to. I have read several of those statements, too, and while there was some unidentified official who claimed that the Minister of State for Economic Development had arranged the luncheon, that was refuted by officials within the staff of the Minister of Finance. If my honourable friend wants to go along that shaky trail and read only those parts of the statement into the record, that is his choice, but it has no validity whatsoever.

Senator Murray: I am glad to have the minister's denial.

ECONOMIC DEVELOPMENT

MANITOBA—WESTERN DEVELOPMENT FUND ALLOCATIONS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to come back to the question of the Western Development Fund that was adverted to a few minutes ago, and confirm the fact that the funds allocated over a three-year period have been reduced from $2 billion previously to $860 million now, which is a very substantial reduction after taking into account the transfers to other envelopes. If that is not right, then my honourable friend can correct me.

Really the point of my question is this: When he was explaining to the Senate why there had been this reduction in the Western Development Fund—which I think he will admit has happened, even though he way not agree on the precise figures at the moment—he stated that this was done because of the additional revenues that had accrued to certain western provinces as a result of the oil settlements with Alberta, Saskatchewan and British Columbia. Where does that leave the province of Manitoba? I presume that some part of this Western Development Fund would be intended for use in the improvement of the affairs of the province of Manitoba. They are going to need any improvement my honourable friend can give them in the next four years, I suspect—

Hon. H. A. Olson (Minister of State for Economic Development): As they had a Tory government for the last four years, they need all the help they can get.

Senator Roblin: Well, now that they have an N.D.P. one they are going to need even more help than that.

I am at a loss for words. Senator Steuart's gesture leaves me speechless.

To get back to my point, what are the advantages for the province of Manitoba—apart from their own provincial taxation of gasoline, which is an *ad valorem* tax and, therefore, there may be some advantage to them with increasing prices? Their oil production is very small, and I have not seen any agreement with them about prices.

Does my honourable friend lump Manitoba in with the others as to benefits received from the settlement of the NEP regarding increases that might have accrued to provincial revenues; and, if he does, what are the figures? If he does not, how does he justify reducing the impact of the Western Development Fund with respect to Manitoba?

• (1425)

Senator Olson: Honourable senators, first, the total allocations from the Western Development Fund have not been reduced to $800 million. Indeed, the aggregate of the allocations that have been made from the fund are $1.895 billion, which includes an amount of $148 million which has been spent during the fiscal year 1981-82, plus $1.355 billion allocated to transportation for the years that are identified; also an amount—I forget the exact figure, but it starts out with $75 million for native economic development for the coming fiscal year, the amount then going up. I presume that Manitoba will benefit from both those programs as much as any other province. The province's economic capability will be expanded, probably with a major concentration of the transportation funds on the railway sector, and certainly the economic development that will result from assisting native groups in all of the western provinces will apply equally to Manitoba.

With regard to the additional revenues that may come to provincial treasuries, it may be that there will be a fairly significant difference—perhaps a difference in the amount of the production of gas and oil, and the changes in those revenues as a result of the agreement. Those changes may not fall equally on all four provinces. I am certain that the difference between Alberta and Saskatchewan will be as significant as that between Saskatchewan and Manitoba, for example.

Senator Roblin: My honourable friend has raised the question of the figures for the Western Development Fund. I would appreciate any clarification that he can give me, because, as I listened to his figures—and it is rather hard to catch them all as they are fired across the chamber—I gathered that he was including in the Western Development Fund a large amount of money with respect to transportation.

Senator Olson: It is $1.355 billion.

Senator Roblin: When was that part of the Western Development Fund? Is it part of the original operation?

Senator Olson: Honourable senators, that is an announcement that was made by the Minister of Finance on November 12 when he laid his budget before the other chamber.

Senator Roblin: Well, that's just fine, because the way he beefs up the Western Development Fund is to pick up large items of expenditure which previously were in other categories, and to say, "From now on we are going to call this part of the Western Development Fund." In my opinion, that is changing the rules of the game in the middle of the operation, in just the same way as including the $82 million for the grain embargo as part of the Western Development Fund. It seems to be a most questionable practice indeed, considering what we were told about this when it started out. So I wish my honourable friend would put me right on this, and perhaps give me in writing a statement of what is in the Western Development Fund expenditure at present, and of whether the same categories were in the fund in the last budget speech.

Senator Olson: Honourable senators, I give my honourable friend an undertaking that I shall go through the minister's budget speech and find those passages which say exactly what I have said about the allocation of funds for transportation and native economic development, and will provide him with more precise figures. But my honourable friend should understand that the amount of $1.895 billion represents the allocations that have been made from the Western Development Fund to date. There will be other budgets before the expiry of the time frame, and perhaps there will be additional allocations. With respect to economic incentives in western Canada, the two categories that have been identified are, in the view of the government, of the highest priority and therefore allocations have been made to them.

• (1430)

Senator Roblin: I think my honourable friend should give consideration to changing the name of this from "Western Development Fund" to "Western Development Balloon". "Balloon" is a good word because the size of the fund seems to depend on the amount of hot air that is pushed into it, and the number of changes the government introduces to make their case look a little better. I am, however, going to await my honourable friend's information on this subject, and then we may have some further words on it.

THE ESTIMATES

SUPPLEMENTARY ESTIMATES (C)—VETERANS AFFAIRS—PROPOSED REFERRAL OF VOTE TO HEALTH, WELFARE AND SCIENCE COMMITTEE

Hon. Jack Marshall: Honourable senators, I have a question for the Deputy Leader of the Government in connection with supplementary estimates (C).

I understand these supplementary estimates have been referred to the Standing Senate Committee on National Finance. My interest is in the vote under the heading of Veterans Affairs. I am wondering through what process that could be referred to the Standing Senate Committee on Health, Welfare and Science so that that committee may investigate and question some of the items of interest in that vote.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, earlier today the Deputy Chairman of the National Finance Committee, Senator Leblanc, presented

the committee's report on supplementary estimates (C). I presume, as a consequence, that the committee has finished its deliberations on the subject. That report will be considered on Tuesday next.

If I understand Senator Marshall's question correctly, it is a matter of having another committee consider one vote in supplementary estimates (C). One way of doing that, of course, would be to ask that the subject matter in question be referred to the committee mentioned by Senator Marshall. This would not mean that that committee would necessarily be in a position to deal with that item in supplementary estimates (C) insofar as recommending its adoption is concerned, because that would be considered when those estimates are presented for approval. I suggest that is one way of accomplishing this.

THE BUDGET

IMPACT ON PROVINCIAL AND TERRITORIAL REVENUES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like to address another question to the Minister of State for Economic Development, and refer him to page 50 of the document, *Fiscal Arrangements in the Eighties—Proposals of the Government of Canada*, which was presented by the Minister of Finance when he brought down his budget the other day.

On that page the minister will find a table which was the subject of some discussion in this chamber last week, entitled "Net Impact on Provincial and Territorial Revenues of Budget Tax Changes and Proposed Savings by the Federal Government." This table was also the subject of some discussion at the recent meeting of finance ministers in Halifax. It came out that the calculation was wrong by 30 per cent, and that although the net disadvantage to the provinces is shown as $1.9 billion in this book, the Minister of Finance had to admit that it was substantially more than that, and that in fact it was $2.5 billion instead.

I wonder if my honourable friend—I do not expect him to have this at his fingertips—would be kind enough to have a look at that table and explain where the correction comes in and which particular years are affected in this way, so that we may know the reason for the error and what a corrected chart would look like.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will try to obtain that information by early next week, or as soon as I can get a reply from the Department of Finance.

Senator Roblin: Can my honourable friend tell me whether there are other areas of the same sort in this budget where we might look for mistakes in arithmetic?

Senator Olson: Honourable senators, I am sure that the members of the opposition regard the government and its administration as perfect. We try to be perfect as often as we can. There is, however, the odd and very rare occasion when errors and omissions do creep in. We are sorry that we don't live up to the expectation of perfection that honourable members opposite cherish, but we do most of the time.

Senator Roblin: I really would not like to leave my honourable friend under the misapprehension that I regard him and his colleagues as perfect. The plain truth is that I do not. In fact, I regret to say that they are exceedingly accident prone.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Joseph-Philippe Guay: Honourable senators, I have asked a question about the Garrison Dam many times, as have others. A bill was recently passed in the United States—I believe it was around November 22—whereby another amount of money has been allocated for the development of the Garrison. The people connected with the Garrison—the senators and representatives from the area down there in North Dakota—have been pushing for a resumption of work on the Garrison diversion. Many requests have been made to the leader and the deputy leader with regard to getting an appropriate progress report as we go along to see how we are making out. I do not want to wait until there is a crisis, if I may use that word, and we have to say, "They have started on this thing again due to the fact that the money has been provided, notwithstanding any court decision."

President Reagan has approved this amount of money, and I am getting a little concerned. This is in contradiction of what we were told previously, and I believe it is fair for me to ask for a progress report in this regard, with assurances that diplomatic discussions are taking place.

I happen to know that the ex-premier of Manitoba made valiant efforts with regard to the Garrison. The new premier has committed himself also. That, however, does not seem to be enough. I believe there must be some commitment on the part of the federal government to reassure us in Manitoba that this will not take place, because it will destroy all the fresh water, and fish and other wildlife, in that area.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, it seems to me that the request for ongoing reports is a reasonable one. In the meantime, I can inform honourable senators—and they may have noticed it—that on November 19 the United States House of Representatives rejected by 314 votes to 67 the U.S. Senate-approved Burdick amendment, which would have given instructions to proceed with the Garrison project despite a court order banning further construction. The Burdick amendment, which would have been a step forward from the point of view of the Garrison supporters, and a step backwards as far as we are concerned, was defeated. The issue will have to be resolved by the United States Congress in a House/Senate conference.

The government, needless to say, is pleased by this outcome, which follows vigorous efforts by the Canadian embassy and personal representations by Ambassador Towe and former Premier Lyon, to ensure that members of the House of Representatives were fully aware of Canada's concern. We appear to

have been successful since, reportedly, Canada's active opposition was among the reasons cited for rejecting the amendment.

I have another note here, but perhaps I had better not read it because I do not thoroughly understand what the reference is with regard to Mr. Murta. I will leave that for the moment.

Senator Guay: Honourable senators, Senator Frith has made reference to the amendment that was defeated. That amendment was defeated before November 20 and 21, on which dates, according to my information, a bill was passed providing funds for the Garrison.

I have before me a clipping from the Winnipeg *Free Press* dated Monday, November 23, 1981, which reads:

> WASHINGTON (AP): —The U.S. Senate passed and sent to President Reagan on Saturday a $12.5-billion bill that provides money for more that 200 energy and water projects, including the stalled Garrison diversion project in North Dakota.

It is because of this that I am so concerned. I keep getting reassurances all the time, but this thing is going ahead just the same. This is what I am trying to get across. I would like the deputy leader to comment on this again, and tell me that I am not exaggerating.

Senator Frith: Honourable senators, the state of play, as far as the Burdick amendment is concerned, is as I answered previously. Information as to the item that was sent by the United States Senate to the President will be included in the undertaking I gave earlier. We will get an up-to-date report on that matter also.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I ask a supplementary question of the deputy leader in respect of this same matter? I preface my remarks by pointing out to him that the action of the U.S. House of Representatives really had nothing to do with the appropriation of money. It had solely to do with the opinion of the United States Senate that they should short-circuit or nullify legal proceedings which were in course. That particular matter was not agreed to by the House of Representatives. As far as I know, however, that had nothing to do with the fact that money was actually provided for this. Therefore, if the legal hurdle is surmounted by those who favour the Garrison project, the money is there.

● (1440)

I understand that there has been a new liaison committee set up consisting of the American ambassador to Canada and the Canadian ambassador to the United States. They are to meet on a confidential basis, with not too many advisers around, to try to deal with matters in dispute between the two countries. Has the matter of the Garrison diversion been taken up by this committee of ambassadors? Is it on their agenda? Can they make any report to us as to the disposition of it?

I believe the question has some importance because on a previous occasion the American ambassador, when speaking in the west, gave the most comforting assurances that indeed the matter is dead, yet it seems to be revived every weekend. If my honourable friend would be kind enough to check into the matter with respect to these ambassadorial talks, that may give us some idea as to what the future may hold.

Senator Frith: Yes, honourable senators, that will certainly be included in the information that I undertook to obtain to be sure that we are au courant on this development.

As to the relationship between the Burdick amendment and the Garrison diversion, I simply wanted to bring to the attention of honourable senators the fact that a court order had been given banning further construction and that the Burdick amendment attempted to nullify the court decision. That is what was defeated by the House of Representatives.

Senator Roblin: That is correct.

INDUSTRY

GOVERNMENT ASSISTANCE TO CHRYSLER CORPORATION

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Charbonneau on October 27, concerning possible government assistance to Chrysler for an engine plant in Canada.

Chrysler is proposing a joint venture with the Perkins Engine Company to design, develop and produce diesel engines in Canada. Government assistance has been requested to enable this venture to proceed.

This request is being evaluated in terms of its commercial viability, its benefit to Canada, and the nature and level of assistance necessary to ensure that the venture is not lost to Canada. The nature of the conditions that would be appropriate can only be determined when this preliminary work has been completed. This work is under way and it will be completed as expeditiously as possible.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

MOTION FOR ADOPTION OF NINTH REPORT OF STANDING JOINT COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the ninth report of the Standing Joint Committee on Regulations and other Statutory Instruments, which was presented on Tuesday, November 17, 1981.

Hon. John M. Godfrey moved that the report be adopted.

He said: Honourable senators, on October 20 I gave a speech in this chamber on the seventh report of the Standing Joint Committee on Regulations and other Statutory Instruments. This report dealt with and registered its objections to the process by which the government created VIA Rail. Honourable senators will recall that, instead of introducing a bill in Parliament to create VIA Rail, they slipped the necessary authorization into the estimates, which were then approved in an appropriation act. If a proper act of Parliament had been enacted, I am reasonably certain that the Minister of Trans-

port and the government would not have been subjected to the criticisms aimed at them in the report I am discussing today, which also deals with VIA Rail.

I might mention, at this point, that my speech on the seventh report was not exactly a best seller. I have a circle of personal friends to whom I send copies of my speeches, and, without exception, those I talked to found some difficulty in following it—a difficulty which I do not think was shared by my colleagues in the Senate, who have greater familiarity with legislative procedures and who know the difference between the procedures required to enact an ordinary bill and those required to pass an appropriation act.

The report I am discussing today was referred to by the press as being highly legalistic. That, I am afraid, is inevitable. As we say in our report:

> Your Committee did not consider and is not now reporting on the merits of the policy embodied in the order. Whether the cutbacks in railway passenger services are a good thing or not is none of your Committee's business. Your Committee is concerned, as ever, with the means used to achieve policy ends, and not with those ends themselves.

The C. D. Howe Institute recently published a study entitled *Government in Business,* which was written by Marsha Gordon. The study, in the words of Carl E. Beigie, the president of the institute, provides a partial documentation of government intervention in the Canadian economy. Mr. Beigie, in his preface to the report, says:

> Although the number of cases for which equivalent privately owned companies could be identified was very limited, the comparative analyses that were possible show no clear and systematic evidence—after taking into account the policy functions that crown corporations are expected to carry out (such as the creation and/or maintenance of employment, support of research and development activity, and the enhancement of a particular province)—that private companies have consistently outperformed their counterpart crown corporations.
>
> These policy functions represent a fundamental issue in the role of government in society.

The study points out that from the outset of the CNR:

> The problem was one of balancing public demand for service with financial responsibility to the taxpayers. Worker layoffs became political issues, with the public demanding maintenance of employment regardless of costs.
>
> The confusion about its objectives hampered CN's ability to adopt basic corporate goals—goals that could be translated into operational decisions.
>
> It was left to the top management to maintain the delicate balance between the pressures of running a business and the need to respond to the social goals of the government of the day.

[Senator Godfrey.]

The same problem exists with VIA Rail. In its last two general reports, VIA Rail pleaded for a clear mandate from the government. The government paid no heed either to the appeals from VIA Rail or to the appeals from our committee, which were made over several years and which culminated in our seventh report criticizing the government for not bringing in a VIA Rail act. This, among other things, could have amended the Railway Act so as to introduce new factors which the Canadian Transport Commission should consider in applications to abandon railway services.

This brings me to the report which I am discussing today. The government, apparently with considerable prodding from VIA Rail, was faced with making what was essentially a political decision. VIA Rail advised the government that to make their passenger services viable, particularly in the corridor from Windsor to Quebec City, they needed $100 million of new equipment. The annual deficit from the operation of VIA Rail was expected to reach $500 million.

The government decided that $500 million was the maximum deficit from VIA Rail that they would approve and that VIA Rail, in order to get the necessary $100 million, would have to reduce its deficit by that amount through the elimination of some passenger services. It was the recommendation of VIA Rail—and this was accepted by the government—that most of the money could be saved by having only one train from Halifax to Montreal and one transcontinental train to Vancouver, instead of the two which were then running. One of these trains from Halifax went through Saint John and the State of Maine, and was eliminated. One of the transcontinental trains took the northern route through Saskatoon, Edmonton and Jasper, and was also eliminated. There were, of course, other passenger services eliminated, including three trains into Toronto that were extensively used by commuters as the trains neared Toronto.

No matter what the government did and no matter how justified it was, there was bound to be an uproar when it announced the passenger services that were to be eliminated. The government was in a dilemma. Because there was no VIA Rail Act, there was nothing specifically laid down as to the procedure the government should follow in closing down passenger services in order to reduce an overall deficit so that the remaining services could be improved. Back in 1976 they tried using the Canadian Transport Commission to help them accomplish their purpose. The CTC was directed to conduct an overall review of the railway passenger system under the existing Railway Act.

● (1450)

As noted in the C.D. Howe Institute study:

> In 1977 the federal Minister of Transport wrote a letter to CN's board of directors that emphasized government's support for the commercialization process. Although "the impression has persisted that Canadian National should be used as an instrument of public policy even at the expense of commercial performance," wrote the Minister, "it is the view of the government that CN should make

> every attempt to conduct its affairs with a commercial attitude and in a commercial manner."

Thus there was less emphasis on social policy consideration in the conduct of railways.

The government evidently hoped that this policy regarding the railways would get through to the CTC with respect to VIA Rail and would result in the CTC's recommending that a substantial amount of the passenger services be discontinued. The CTC refused to bite and were not at all helpful. As provided for in the Railway Act, they identified those passenger routes which were uneconomic but said that most of them should be kept going in the public interest.

Our committee, in its report, agreed with the CTC that its function under the Railway Act is not to try to assist the government in solving its overall social and budgeting problems. In the opinion of the committee it would "be unlawful to give a specific direction to the Canadian Transport Commission to save $100 million by eliminating particular services so that the money saved could be spent on new equipment for use on some of the remaining services."

Our committee agreed, therefore, with the government that the CTC could not lawfully be involved in the process.

The government did, however, indirectly involve the CTC, when the government decided to use section 64(1) of the National Transportation Act. That section provides that the Governor in Council, at any time upon its own initiative, may vary or rescind any order, decision, rule or regulation of the CTC. Since the original enactment of that section in 1903, only two other instances have occurred in which the Governor in Council has used, on its own initiative, the power contained in section 64(1). One was in 1980, when the recently enacted air carrier regulations were altered, and the other was in 1978, when the section was used to restore daily passenger services on the Sudbury-White River line which had recently been cut back by the CTC.

Our committee operates under 15 criteria approved by the House of Commons and the Senate. The fourth criterion has to do with whether any regulation "makes some unusual or unexpected use of the powers conferred by the enabling statute".

Clearly, this regulation has been used in an unusual and unexpected way, in view of the history of its use in the past and the clear intent that it is essentially an appeal mechanism for decisions of the CTC. In rescinding the order of the CTC, the Governor in Council clearly did not substitute its view as to how the CTC should have applied the statutory tests which governed the CTC's decision. Instead, the Governor in Council proceeded on the basis of considerations which the CTC itself could not legally have entertained. What could possibly be more unusual and unexpected than that? Clearly, the regulation offends the committee's fourth criterion, and the committee was under a duty to so report to both houses.

The eighth criterion has to do with whether a regulation "appears for any reason to infringe . . . the rules of natural justice."

What are the rules of natural justice? Put simply, "natural justice" was originally a legal concept that anyone affected by a decision made by a public person or body acting in a judicial or quasi-judicial fashion should have the opportunity to be heard, should have the opportunity to present his case. That does not necessarily mean that there must be a public hearing. The opportunity to make written representations may be sufficient.

In the 1980 case of *Attorney General of Canada v. Inuit Tapirisat of Canada*, reported at 115 Dominion Law Reports, third edition, page 1, the Supreme Court of Canada held that the terms of a statute might imply that in the administrative or executive field there is also a general duty of fairness. The court held that when the Governor in Council acts under the authority of section 64(1) it is exercising a legislative power, and not an administrative, judicial or quasi-judicial one. Therefore, a duty to observe procedural fairness is not to be implied to the jurisdiction of the Governor in Council in those circumstances.

However, the eighth criterion is not restricted to the legal concept of the rules of natural justice, because the enactment of a regulation means, by definition, the exercise of a legislative rather than an administrative or judicial function.

One of the things the committee looks at, therefore, under the eighth criterion is whether, in the exercise of a legislative power to enact legislation by regulation, persons or bodies affected by the regulation have been given an opportunity to be heard, to have some input in the regulation-making process, whether or not they had the legal right to be heard.

May I remind honourable senators that in the fourth report of our committee for this session, which dealt extensively with the whole question of regulatory reform, we came out very strongly for what is known as notice and comment procedures. As explained in detail in our report, this simply means that before any regulation is enacted those particularly interested, including any member of the public, should be given an adequate opportunity to be heard. When we talked about notice and comment procedures, we were not thinking about the formality of formal adjudicative-type hearings but something considerably more informal. May I quote from paragraph 49 of our report:

> Very often policy has become frozen by the time a draft regulation is prepared. Attempts at modification, change or abandonment are likely to be met with resistance. Therefore, your Committee recommends that wherever possible notice of proposed regulation making should be given before a draft regulation is prepared and published. The notice should indicate the policy to be effected and the object to be achieved and invite representations as to both the policy itself and the means to be employed.

That, may I say, is a type of procedure which could have been used in this case. The rules of natural justice would have been satisfied. What did the government do? I will quote now from paragraph 17 of the report under discussion today:

> Apart from "leaks" no notice was given to those affected, whether users or employees, even though the actual cuts in service now made were under active consideration as far back as March 1980 and probably earlier. No opportunity has been given for public input or representations. No chance has been given to anyone to challenge the statistics on which the Government has based its actions. Here your Committee notes that up-to-date statistics are always compiled for hearings on particular services by the Railway Transport Committee and otherwise do not exist. The Governor in Council has not only run the risk of proceeding on an incorrect statistical basis but has also deprived himself of the opportunity to show that he has used accurate figures to justify the policy pursued and to demonstrate its wisdom.

We then conclude our report by saying:

> Reliance on hearings held three years ago and more in an entirely different context is not satisfaction of a genuine notice and comment procedure. The Governor in Council's manner of proceeding in this instance also flies in the face of the specific recommendations of the Special Committee of the House of Commons on Regulatory Reform for the observance of "procedural decencies" when the Governor in Council acts of his own motion under section 64(1) of the National Transportation Act. The Canadian Transport Commission would not order the discontinuance of a single service, far less a wholesale abandonment of services, without prior notice to and hearing from the public. It does not appear to your Committee that the Governor in Council should do so. An opportunity for the public to be heard might take many forms, including the successful technique used in 1980, a Special Committee of the House of Commons.

● (1500)

You will note that the last sentence of our report is very carefully drafted. We do not say that formal adjudicative hearings have to be held. When this report was presented to the committee I was asked, as I had drafted that particular sentence, what other forms I had in mind. Well, in addition to the type of notice and comment procedures, I have quoted from paragraph 49 of our report on regulatory reform. I also had in mind the government issuing either a green or white paper. A white paper was used when extensive changes in our tax system were proposed by the Honourable Edgar Benson a good many years ago. A green paper was used when extensive changes to our Immigration Act were being considered.

To follow the procedure adopted here was really inexcusable and, may I say, politically dumb. The government, by waiting until after Parliament adjourned, and by keeping their intentions secret, obviously hoped to minimize controversy. They were just "too clever by 'arf" and they deserve the criticism they are getting from the press, the public, the opposition, and in this report, as to the procedure they used.

As I have pointed out, our report does not specifically comment on the merits of what they did. That does not stop me from doing so personally. My impression—and it is only that, because I am not in possession of all the facts—is that they were probably right in what they did. It is only the way they went about it to which I take strong exception. If they were going to have the political courage to make a very unpopular but probably necessary decision, then they should have gone the whole way, and should not have adopted a procedure which was wrong and which backfired upon them.

Finally, again on a personal note, I would like to say a word about the Honourable Jean-Luc Pepin, the Minister of Transport. In my opinion, he is a great Canadian. I have long been one of his most ardent admirers and I always shall be. However, even the greatest of men make the occasional mistake and I personally do not think any the less of him for making this one. It genuinely grieves me that it was necessary to criticize in this report the procedures recommended by him to the government.

It was John Kenneth Galbraith who said that politics is not the art of the possible; it consists of choosing between the disastrous and the unpalatable. In the future, I hope that the effect of our report and the public outcry will be that when the government does choose the unpalatable option, they will not try to make it more palatable by following improper procedures. They just will not get away with it in the future, any more than they did in this instance.

On motion of Senator Frith, debate adjourned.

CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUR

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the consideration of the Report of the Standing Senate Committee on Health, Welfare and Science entitled: "Child at Risk", tabled in the Senate on 16th October, 1980.—(*Honourable Senator Bonnell*).

Hon. M. Lorne Bonnell: Honourable senators, with leave, I yield to Senator Rousseau.

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

Hon. Senators: Agreed.

[*Translation*]

Hon. Yvette B. Rousseau: Honourable senators, some time ago, a valuable and vital document was tabled in the Senate, namely, the report "Child at Risk" prepared by the Senate Standing Committee on Health, Welfare and Science. We are indebted for this document first of all to Senators Bonnell and McGrand and to their entire team. We wish to express our appreciation for the quality and objectivity of their report. Other senators have aired their views and made suggestions, and today I should like to offer some comments on the need for implementing the report's recommendations and put forward some ideas that could expand the scope of the debate.

Why is it necessary that we should give this subject our attention? There are two major reasons: First, the rapid growth in the incidence of violence and crime in our society, especially among young people. If the trend continues, our young people, who are the future of this country, may be ill-prepared to take on their future responsibilities. The second reason is that it is very costly to continue supporting expenditures at the federal and provincial levels of well over half a billion dollars per year on a penitentiary system that is concerned with the incarceration and rehabilitation of criminals and delinquents. In view of the rising incidence of violence and crime, more institutions and further expenditures are to be expected, which will not necessarily bring about any substantial improvement. In fact, the present approach to this problem does not appear to be effective either as a cure or as a preventive measure. The report stressed that very little progress could be made because of a lack of flexibility in the current approach and an inadequate knowledge of the situation.

These two factors have made me think how we could make Canada a better place to live for future generations. I am sure that many Canadians agree it is necessary to take very definite action as soon as possible. There is a great need to provide help and protection for the child and to provide the parents, the educators and the communities with all the assistance required, including sound knowledge of their impact in this regard.

In the report, the problem of violence and delinquency was considered at three stages of the development of the child, namely the prenatal, the perinatal and the postnatal stages. I believe that our consideration of this problem and our search for solutions must not stop there, because the problem continues to exist as long as human beings of any age and any category are affected by harmful influences or get carried away by unbalanced emotional tendencies. These last few years, our structures and our institutions have evolved considerably and it is time to implement the appropriate policies, programs and mechanisms to face this situation and its future evolution.

The roots of the problem have been identified in the report. We believe that it is now time to go beyond simple statements of fact and to implement a structure which would examine what action should be taken, for instance, by encouraging one or more organizations either to give the matter careful thought to determine what concrete action may be taken, or to implement the essential elements of the recommendations contained in the report.

I believe that action is required and I think that we should set up a national committee, which could include representatives of all the provinces, to explain the contents of the Senate report and its impact on family and child education. This committee should be national and have offices in every province, including the Northwest Territories and the Yukon, to ensure coherent action and the development of a family policy which will meet the basic needs of the Canadian family.

Moreover, we should voice our support for those proposals in the report which we believe relevant. I am thinking in this regard about the establishment of a Canadian Institute for the Study of Violence in Society. In this regard, recommendation 28 is of major importance. This institute should have a sound financial basis provided by the federal government and be open to any individual or organization interested in the research and the study of the direct and indirect causes which can contribute to create a violence-prone environment.

We also agree with recommendation 2 on page 68 which advocates training courses for parents. We consider this aspect vitally important because if parents are taught to understand the importance of and the relationships between the phenomena which influence prenatal and perinatal development, their awareness will increase, and this could reduce and, in some cases, eliminate many problems of violence. Honourable senators, it is unfortunate that, in 1981, there are so many more children than parents, even with our lower birth rate.

These two recommendations make us realize that family education is often undermined by a lack of knowledge. Indeed, this is important to realize because the family is a privileged environment in which the child must develop and find a happy and balanced future, both for the sake of his mental and physical health and his future in society. This parallels the intent of recommendation 154 on page 54, which reads as follows:

> In order to protect children from harmful influences in early life—and thereby to prevent future criminal behaviour, it is necessary for governments and the community to promote, in the areas of education, medicine and social programs, the healthy and optimal relationship between parent and child. All that is possible should be done to see that every small child is provided through the early years of life with the adequate and consistent, affectionate care it needs.

I believe that this recommendation 154 is still more important today if, like me, many of you read in yesterday's *Globe and Mail* and *Le Droit* an article about children being separated needlessly from their families. This should make us think.

A family policy is close to our hearts. I am referring of course to recommendations 162 and 166. Those two recommendations give the general outline of measures to be taken in an effort to establish programs designed for parents or for all persons responsible for a child.

We ought to emphasize the need to hold seminars across the country to make professionals and parents fully aware of an educational system based on the perception of the importance of the role of parents towards the child. Pilot projects could be launched to make it possible to highlight the outcome of that endeavour.

In conclusion, we should not forget the importance of taking corrective action within the news media which, either because of a lack of selectivity or because they are motivated by sensational copy and the wish to boost their clientele, forget the harm they may cause. They cannot shirk their responsibili-

ty. The news media must become the complement of a preventive and sound family and institutional education by improving the quality and the objectivity of the news and by conveying realistic information likely to promote human progress. Thus they would avoid contributing to make the citizens vulnerable to influences which are not in keeping with sound objectives for the future of children and families thanks to which a nation can prosper. The number of inhabitants alone does not suffice, for a country must also have a human quality and that human quality will not reach its peak if the media do not accept their responsibilities.

Honourable senators, the quality of our young people, tomorrow's generations of adults, is at stake. Perhaps we stand at the crossroads and we have to get involved by going beyond the report and taking the necessary steps so that it will be possible to implement this report with a view to improving the development of the Canadian family, which used to be one of the main pillars of our civilization and which should be still, particularly so in this day and age of giant progress in the fields of technology and communications.

On motion of Senator Bielish, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 3051*)

STANDING SENATE COMMITTEE ON NATIONAL FINANCE

REPORT ON SUPPLEMENTARY ESTIMATES (C) LAID BEFORE PARLIAMENT FOR THE FISCAL YEAR ENDING MARCH 31, 1982

NOVEMBER 25, 1981

The Standing Senate Committee on National Finance to which the Supplementary Estimates (C) laid before Parliament for the fiscal year ending March 31, 1982 were referred, has in obedience to the order of reference of Tuesday, November 17, 1981, examined the said Supplementary Estimates (C) and reports as follows:

(1) The Committee was authorized by the Senate as recorded in the Minutes of the Proceedings of the Senate of November 17, 1981 to examine and report upon the expenditures proposed by the Supplementary Estimates (C) laid before Parliament for the fiscal year ending March 31, 1982.

(2) In obedience to the foregoing, your Committee examined the Supplementary Estimates (C) and heard evidence from the following officials from the Treasury Board: the Honourable D. J. Johnston, President; Mr. L. J. O'Toole, Assistant Secretary, Program Branch; Mr. H. J. Mullington, Assistant Secretary, Program Branch; Mr. E. R. Stimpson, Director General, Budget Co-ordination Group. Mr. Norman Kelly, Parliamentary Secretary to the President was also present.

(3) These Supplementary Estimates (C) total $3,877 million. The budgetary expenditures total $3,865 million of which $874 million are statutory items and $2,991 million represent funds for which Parliament is being asked to provide new authority. The non-budgetary expenses, that is to say, loans, investments, and advances include $31 million to be voted and a reduction of $19 million in statutory items. The total estimates for the fiscal year ending March 31, 1982 are now increased to $69,055 million.

(4) Treasury Board supplied the Committee with a list giving additional explanations for the $1 Votes included in Supplementary Estimates (C) which is attached as an Appendix to this Report.

Format of the Estimates

(5) The President of the Treasury Board informed the Committee of the progress he has made in developing and implementing a revised format for the presentation of the Main Estimates. Under this revised format, each Minister would present additional information on the estimates for the department in question, relating the projected expenditures to the department's overall objectives and individual policy initiatives.

(6) Unfortunately, the timetable for the use of this new format appears to be very long. It will be another year before the Treasury Board will be prepared to discuss the final format for the estimates, and full implementation of the revisions will not take place until fiscal 1985-86. Moreover, it is not clear at this time that the revisions will extend to the presentation of additional material than is presently available at the time of tabling supplementary estimates.

(7) Improved information is essential to the Parliamentary evaluation of the government's estimates. Therefore we urge that this timetable be moved forward as much as possible, and that consideration be given to revising the presentation of supplementary estimates to incorporate additional background information.

Dollar Votes

(8) Earlier this year, the Speaker of the other place ruled a number of items to be inappropriate for inclusion in a piece of supply legislation. This resulted in the tabling of Supplementary Estimates (B) in June. The President of the Treasury Board reported that his officials have undertaken to change the wording of the votes where necessary in order to reflect the ruling of the Speaker. In addition, the President is ensuring that the legislative authority is identified for the transfer of funds within programs and for the provision of grants.

(9) Upon questioning by the Committee members, the Treasury Board officials explained that the dollar vote reported under the Department of Public Works is to provide a transfer of funds for a study on the development of appeals procedures for municipalities. The dollar votes reported under the Department of Regional Economic Expansion are to authorize the increase in expenditures by the Minister's Office and to reallocate funds originally identified for subsidiary agreements on water supply and drought control with Manitoba and Saskatchewan.

Government Accounting

(10) A recent report of the Auditor General of Canada which criticized government accounting methods was discussed. According to the Auditor General's report, government debt is actually some $9 billion higher than reported according to the government's accounting prac-

tices. The bulk of the difference between the Auditor General and the government appears to arise out of the treatment of unfunded pension obligations of the federal government. The Committee has requested additional information in this regard, and has recommended that the government attempt to resolve this difference of professional opinion as soon as possible.

Role of Treasury Board

(11) Over the past few years, the government has been moving progressively to a new system of expenditure and policy control. Under the envelope system, Committees of Cabinet are responsible for the joint coordination of the policy and spending conducted by the members of the Committees. Thus, for example, spending on Economic Development is coordinated by the Cabinet Committee on Economic Development, chaired by the Minister of State for Economic Development. In some ways then these Committees have usurped a role traditionally held by the Treasury Board of Cabinet, and have caused a potentially significant change in the conduct of government policy.

(12) In his testimony before us, the President of the Treasury Board indicated that the overall authority of the Treasury Board has not diminished since the Office of the Comptroller General also reports to him. The responsibilities of the Treasury Board have in fact been divided between the Secretariat, which continues to review and authorize departmental expenditures, and the Office of the Comptroller General, which reviews the control mechanisms and management practices in place in departments and oversees the evaluation of all programs.

(13) With regard to the role of the recently established ministries of state, the President explained that the Treasury Board retains final authority over the A Base Budget, which identifies expenditure levels for existing programs. Any changes to the A Base are carefuly monitored with regard to standard, authorities, terms and conditions. The ministries of state are more concerned with the coordination of policy and expenditures within the envelope, as well as the initiation of new programs under the B Base Budget (or policy reserve). Treasury Board has in effect delegated some policy and expenditure management responsibilities to the ministries of state but the Board still maintains control of expenditures and the allocation of person years.

VIA Rail

(14) Treasury Board officials were questioned with regard to the supplementary estimate made in conjunction with payments to VIA Rail for the operation of rail passenger service. This supplementary, in the amount of $107 million dollars has been adjusted to account for savings resulting from the recently implemented curtailment of rail passenger service, and raises the total payments to VIA Rail to $506.2 million for fiscal 1981-82.

Public Debt Financing

(15) The largest single estimate in these supplementaries is the increase in the amount allocated for interest, bond discount, premiums and commissions relating to the costs of financing the public debt. The increase, in the amount of $2.357 billion, is equal to over 19% of the original estimate, and raises total costs in this regard to $14.67 billion.

(16) The principal factor underlying this increased estimate is the increase in interest rates which has occurred since the Main Estimates 1981-82 were tabled. A Treasury Board official reported that costs related to bond financing had risen by some 300 basis points. Those relative to treasury bill financing rose by some 700 basis points and Canada Savings Bonds costs were 900 basis points above earlier estimates.

Respectfully submitted,

D. D. EVERETT

Chairman

(Appendix to Report)

LIST OF ONE DOLLAR VOTES

INCLUDED IN

SUPPLEMENTARY ESTIMATES (C), 1981-82

The 7 One Dollar Votes included in these Estimates are listed in Appendix I by ministry and agency along with the page number where each vote may be located in the Estimates.

These One Dollar Votes are grouped below into categories according to their prime purpose. The votes are also identified in Appendix I according to these categories. The category for each vote has been designated by an "X".

A. Four votes which authorize the transfer of funds from one vote to another. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates).

B. Two votes which authorize the payment of grants. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates).

C. One vote which amends a previous Appropriation Act (Additional explanation is provided in Appendix II).

November 16, 1981
Estimates Division

APPENDIX I

List of $1 Votes in Supplementary Estimates (C), 1981-82

Page	Department or Agency	Vote	Categories A	B	C
	Energy, Mines and Resources —Atomic Energy Control				
50	Board	65c		x	
146	Public Works	50c	x		
150	Regional Economic Expansion	1c	x		
150		10c		x	
164	Secretary of State	5c	x		
182	Transport	35c	x		
182		40c			x

APPENDIX II

Category C—Amendment of a Previous Appropriation Act

Transport

Vote 40c—To extend the purposes of this Vote in order to authorize the National Harbours Board to carry out a further two projects totalling $1,876,000.

Explanation—The 1981-82 Main Estimates provided for a payment of $39,664,000 to the National Harbours Board to finance certain specific projects at various Canadian ports as listed in the wording to Vote 40. This Vote was approved by Appropriation Act No. 2, 1981-82.

It is proposed to expand the Vote wording for this Vote to permit the Board to carry out the following port related projects:

—Completion of dredging at the Port of Churchill, Manitoba	$1,076,000
—Infrastructure costs for the coal handling facilities at Prince Rupert, B.C.	800,000
	$1,876,000

There are sufficient funds within Vote 40 not only to finance these new projects but also to provide for a transfer of $1,699,999 to Vote 35c.

THE SENATE

Thursday, November 26, 1981

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

Prayers.

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons to acquaint the Senate with a change in the list of members appointed to serve on the Special Joint Committee on Official Languages.

(*For text of message, see today's* Minutes of the Proceedings of the Senate.)

THE SENATE

MR. RICHARD GREENE, CLERK ASSISTANT—FELICITATIONS UPON COMPLETION OF TWENTY-FIVE YEARS OF SERVICE TO THE SENATE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I should like to take this opportunity on behalf of many senators to acknowledge the fact that 25 years ago today Mr. Richard Greene, our Clerk Assistant, began his work in the Senate. He started as a page, and then went into the messenger service and the committees branch, after which he served us ably as Chief of English Journals.

Today marks Mr. Greene's 25th anniversary as an employee of the Senate. He is our excellent Clerk Assistant, and we are delighted to acknowledge that fact.

Hon. Senators: Hear, hear.

• (1400)

HEALTH, WELFARE AND SCIENCE

COMMITTEE AUTHORIZED TO STUDY VETERANS AFFAIRS EXPENDITURES IN SUPPLEMENTARY ESTIMATES (C)

Hon. Jack Marshall: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

> That the Standing Senate Committee on Health, Welfare and Science be authorized to examine and report upon the expenditures pertaining to Veterans Affairs set out in the supplementary estimates (C), laid before Parliament for the fiscal year ending March 31, 1982.

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

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

BUSINESS OF THE SENATE

ADJOURNMENT MOTION

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until next Monday, November 30, 1981, at 8 o'clock in the evening.

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

Some Hon. Senators: Agreed.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, at this point it would perhaps be helpful if the government could tell us why we are coming back Monday, and also what the agenda will be for next week, particularly in view of the fact that the resolution on the Constitution which is now before the House of Commons might be referred to the Senate.

Perhaps we could discuss the matter, and I should like either the Deputy Leader or the Leader of the Government to indicate how he intends to proceed, especially in view of the talks and discussions we have already had.

Senator Frith: Honourable senators, the Leader of the Official Opposition has pointed out part of the reason or the real reason why we suggested that next week the Senate sit Monday evening instead of Tuesday evening. It comes as a result of our discussions, since we want to be ready to start our debate on the constitutional resolution should the debate in the other house end, let us say, tomorrow evening or perhaps Monday afternoon.

Regarding the second part of the question, namely the discussions which took place between Senator Flynn, myself and Senator Perrault, perhaps the Leader of the Government could specify the nature of these discussions and inform us what the agenda will be for next week.

• (1410)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, there have been discussions and conversations in both the other place and the Senate regarding the disposition of the motion, notice of which was given by me on November 19, for an Address to Her Majesty the Queen respecting the Constitution. I want to express my appreciation for the opportunity I have had to discuss this matter with the

Leader of the Opposition in this house, and other honourable senators. We have talked in terms of what the Senate debating requirements may be, and the time that may be necessary to dispose of this historic and very important motion.

I think it can be said that it is felt that probably the debate could be undertaken here in a period of something like three days. We hope to have further discussions this afternoon with the Leader of the Opposition on this point. The Leader of the Opposition, of course, earlier expressed the view that the Senate debate should commence after the debate in the other place had been concluded. This is a view that I find quite acceptable. Those who serve on the government side here would find that to be a reasonable request on the part of the Leader of the Opposition. If we are talking in terms of a three-day debate, to commence here after the vote has been taken in the other place, that may well meet the requirements of honourable senators.

I think we have agreed that opportunities should be made available for senators to move amendments, and that perhaps we can discuss the concept of delayed votes, and scheduling final votes at certain specified times.

We have discussed frankly the idea of a Senate order which would structure in a more detailed manner the way this motion shall be disposed of. There has been no final agreement on this point, but, again, discussions will be carried forward. I have provided the Leader of the Opposition this afternoon with a draft of a suggested order of the Senate. Perhaps this order of the Senate could be considered before the debate is concluded in the other place, but that is a matter which can be discussed with the opposition as well.

I do think we have had a co-operative discussion of events. We hope that members of the Senate will be able to acquit themselves with their usual high standard of performance when this motion is debated here. I know that will be the case.

• (1415)

The Leader of the Opposition may wish to add further remarks as to his understanding of the situation.

Senator Flynn: Honourable senators, the two points which I believe are more important are the beginning of the debate, and the end of the debate. It has been mentioned by the Leader of the Government that the debate in this chamber should not commence before the House of Commons has made its final decision on the resolution. The second important point, to my mind, is to inform the senators that the final vote will be taken on a certain date so that everyone can be present.

As to the length of the debate, I have suggested to the Leader of the Government that, possibly, three days will be enough. In this respect, however, I conveyed to the Leader of the Government that we should have a short discussion on this matter today so that any senator who does not agree can give his or her reasons. I do not think this is a matter that should be decided only between the two leaders here. I would like to have the views of other senators if they do not agree with the decision, because the idea is not to prevent anybody from speaking.

I have another point which may be of interest to the Leader of the Government, and which stems from the draft resolution that he has mentioned. If we have the debate here begin after the House of Commons has disposed of the resolution, I do not see why the text of the resolution introduced and moved by the leader should not be the one adopted by the House of Commons. This will avoid the problem of having to move the amendments which have been adopted. We know that there will be at least two such amendments. It seems to me to be a better idea to have the concurrence of the Senate in the resolution adopted by the other house, rather than the resolution now before us, which does not contain the amendments already made and others which may be made. I am conveying this idea to the Leader of the Government to avoid procedural problems.

Within these parameters, I would certainly be happy to know if other members of the Senate are in agreement with the ideas that have been suggested on both sides.

Senator Perrault: The Leader of the Opposition has advanced a constructive idea with respect to the motion standing in my name. It would certainly avoid what could be a cumbersome process of moving a series of amendments. The suggestion is an interesting one. I want to say that the government is most interested in the views of other honourable senators on the point raised by Senator Flynn.

Hon. Heath Macquarrie: Honourable senators, I will avail myself of that kind invitation. It would appear to me, since the Senate normally sits on Tuesday evening, and not Monday evening, that the suggestion of the government house leader has an element of haste. Naturally, one asks the reason for such an element of haste.

It would strike me that, whatever is wrong or right about the recent revised constitutional discussions, one of the invidious errors that has been made is that too many things have been done too quickly. People have been saying, "Oh, I didn't know that. I didn't quite understand that." There have been new pressure groups arising, and there has been no response to these pressure groups. I read in the morning press that there are other people who would like to be heard, one group being the handicapped, and I also read the name of our distinguished former colleague, Senator Forsey.

This morning I heard—when I am not listening to my honourable colleagues in the Senate I spend some time listening to the media—that perhaps one reason for the precipitous haste is a desire to head Quebec off at the pass. Now, I am not interested in the tactics employed by the Government of Canada and the Government of Quebec. I am, however, most interested in the best possible support for whatever constitutional arrangements emanate from this Parliament. If it means waiting 48 hours, 96 hours, a week, who are we to say that we do not have that time? I ask: What is the rush? It involves much more than procedure. I do not mind being here on Monday. I will be here on Monday morning at 9 o'clock, if necessary. I will be here on Sunday if I am given time for kirk; I will be here on Saturday.

Why is it necessary to meet before we know that the House of Commons has finished? Should we not wait until they have discussed their amendments? It is presumptuous to suggest that we know what they are going to do. Should we turn off the tap of further expressions of public opinion? What is the rush? Is Chrismas now the day that people other than Santa Claus must have a special celebration? Why is there not time? Why are we being rushed into this? It is far more than procedure.

● (1420)

I read some very serious things this morning that suggested there was a new anxiety about the eruption of public opinion in mass demonstration. That is something I am most concerned about. I know there are reasons for anxiety in that, but let me say that it is not in any way an exculpation to try to get ahead in these things by rushing the legislative process, and I am concerned about this terrible tendency for rapidity. I should like a further explanation of why the whole constitutional process must now move in a matter of hours rather than a matter of days.

An Hon. Senator: A good point.

Senator Perrault: Honourable senators, we have listened with interest to the views expressed by Senator Macquarrie. I am sure that he, being of Scottish descent, might consider it to be appropriate that we begin this historic debate on St. Andrew's Day. However, be that as it may, there is no suggestion that we engage in a process involving unseemly haste.

Honourable senators, the party leadership in the other place is discussing how the motion may be disposed of in the elected chamber. The debate could go on for several more days over there. We still do not know what the final agreement will be, or if, in fact, it will be possible to achieve an agreement. All we have been discussing here is the manner in which the Senate shall dispose of this motion when it arrives in our chamber. There is no suggestion that the debate in the Senate should commence now before additional opinion has been heard by Parliament from various parts of the country. It is felt by many honourable senators that because of the importance of this measure the debate in the Senate should commence as soon as possible after the matter has been disposed of in the Commons—recognition perhaps of the importance of this proposed measure to Canada and also of the importance of the proposed motion in the view of the Senate. These are the reasons.

If the honourable senator is attempting to read into our proposals some dark or hidden meaning, I can tell him that we have negotiated in an open way—in the same manner that achieved agreement when the earlier resolution was before the Senate and which has since been revised rather extensively. We felt it might be useful again to have an order of the Senate along the same lines; but the order would not come into effect until the process had been completed in the other place.

Senator Macquarrie: Honourable senators, I appreciate the geniality and the generality of my honourable friend's reply. He has invoked St. Andrew's Day, and I have been thinking of it for weeks and getting ready for it; but despite that, I will be here on Monday evening, if necessary. My Scottish forebears were not given to the suggestion, which I believe the honourable leader is making, that, in reference to the other place, we not only agree with them but we agree with them before they have stated their case. We should at least wait until they have made their point and then we might disagree with them. What will we be doing on Monday evening under Government Orders if they are not, in fact, finished?

[Senator Macquarrie.]

Senator Perrault: This is an extremely active government, and there will be work for honourable senators.

Senator Frith: Honourable senators, for the sake of the record, since it is my motion, I would say that if I withdraw the motion we shall sit tomorrow and then on Monday at 2 p.m., and so on, through to Friday. As to the suggestion that we might be rushing things, I gave notice today, four days in advance, that we plan to meet on Monday night. The other reasons are those that we have explained, and I do not think there is any disagreement about them.

Hon. George J. McIlraith: Honourable senators, I am interested in the discussion that has taken place. I welcome the information that it is not proposed to debate this important resolution until after the debate has been concluded in the other place. I commend whoever is responsible for that decision.

● (1425)

There is one point in the discussion that disturbs me, and it is the proposition that there be a time limitation on the debate in this chamber. I think many people are very relieved that the resolution has come to the stage it has through a process which is an improvement over the earlier one. I refer to the fact that since it came before us last March the resolution has been dealt with by the Supreme Court of Canada, meetings have been held with the provinces, and it is now supported by most of them. While purists may argue about the number of provinces supporting the resolution, the fact is that we are now dealing with a resolution which most of the provinces support. Also, there is no indication that I am aware of that there is any will here to obstruct the passage of the resolution or to delay it in any way. On the contrary, there is willingness to get on with the discussion.

I would hate to see any time limitation put on the debate on the resolution for two reasons, each of which is very important as far as I am concerned. One reason is that the only purpose I can see for the imposition of a time limitation on the debate would be to curtail debate, and I would not wish to see the views of any senator who wished to express them cut off by a time limitation. I think we all wish to hear any senator who cares to express his or her views. The other reason is one which also bothers me considerably. It has to do with the fact that this Constitution package is very important. We are bringing to Canada from another jurisdiction the final remnants of our Constitution and are also drastically changing it. The changes

in the Constitution are far-reaching in our approach to parliamentary government.

Honourable senators, I do not want to appear on the record—a record which will remain in print for a long time and which will be read, I hope, by a great many in this country—with regard to something as important as this event the indication that changes as fundamental as the two changes involved here were not fully dealt with or fully debated by this house. I would hope that we could avoid imposing a time limitation on the debate, and that we could act expeditiously in dealing with the resolution without resorting to such an order.

Hon. Ernest C. Manning: Honourable senators, in response to the Leader of the Government's invitation to honourable senators to express their points of view, I would like to raise two matters on which he could perhaps give us his view. It seems to me, from what the Leader of the Government has said, that it is still uncertain whether the debate on the resolution in the other place will be completed, and whether the resolution will be available to the Senate, by Monday evening. I am wondering if the government leader has given consideration to not changing our time schedule until we know when that resolution will come to this chamber. Were the house to sit on Tuesday afternoon and Tuesday evening, it would amount to the same time spent in the chamber as if we were to sit on Monday evening and Tuesday afternoon and not on Tuesday evening, which is the usual practice if we sit the evening before.

By adopting this approach, if consideration of the resolution were not completed in the other place by Monday, this chamber would not be left without that particular matter for which it would be convening. Certainly, in this event the time could be filled with routine business, but that would not be a necessity. It would merely be a matter of expediency, of killing time by filling it with routine business because the Senate had met a day earlier than normal.

So, my first point is: Will the Leader of the Government consider adjourning until Tuesday afternoon and sitting on Tuesday evening as well, rather than adjourning until Monday evening? In this way there would be a better chance of not having to face the situation arising from the resolution not being disposed of in the other place until some time on Monday afternoon or evening. Certainly, it would not be considered undue delay if this house began debating the resolution the following day.

• (1430)

My second point arises from what Senator McIlraith has said. I think we can all agree with him that there should not be any curtailment of debate. On the other hand, I do not think it would be in the public interest to drag this debate on any longer than is necessary to give all honourable senators wishing to express a position on it the opportunity of doing so.

I suggest that there would be some disadvantage in not having an understanding as to when the debate will terminate. I cannot see just letting it drift on until we reach the point where no one else wishes to speak and the vote is put. In those circumstances it could be that almost a third of the senators would not know the vote was to take place at the particular time and you might invite unnecessary criticism.

I think we should be able to agree in advance that the vote will be taken at the end of a particular day's sitting, whether next Wednesday or even Thursday. Then everyone concerned would know when the vote was to be taken. In that eventuality perhaps it would be desirable to add an extra day before that termination date to give ample time for all honourable senators wishing to speak. If the debate concluded prior to the time agreed upon for the termination of debate and the vote, that would present no problem because other matters could be debated until the time for the vote was reached. It would at least have the benefit of ensuring that no one could say afterwards that he had been denied the opportunity to speak.

To reiterate, my first suggestion is to sit, not on Monday evening but on Tuesday afternoon and Tuesday evening, if it is considered desirable. My second suggestion is to set a termination date, if that is agreeable to all honourable senators, which would be, at the earliest, Wednesday evening of next week, assuming the debate begins right at the first of the week, but preferably adding another day, even if that extra day were not taken up with debate, because then at least everyone would have the chance to speak.

I think we would all agree that it would be far better for the Senate to turn to other matters of business for a couple of hours before the vote was taken than to have the vote taken and then have someone afterwards say he did not have the opportunity he felt he should have to speak on an issue of such importance.

I should acknowledge to the Leader of the Government that I have a personal interest in this from one standpoint. It so happens that I have a long-standing public commitment, which I made over six weeks ago, requiring me to be out west on Monday evening. I cannot possibly return to Ottawa before Tuesday evening. That, in itself, presents no problem, but it means that there would be the added advantage to me of being able to hear most of the debate if it did not start until Tuesday afternoon or Tuesday evening.

Senator Frith: Honourable senators, we are finding confirmation of the fact that there are many sides to every question.

With respect to the particulars of my motion, it is true that the Senate's normal sitting days could be described as being Tuesday, Wednesday and Thursday. The fact is that the sitting days, according to the rules, are Monday, Tuesday, Wednesday, Thursday and Friday at 2 o'clock. The impression I have from sitting here is that we have adopted the practice of sitting on Tuesday, Wednesday and Thursday because we find we can normally clean up our business in that length of time.

As I explained, the reason for suggesting meeting on Monday, not at 2 o'clock in the afternoon, as provided for in the rules, but at 8 o'clock in the evening, is that it looks quite likely that we will have this important piece of business, the constitutional resolution, to deal with next week.

On that basis, I discussed the matter with the Leader of the Opposition. We agreed that Monday evening would better serve our purposes than Monday at 2 o'clock or tomorrow at 2 o'clock, and in that respect, of course, it is possible that the debate in the other place could be concluded today. In fact it was with that in mind that we chose Monday evening. Usually, when important business is coming to us, or there is a good chance that it will, we extend our sittings to look after it.

As to the suggestion of a termination date, I cannot add much to what has already been said by the Leader of the Opposition. The original intention was to begin debating here before the Commons had finished. If there are many senators who feel that we should have a considerable amount of debate on the resolution, then we could revert to that idea and begin the debate tomorrow. However, when we spoke in terms of waiting until the Commons had finished before beginning our debate it was in the context, as Senator Flynn put it, of knowing when we would start and when we would finish, which is an important consideration. It was for that reason that we decided not to begin until they had finished and to have a clear date that all senators would recognize as concluding the debate.

I am not suggesting there is no merit in the view that the debate should be open-ended or have no limit; I am simply saying that there are good reasons for making an agreement based on the consideration Senator Flynn mentioned, namely, that we should know when we are starting and when we are finishing. We have mentioned three days as a reasonable period. If that is not sufficient, perhaps we could begin the debate today or tomorrow, as we originally intended. If that is the consensus or feeling, perhaps we should begin the debate on the resolution immediately.

[*Translation*]

Hon. Martial Asselin: A question was asked of the Leader of the Government and the deputy leader by Senator Macquarrie and it has not been answered. Why is the government in such a hurry to give passage to this legislation that it wants to set a limit of three days and immediately put it to a vote? You have not replied to the question asked by Senator Macquarrie. Why such haste?

[*English*]

Senator Perrault: Honourable senators, there seems to be a suggestion that there is some hidden motive for this government action. Let me remind honourable senators that in a most amicable way we agreed many weeks ago, when the original motion was before both houses, to a three-day debate, after estimating the number of senators who wished to speak to this motion, either in opposition or in government. We agreed that there was great merit in establishing a precise time for the vote.

Senator Asselin: Why?

Senator Perrault: Giving a degree of certainty—

Senator Asselin: Why?

[Senator Frith.]

Senator Perrault: So that honourable senators could be in their places for the vote. They would know when the amendments were going to be grouped for vote, as is frequently done in the other place.

When this agreement was originally being worked out, at no time was anyone's motive questioned. We felt there was merit in knowing when the debate was to begin, so that honourable senators who wished to could participate in the debate, and in knowing when the debate was to conclude.

Today we are not involved in the process of saying that next Tuesday afternoon the Senate will charge ahead and that there will be a vote on the motion at 6 o'clock. We are putting in place a mechanism, a procedure for disposing of the motion in an efficient, fair and democratic way. That is all we are doing.

The debate in the other place could go on for days. We do not know what will happen there. I am sure that the Honourable Leader of the Opposition has been in continuous contact with his leader in the other place. I have done the same with respect to our leadership, and I understand that negotiations involving the Liberal, Conservative and New Democratic parties are continuing today to determine the best way to dispose of the motion over there. That is all we are attempting to do here. We are attempting to put in place a procedure which will become operative when a decision has been reached in the other place.

Senator Flynn: Just as a means of trying to reconcile the different viewpoints, may I suggest that the scenario for the debate, if I may refer to it that way, or the order or the agreement, if you prefer, should be debated as the first item of business after the resolution has passed the other place? If we did that, we would have the advantage of knowing exactly what everyone wanted and we could better assess whether we needed three, four or five days for debate. It seems to me that many of our problems would already have been resolved and, generally speaking, we would know how many issues remained contentious.

That is what we had in mind in suggesting that there should be a certain number of days for debate, or in suggesting that we should determine the last day of debate and the day of the vote in the Senate. I think what is more important at this time is to know, first, that we will not begin the debate in this house before the other place has made its decision and, secondly, that we will not decide exactly the scenario here before that decision has been made. At that time, if it appears we are to have many speakers, because there remain many matters to discuss, then we could say the vote will not take place before four or five days, or whatever we determine at that time. It seems to me that if the government is not really saying we have to pass it on a certain day, then we, on this side, can certainly determine the time we need to do justice to the questions which will be before us.

• (1440)

As for what Senator Manning has raised, I have no problem with sitting on either Monday evening or Tuesday afternoon. There have been occasions when we have sat on a Tuesday

afternoon, and, by agreement, kept an item on the agenda for that evening so that honourable senators who could not be present in the afternoon could register their attendance in the evening. If the resolution is passed by the other place by Monday evening, and we begin the debate on Tuesday, it is quite obvious that we would be debating from two to six o'clock, and from eight to ten o'clock, at least.

I should like to remind honourable senators that under our rules there is no time set for adjournment in the evenings. If there are many speakers the Senate could be forced to continue sitting during the night. It has happened before, but I hope it will not happen this time.

Senator Macquarrie: Honourable senators, I hate taking part in procedural debates because they are usually futile and nearly always too long, but if the Leader of the Government would accept the most excellent suggestion made by our illustrious colleague, Senator Manning, that the motion be amended to read Tuesday afternoon instead of Monday evening, we will find complete unanimity and we will go forward together.

Senator Perrault: Honourable senators, if the motion is available for debate in the Senate on Tuesday, would it be the inclination of the house to complete the debate by voting on Thursday afternoon, even if it means sitting extended hours? I understand that there are time constraints in the United Kingdom. There is a degree of certainty being sought, both here and there, as to when this measure is going to be dealt with finally by this Parliament.

Senator Asselin: That has been the same argument for two years.

Senator Frith: We have been hearing your "What's the rush?" for two years, too.

Senator Perrault: Serious consideration will certainly be given to the proposal advanced by Senator Manning, supported by Senator Macquarrie, for a sitting of the Senate on Tuesday. Then we could consider scheduling a vote for six o'clock on Thursday evening. Does this idea have some appeal for honourable senators?

Hon. John M. Godfrey: Honourable senators, could we not adjourn until Tuesday with the understanding that, if the debate was concluded in the House of Commons, the Speaker would summon us back Monday evening?

Senator Frith: I understand the considerations that have been raised by honourable senators. I am sure they will all understand too that the government has to consider the question of the length of time for debate. What conclusion it comes to is, of course, another matter, and it would be preferable if we could settle it on the basis of agreement. I could even withdraw my motion and reintroduce it after we have had a chance to consider it.

Senator Perrault: I would suggest further discussion with the opposition.

Senator Frith: I feel that we have to know when the debate is going to end. How much time it should occupy is another matter, but I feel that the government leadership has an obligation to consider that in any event, and that is why we should postpone this motion for the moment, and see if we can come up with something that takes into account the various views that have been expressed. I suggest that we defer the vote on this motion.

Hon. Senators: Agreed.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORTS OF COMMITTEE BUDGETS TABLED

Leave having been granted to revert to Reports of Committees:

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled reports approving budgets of the following committees:

Agriculture;

Banking, Trade and Commerce;

National Finance;

Official Languages.

(*For texts of reports, see today's* Minutes of the Proceedings of the Senate.)

QUESTION PERIOD

[*English*]

THE CONSTITUTION

AGREEMENT BETWEEN GOVERNMENT OF CANADA AND NINE PROVINCIAL GOVERNMENTS CONCERNING CHARTER OF RIGHTS AND FREEDOMS—QUESTION WITHDRAWN

Hon. Florence B. Bird: Honourable senators, I withdraw the question I asked on Thursday, November 19.

LEGAL AND CONSTITUTIONAL AFFAIRS

ACCESS TO INFORMATION BILL—PROPOSED COMMITTEE PRE-STUDY

Hon. John M. Godfrey: Honourable senators, if there are no questions from the official opposition, I have a question to ask of Senator Goldenberg in his capacity as Chairman of the Standing Senate Committee on Legal and Constitutional Affairs.

I have for some time been interested in the subject of freedom of information. The Standing Joint Committee on Regulations and other Statutory Instruments, of which I am joint chairman, had this matter referred to them some years ago. I noticed a full page article in the *Sunday Star* on November 22 by Professor Donald C. Rowat who actually appeared before our committee four or five years ago to give expert evidence. The headline of that article reads:

Freedom of information bill "too restrictive": Some exemptions go against the spirit of accountability and secrecy will be strengthened in some areas, expert says.

On April 15 I asked Senator Goldenberg whether or not his committee would start a pre-study of the Access to Information Bill. I had previously written to him on March 31. Since that time I have had various conversations with him. In fact, the committee met for a short while, I believe, on May 21 to discuss this question, and it has had only one meeting since, and that was on June 23. If we wait until this highly technical bill is passed by the House of Commons, and comes here, we will not have had the proper length of time in which to give it adequate consideration. At this point, we should be able to make some kind of contribution.

Since I am not getting very far with Senator Goldenberg in my private conversations with him, I am going public again and asking him what he intends to do about having a pre-study of this bill so that the Senate can make a proper contribution.

Hon. H. Carl Goldenberg: Honourable senators, I am fully aware of Senator Godfrey's interest. He has mentioned it to me several times. I want to assure Senator Godfrey that I have pursued the matter, and was advised as recently as the day before yesterday that it would not be convenient for the officials whom we require as witnesses to appear at this stage while the bill is still before the house committee.

Senator Godfrey: I have a supplementary question. I do not think the Senate is run at the convenience of the bureaucrats. The Standing Senate Committee on Banking, Trade and Commerce for years has been studying the subject matter of legislation still before the House of Commons. It is nine months since I approached Senator Goldenberg about this. His committee has met for a total of one hour and ten minutes in the meantime, and I think it is about time we got a little action.

Senator Goldenberg: Honourable senators, I explained the last time when Senator Godfrey raised this matter that I did not think it appropriate to start a pre-study of a bill which was going to be subjected to a great number of amendments in the course of the hearings before the house committee. This is what happened. If I remember correctly, I believe there have been about 60 amendments. I repeat what I have just said, and my information, for the benefit of Senator Godfrey, does not come from the bureaucrats.

Senator Godfrey: That is even less reason why the committee should be governed by whatever minister has the conduct of this bill.

● (1450)

Hon. G. I. Smith: I suppose, honourable senators, that I should do what I am going to do by way of addressing a question to Senator Goldenberg, so I will try to form it as a question.

Does Senator Goldenberg really believe that committees of this house should be operated according to the convenience of bureaucrats or of ministers who might be interested, or does he believe that they should be operated according to the requirements of the Senate?

[Senator Godfrey.]

Senator Goldenberg: I am very pleased that Senator Smith is interested in my beliefs.

My answer is this: The officials cannot appear before the Senate committee at the same time, or on the same days, as they are appearing before the Commons committee, which is what would happen. The house committee is hearing them. They have to be there all the time, I am told. It is a highly complicated measure that has been before the Commons committee for a long time, and I do not think it would serve any purpose for us to start a pre-study at a time when the people who would be called upon to appear before us and explain the measure to us would not be able to do so.

For the benefit of the members of the committee I have made inquiries as to other bills with which the government intends to proceed. Yesterday I advised Senator Flynn, with whom I consult very frequently on the work of our committee, that there are two bills with which the government intends to proceed. I intend to meet with the steering committee of the committee next week to discuss which bill we should proceed with. It will not be the bill concerning access to information.

Senator Smith: I have a supplementary question. I can understand that even Senator Goldenberg himself might have difficulty being in two places at the same time, and I appreciate that he could not expect any more of the officials, but is he saying that the officials attend meetings of the commons committee every day on which it is convenient for the Senate committee to meet?

Senator Goldenberg: I did not say anything of the kind, but I assume, having had some experience, as Senator Smith has had, of the workings of committees, that when officials appear before the committee questions may be put to them that they have to look into before the next meeting, and so the officials are tied up. I am not making a defence of officials, but I am trying to be practical, and I think the members of the committee should be reasonable in their approach, particularly if they have followed the hearings of the house committee. I think there are 60 or 65 reports already of the hearings. I have been following them, in the interests of our committee.

CANADA

BRITISH COLUMBIA—SPEECH BY PRIME MINISTER AT FUND-RAISING DINNER IN VANCOUVER

Hon. Orville H. Phillips: Honourable senators, I have a question for the Leader of the Government in the Senate.

On Tuesday evening of this week the Prime Minister, speaking in Vancouver, said that the people of British Columbia were terribly unaware of what is happening in this country. As a resident of the Atlantic coast, and in this day of rapid communications, I find it difficult to believe that the residents of British Columbia are ill-informed on Canada. This is particularly inconceivable when we consider the sources of information that they have, such as Senator Perrault, Senator

Austin, and their cronies and fellow Trudeauites such as Jack Webster and Allan Fotheringham. In those circumstances, I would expect that the people of British Columbia are very well informed.

I would ask the Leader of the Government to explain to the chamber what particular aspect of the Canadian mosaic the Vancouver residents fail to understand.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I was present at that dinner. I had the honour to introduce the Prime Minister. He made a remarkable speech.

Hon. Duff Roblin (Deputy Leader of the Opposition): We agree on that!

Senator Perrault: The Right Honourable the Prime Minister spoke to the largest political fund-raising dinner ever held in the province of British Columbia—an indication of the increasing degree of support which exists on the west coast for the Liberal Party, and the esteem in which the Prime Minister is held there.

I will make an earnest endeavour to obtain a full text of the remarks of the Prime Minister for the honourable senator so that he can read every paragraph and understand the message the Prime Minister conveyed to those who live in Canada's westernmost province.

One of the highlights of his speech related to federal-provincial relations—for example, support for post-secondary education. In the province of British Columbia, for example, the federal government pays 70 per cent of the cost of post-secondary education, the province only 30 per cent.

The Prime Minister made an eloquent statement on the need for a strong central government. He suggested that in certain areas the pendulum had gone too far in the direction of provincial power. I am sure that if the honourable senator had been there he would have had great difficulty in restraining his applause for that statement, because I know the honourable senator is a good Canadian.

There were many other sections of the speech which attracted a good deal of interest, but the significant point the Prime Minister was attempting to make was that none of us must be caught up in a regionalism which ignores the good of the country, and the need to build a strong nation. The Prime Minister delivered a powerful message that has a relevance, whether delivered in British Columbia, the prairies, Ontario, Quebec, the Territories or the Atlantic provinces.

Senator Phillips: Honourable senators, I have a supplementary question. I can understand now, after that reply, why the people of British Columbia so wisely failed to elect a Liberal in the last election.

Are the Prime Minister's remarks an indication that the federal government plans to initiate a new federal advertising program on the west coast?

Senator Perrault: I think, honourable senators, that, not without reason, the federal government feels that some of its efforts on behalf of Canadians are not properly understood in many sections of the country. If the government did initiate a program to enlighten people regarding matters affecting them in the regions in which they live, one could well understand the rationale.

For example, my home province of British Columbia, during the past 13 years, has received significant contributions from the federal government, much of it unacknowledged by the provincial government. Federal investments in British Columbia, and in the Atlantic provinces, have been of substantial proportions. I must be frank, and say that I do not believe that at times federal governments have been properly credited with the role they have played in building stronger and better economies in Canada's regions. I would certainly support, in the interests of open government, the development of better information services regarding federal programs.

Senator Phillips: Another supplementary, if I may, honourable senators.

Newspaper reports quote people leaving the meeting as saying that the remarks were garbage from a senile old man. Honourable senators, it is my understanding that Senator Perrault and Senator Austin also addressed the meeting. The articles do not identify the individual described as a senile old man. Would the honourable senator care to identify that individual?

Senator Perrault: It may have been that one of our political opponents inadvertently or accidentally wandered into the hall and made a random comment at some point during the proceedings, but certainly I can recall a standing ovation being given the Right Honourable the Prime Minister after his speech. It was a frank speech, but anyone who describes the Prime Minister in unflattering terms really does not understand very much about him, I am afraid, or what the country is all about.

• (1500)

Senator Phillips: Did anybody mention the Prime Minister?

Hon. Heath Macquarrie: Honourable senators, I would like to direct a question to the same minister. I listened with rapt attention and immense approval to all of the nuances in the exchange between the two. Indeed, the minister might be a candidate for the kind of job he suggested could be done. No one could make a better silk purse out of a coarser sow's ear. However, if he is suggesting that my very candid colleague, Senator Phillips, would have paid $150 for that, I think he is quite wrong. I do commend him for his précis, but particularly for the adjective he used. It was a "remarkable" speech. I understand that a great many remarks were made about that speech in British Columbia. In fact, I could almost hear some of those remarks, they were so loud and fervent.

I would like, however, to react to the information theme. I have tried to give the minister information on more than one occasion. I have done my best to enlighten him, but he has not always co-operated. That brings me to the meeting which was just concluded in Halifax. I told the minister that the provincial treasurers were all upset about the budget. The meeting in Halifax indicated that not only the representatives of the

poorer provinces but also those of the affluent provinces are totally opposed to this. I told him that the whole question of education and the care of the aged is very much up in the air.

I wonder if he, as an insider of the government, can tell me what is to be done to salvage the serious situation which is facing both the young people and the elderly all across the country, as was so eloquently expressed by their representatives in Halifax.

Senator Perrault: Honourable senators, first I would like to point out that however much certain senators seem to relish a discussion of the marvelously well-attended dinner in Vancouver, I understand that the Conservative Party of Canada was forced to cancel a similar fund-raising dinner for their leader because of lack of support in Vancouver. I am told that there was no possibility of organizing a similar function for the Leader of the Conservative Party.

Hon. Martial Asselin: Where?

Senator Perrault: Recently in Vancouver. Senator Murray may know of the acute embarrassment caused to his party in British Columbia.

Hon. Lowell Murray: Senator Murray says, for the record, that what the minister has just stated is absolutely untrue and without foundation.

Some Hon. Senators: Hear, hear.

Senator Perrault: Let me tell honourable senators that the Prime Minister who now serves this nation—and has served it for 13 years, but for one brief, unfortunate interruption of a few months—will go down in history as one of the greatest prime ministers we have had in this country.

An Hon. Senator: Is this a eulogy?

Senator Perrault: It is not a eulogy; it is a statement of fact. When the history books are written, Prime Minister Pierre Elliott Trudeau will be recorded as having been one of the greats in Canadian history. Not only that, he will be acknowledged to be one of the few Canadian prime ministers able to achieve an international reputation as one of the world's great statesmen. Therefore, I think this recital of rumours today by the official opposition hardly enhances the reputation of the official opposition.

Let me make this reply to the Honourable Senator Macquarrie. For weeks we have heard this continuing attack that somehow the government is trying to cut back on medical services and on aid for post-secondary education. The increase in medical aid, in hospital aid and in aid to education—which I think will be confirmed by my colleague, Senator Olson—will be from $11 billion to almost $20 billion over four fiscal years. These are the facts. Regardless of what Senator Macquarrie has been saying in the Senate for weeks, the fact is that in his own province the federal government pays 110 per cent of all costs of post-secondary education, and in British Columbia 70 per cent. We are told time and time again that this is the hard-hearted, skinflint federal government trying to cut back on spending. Let me tell you this: It is time we brought into balance the provincial and federal responsibilities in this country.

Senator Guay knows about his own province of Manitoba taking money, on the one hand, and, on the other hand, attacking the federal government for an alleged parsimonious attitude. It is time to call a halt to that. It is time the people were given an opportunity to know the facts. There has been a diminution of the provincial role in many of these programs, with the federal government assuming more and more of that responsibility, incurring deficits in its efforts to help the people and then being attacked by those Conservatives in provincial governments for overspending and profligacy.

You cannot have it both ways. It is about time the government fought back against this continuing attack by the official opposition. I say to you that if one looks in any kind of an objective way at this budget, one will see that it is a generous budget which is indicative of the social conscience of the Liberal Party.

Some Hon. Senators: Hear, hear.

Senator Macquarrie: Honourable senators, I, like a lot of near saints down through the ages, am being falsely accused. I was not talking about the meeting in British Columbia. I was not spreading rumours or scandal. I was simply responding to the performance of the Leader of the Government here. I say that I note his adulation, and I just want to put on the record that I am old enough to remember when Liberals used to praise Mackenzie King. That is all I have to say about that.

I am also falsely accused when it is suggested that I am spreading rumours or castigations about the Minister of Finance. I was not in Halifax, but all of the provincial treasurers were. All of them say that this is a diminution of services in the very important area of universities; it is not Senator Macquarrie at all. I think I would be a poor senator and a poor Canadian, however, if I were not sensitized by the complaints, the anguish of these people. I ask the minister not to enjoy himself in castigating me—he can do that any day—but to try to do something about this as a member of the government.

Senator Perrault: Let me tell you what some of these provincial allegations are all about. At the present time, post-secondary education in this country is supported by the provincial governments on an average of 37 per cent, which is well down from the 50 per cent figure which was established some time ago as a "target". This is what some of the provincial treasurers describe as a "reduction in federal support". The post-secondary financial support trend line shows provincial contributions beginning at 50 per cent and sagging ever downward—

Senator Murray: That looks like your Gallup poll!

Senator Perrault: —and the federal contributions, which started at 50 per cent, are dramatically rising upward. What do they describe as a cutback in their contribution from the federal government? They have projected this federal contribution "trend line" ever upward. It is proposed to level off the "trend" slightly. Some provincial treasurers claim that because

it is being levelled off, though it is still ascending, this represents a "reduction" in federal support.

Senator Macquarrie has been around government long enough to know that this is no "reduction" at all. The federal government is saying that if we keep on contributing the way we have been, yes, the provinces would be getting money for post-secondary education over the next few years, but we propose a lower rate of increase. We have to bring this thing into balance. Yet some of the provincial treasurers describe this process in terms of "cutbacks". They are not "cutbacks" at all. Senator Olson has all of the figures in his book—

Some Hon. Senators: Oh, oh!

Senator Perrault: Honourable senators, I know how diligently and ably my cabinet colleagues have worked to preserve these programs and to make it possible for aid to be given to post-secondary education in this country. It is time to put the facts on the table and let the people of this country know what has been going on, as the Minister of Finance has been doing in Halifax this week.

Senator Macquarrie: Honourable senators, I thank the minister for his defence of the Minister of Finance in Halifax and for his praise of the Prime Minister in Vancouver, and I accept them both with the same degree of credibility and credulity.

Hon. Jack Marshall: Honourable senators, I wonder if Senator Olson would open his books and put them on the table.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN— NOTICE OF MOTION RESPECTING DISPOSITION

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I wonder if I might interrupt Question Period briefly to give you some news with regard to the schedule next week. We propose that we sit on Tuesday afternoon at 2 o'clock instead of on Monday evening at 8 o'clock. I shall now give notice of a motion for a Senate order as to how we shall deal with the debate. We can then debate that, and honourable senators will have a chance to think about it. We can debate that on Tuesday. If we have the constitutional resolution in our hands, we will want to discuss how we are going to deal with it. If not, we can still discuss this because it is not based on a particular day but on a number of days after the motion is voted on in the other place.

• (1510)

So the notice would be as follows:

> That the motion of the Honourable Senator Perrault, P.C., for an Address to Her Majesty the Queen respecting the Constitution, notice of which was given by the Honourable Senator Perrault, P.C., on November 19, 1981, be disposed of as follows:
>
> 1. On the first sitting day—

If I may pause to explain certain expressions as I am going through this, when I use the term "sitting day", if the other place settled the matter on a Friday we would not sit on the Saturday. It would be a sitting day, which, according to our rules, would be Monday through Friday. To continue:

> 1. On the first sitting day following the final disposition by the House of Commons of the motion for an Address to the Queen moved by the Minister of Justice on November 20, 1981, the Honourable Senator Perrault, P.C., shall move the motion of which he gave notice on November 19, 1981—

Then I have added words to give effect to Senator Flynn's excellent suggestion:

> —with such modifications as may be necessary to make it conform to the resolution adopted by the House of Commons; and
>
> 2. At six o'clock p.m. on the second sitting day—

That is three days, because it is the second sitting day after Senator Perrault has moved the motion referred to in paragraph 1.

Hon. Jacques Flynn (Leader of the Opposition): To say "after the day" would make it clear.

Senator Frith: Yes, that would make it clear:

> At six o'clock p.m. on the second sitting day after the day the Honourable Senator Perrault, P.C., has moved the motion referred to in paragraph 1, the Speaker shall interrupt the proceedings and put all questions necessary to dispose of the said motion.

So we shall discuss on Tuesday the suggestion that we have a Senate order providing that once the House of Commons has finally disposed of the motion, we shall commence our debate the next day, that the debate shall proceed for three consecutive days, and that on the third day the vote shall be taken at 6 o'clock p.m.

We are required to give two days' notice of that. That is a good idea because it gives honourable senators an opportunity to think about it. I should add that those three days would provide us with the possibility of having six so-called sessions. In other words, we could sit both afternoon and evening on the three consecutive days.

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government): If honourable senators consent to this change to my notice of motion, that we meet next Tuesday at 2 p.m., the motion can be put, and I will put this forward as a notice of motion.

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

Senator Flynn: Let us put the question on the motion for adjournment.

Senator Frith: That is what I have asked for, but the Senate must agree to the change to my notice of motion.

The Hon. the Speaker *pro tem:* Honourable senators, it is moved by the Honourable Senator Frith, seconded by the Honourable Senator Perrault, P.C., with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday, December 1, 1981, at 2 o'clock in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—NOTICE OF MOTION RESPECTING DISPOSITION

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I now give notice of the motion. Can we dispense with my reading it again?

Hon. Senators: Agreed.

Hon. Jacques Flynn (Leader of the Opposition): The Deputy Leader of the Government is merely giving notice; but I should mention that we should not be called upon to finally adopt the motion before the resolution is passed in the other place, because, as I have already said, we have to assess the situation as it exists when we have the resolution before us. If all the problems in the other place have been solved, we might not need three days of debate. We might even be willing to shorten the debate. That is one point. My second point is that I cannot see that we should necessarily decide to terminate debate at 6 o'clock. We might find it necessary to continue until 10 o'clock at night.

Senator Frith: Honourable senators, on those two points, I agree with the Leader of the Opposition that it will be helpful if we know what the situation is before we vote on it. I do not want to be held to that, in case we find it necessary to vote otherwise; but I agree with the principle of the Leader of the Opposition, that ideally we should know exactly how we stand when we vote on it.

Senator Flynn: We might look silly if we decide in advance that we are going to take three days without knowing exactly what will come to us.

Senator Frith: As the Leader of the Opposition has pointed out, it may be that we can deal with the matter in less than three days. That is another reason why it would be helpful to have the information before us. On the second point, I agree that we can amend it to a time other than 6 o'clock. Let us leave it at that for the moment, but that could be part of our debate.

[Senator Flynn.]

QUESTION PERIOD

[*English*]

THE CONSTITUTION

ADDRESS TO HER MAJESTY THE QUEEN—POSITION OF GOVERNMENT OF QUEBEC

Hon. Jacques Flynn (Leader of the Opposition): Reverting to Question Period, I have a question for the Leader of the Government. I should say that occasionally, when we on this side prepare for Question Period, I say, "Please don't put too vague a question to the Leader of the Government if you don't want to invite a speech"; but I suppose today's experience will be another warning. It is very difficult to get a simple answer to any question that we put to him.

In any event, my question is a simple one, and he can either give a short answer or make a speech. I wonder if the government has any official comment on Mr. Lévesque's decision yesterday to advise the Prime Minister of Canada that the Province of Quebec is registering its veto on the constitutional resolution.

Hon. Raymond J. Perrault (Leader of the Government): No.

Senator Flynn: No comment! That is much better than what Mr. Chrétien said on television yesterday.

[*Translation*]

Hon. Martial Asselin: I have a supplementary. Could the government leader indicate whether a decision will be taken by the government on the matter of an answer to the Premier of Quebec on the right of veto? Will he get an official reply?

[*English*]

Senator Perrault: Honourable senators, there has been no official letter or communication from the Premier of Quebec on this point, and I hardly think he can expect an official reply if he has not communicated in any official way.

Senator Flynn: We have seen the letter and the photocopy of the order in council as it appeared in the press. Is there any problem with the Office of the Prime Minister?

Senator Perrault: I was advised this afternoon that there has been no official request received from the office of the Premier of Quebec—certainly so far as Mr. Chrétien's office is concerned, and, of course, he plays a leading role in this matter. We have no information about any communication. If, in fact, material has subsequently been received from the office of the Premier of Quebec, that information will be duly brought to the chamber. There may be documents around, but I have been advised that there has been no official communication.

Senator Flynn: We saw yesterday the letter to the Prime Minister dated November 25, 1981, signed by Mr. Lévesque. Are you suggesting that the Prime Minister has not received that letter?

Senator Perrault: Honourable senators, a communication was made with the office of the Honourable Jean Chrétien at approximately 1.45 this afternoon to ask whether any official information had been received from the office of the Premier of Quebec on this point, and the answer was no. If the record

must be corrected, I will be pleased to do so; but the information was expressly sought for today's Question Period.

[*Translation*]

Senator Asselin: I think that the Leader of the Government should enquire especially at the Prime Minister's office because it was stated yesterday, and everyone has confirmed it, that Mr. Normand, the deputy minister of interprovincial affairs for Quebec, met with Mr. Kirby at the Prime Minister's office to deliver by hand the letter and the document in question.

Did the Leader of the Government ask whether that is how it happened?

[*English*]

Senator Perrault: Honourable senators, that question will be taken as notice. If there has been any further information in recent hours, that will be acknowledged and the information will be brought to the Senate. The inquiry was directed to the office of the Minister of Justice in this particular instance.

FEDERAL-PROVINCIAL RELATIONS

FISCAL ARRANGEMENTS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, before we get to delayed answers, I wonder if the Leader of the Government would expand a little on the eloquent address he delivered a moment ago on federal-provincial fiscal relations, because I believe he gave some information to the house that will not bear scrutiny. Did he not accuse the provincial treasury officials of exaggerating their position by projecting revenues and expenditures into the near future, the next five years, with respect to federal-provincial fiscal relations? I think he did. Honourable senators, the information we are working on in this connection has nothing to do with what the premiers said, but everything to do with what the Minister of Finance said. If one wishes to know the situation in which the Minister of Finance is placing the premiers, one need only look at one of his own documents.

● (1520)

I suggested to my honourable friend the last time we spoke on this subject that he look at the white paper prepared by the Government of Canada called *Fiscal Arrangements in the Eighties—Proposals of the Government of Canada,* and he would find that information set out on page 50 of that document. I ask the Leader of the Government whether he has ever studied that document and whether he has read the speech, and the documents attached to it, which the Minister of Finance gave to the provincial treasurers in Halifax the other day. Has he seen the confession of an error of $600 million in favour of the "feds" and against the provinces, if I can use that expression, which I now notice has been raised to $700 million? The actual position of the provinces is much worse off than that presented in the budget documents.

Is the Leader of the Government aware that in the same statement to the provincial treasurers in Halifax the Minister of Finance told them how much he was going to take from provincial taxpayers in addition to all this because of alterations that were being made to the budget that day? They amount to some $870 million for 1982-83, the first year of a five-year period.

In light of those facts, how could my honourable friend stand up in this house and make the statement he made a few minutes ago that the premiers and the provincial treasurers were exaggerating the situation, were not giving the facts, were padding the issue to reflect their own point of view, when, in fact, the issue is made plain by the documents of the federal government itself? I think there is something lacking in the leader's understanding of this situation.

Further, I would ask the Leader of the Government whether he has taken the trouble to acquaint himself with the contents of the document produced by the House of Commons Special Committee on Federal-Provincial Fiscal Arrangements and whether he is aware of the connection which it makes between the tax guarantee situation and the funds available for health care and post-secondary education, or its recommendation that those funds be considered as one sum in dealing with these matters. I am not trying to invent difficulties for the honourable leader, but I wish to point out to him what his own people, his own government and his own documents are saying in this matter so that we can get to some mutually agreed understanding of the facts.

I ask the Leader of the Government whether he accepts the facts outlined in the speech made by the Minister of Finance, the facts outlined in the budget documents and the statements contained in the report of the House of Commons Special Committee on Federal-Provincial Fiscal Arrangements. If he does, then he and I will have common ground on which to debate, but, from his statements so far, that does not appear to me to be the case.

Hon. Jack Marshall: Answer "yes" or "no."

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Roblin expresses a deep desire to get the facts on the table and, at least in that regard, we have an area of common agreement because we want to get the facts on the table as well. When I gave the figures in response to Senator Macquarrie's question, I was referring to medical programs and post-secondary education, for which the allocation is expected to increase from approximately $11 billion to approximately $19 billion over four fiscal years. That is the area to which I had addressed my remarks, and what I said is fact.

The official opposition has been saying for weeks that the government plans to make cutbacks, and they have organized a $20,000 advertising campaign, paid for by the Conservative Party, to mislead the students in the universities from coast to coast in this country. Is this the action of a responsible party interested in getting the facts on the table? To act in this manner is a classic act of irresponsibility on the part of the Conservative Party of Canada. I did not pad the figures to which I referred. I did say that it is time to get the facts on the table, that it is time to let the people of this country know

about the significant contribution being made by the federal government to many good causes in this country, causes for which the federal government never receives credit.

Mr. MacEachen has said to the provinces, to paraphrase some of his remarks at these recent meetings, "Well, you have certain constitutional responsibilities in certain areas, such as education. It is time that you began to bear your fair share of the burden of some of those constitutional responsibilities." Does anyone really oppose the idea of a fair-sharing arrangement to fund post-secondary education? As the situation stands now, the provincial share is something like 37 per cent, and the federal government pays the rest.

Does Senator Macquarrie, who is an educator in his own right, deny that 110 per cent of all post-secondary education in Prince Edward Island is funded from federal sources? Does he think that is a fair deal? I wonder whether the federal government is receiving 110 per cent of the credit in Prince Edward Island for this degree of generosity?

I wonder if Senator Roblin can tell us the figures for the federal contribution to post-secondary education in Manitoba. Does he defend the diminution in the percentage of contribution by the provincial governments and an increase by the federal government? The Minister of Finance does not have a printing machine down in the basement.

Senator Roblin: Oh yes he does.

Senator Perrault: The minister cannot churn out currency and hand it out with profligacy to every provincial government in this country. The provincial government in my own province of British Columbia has brought up time and again how federal aid is being allegedly reduced. And what is their great provincial budget objective for this year? They say that they hope they can once again balance the budget. Just the other day the Government of British Columbia said that they think they will now have a several-hundred-million-dollar budgetary surplus. Of course, I realize that that is not the case in all of the provinces and that some of the provinces are wealthier than others.

However, because of the high federal deficit, the federal government is under attack by the opposition every single day in Parliament and throughout the country. Yet, every time the government attempts to balance programs which clearly have gone out of balance over the years, it is attacked for its parsimonious attitude. Senator Roblin stands up in a synthetic rage and accuses the federal government of cutting back, and says that the Minister of Finance is condemned by his own words. This is show business. Senator Roblin knows enough about government to appreciate the fact that any minister of finance, under these difficult circumstances, must take a look at all sorts of programs and make certain the taxpayers' interests are being protected.

Senator Roblin: Honourable senators, I have never heard such a rodomontade in recent days. I give my honourable friend credit for being able to obscure most issues pretty successfully, but he cannot obscure this one. He is a member of the government that decided the relationship between the provinces and the federal government with respect to these grants. He is a member of the administration that decided that no matter what the origin of these payments was, they would be changed into block grants. He knows perfectly well that when block grants were brought in there was no obligation placed on the Province of Prince Edward Island as to what it was to do with its block grant in order to fit some definition the "feds" had dreamed up. That is the precise reason why block grants were adopted. If my honourable friend wants to say that was a terrible mistake and the government wishes to change it, then that is fine. That is a perfectly fair thing to do—or, it may not be fair but at least it is legitimate.

Hon. H. A. Olson (Minister of State for Economic Development): It does not necessarily have to be a mistake to change it.

Senator Roblin: On the other hand, to blame the provinces for taking advantage of the block grants which my honourable friend and his colleagues recommended to the nation as being good, seems to me to be something less than a satisfactory explanation for what is being done.

The Leader of the Government talks about the federal deficit. I am one of those who would like to see that deficit brought under control, but I have never recommended, nor do I recommend now, that the federal government reduce its deficit by transferring those burdens to other jurisdictions. That is precisely what the Minister of Finance is doing. He is saying that the government will cut its deficit by transferring part of the tax burden to the provincial taxpayers. Does he think the nation is any better off because he has done that? Well, I certainly don't.

It does not matter to me which taxpayer is paying because I do not see how you can divide them up, but the government will say, "Look what we have done; we have reduced our deficit!" Of course, they will have reduced the deficit by transferring it to another governmental authority which has to raise the money instead. That is precisely what the government is doing, and it does not appeal to me as being economically feasible. If the government wishes to reduce the deficit, it can take measures other than transferring that deficit from one level of government to another.

That is the burden of some of the complaints that have been made with respect to the budgetary performance that we have witnessed in the past few days. If my honourable friend wants the government to get out of block grants, then that is something else, but it cannot now criticize provincial governments that have used those block grants in a perfectly legitimate, legal and moral fashion. If the government wishes to change the deal now, then it should negotiate, but to retrospectively blame others for something which it made possible seems to me to be slightly off the mark. For the government to say, "I am reducing the deficit by transferring at least part of its expense to somebody else," does not convince me that it is a statesman-like attitude towards the economic field.

• (1530)

Senator Perrault: I am amazed at the statement made by Senator Roblin. When he was Premier of Manitoba—and

Senator Guay recalls this well—he terminated all sorts of programs which he felt had become obsolete or unfair or unworkable.

Now the Government of Canada is saying that modifications are required in our approach to certain problems in this country. The government is saying that we should make changes. Is the Honourable Senator Roblin really suggesting that no program should ever have a "sunset" clause; that once a program is in place it should never be changed? Of course not! His own record would demonstrate that he made all sorts of changes in Manitoba when he was premier of that province.

What the federal government is saying is that there is a time in the development of this country when we must do some fundamental reassessing of these programs to determine whether or not the burden has been unfairly carried by one level of government or another.

We all know that, ultimately, the same taxpayer pays the taxes municipally, provincially and federally. Everyone is aware of that fact. But more and more in this country we have seen more of the taxes going to provincial and municipal governments, with more of the responsibility going to the federal government, however, to collect the moneys which are then diverted to the provincial governments.

The federal government is saying that the time has come to reassess its relationship with the provincial governments; to determine whether or not the federal government is getting most of the blame and none of the credit; to determine whether some of the programs are now obsolete. The block funding concept may have had relevancy, but perhaps it is time to modify that program, to change it. Surely, a quality of government which should be admired is willingness to reassess and change, when change is required. But this government is not willing to stand back and assume all the responsibility to collect vast revenues, with over 60 per cent of all the taxes now collected by the federal government being spent by municipal and provincial governments, with the federal government having total discretionary power over less than $20 million in today's budget.

Senator Roblin: Well, I am not going to indulge in any *ad hominem* arguments about what I did or did not do when I was Premier of Manitoba. I only hope that I did a better job than some of my friends opposite are doing at the present time.

Senator Olson: I don't think that is right.

Senator Roblin: Well, you don't think that is right.

Senator Olson: That would be an opinion we would not share.

Senator Roblin: All right. Well, I expressed the hope, but I think my honourable friends opposite are perhaps impervious to argument on that point. In any event, I do not intend to indulge in that kind of retrospective debate.

My point is simply that if you examine the origin of these enormous federal expenditures of which my honourable friend speaks, they were not made at the request of the provinces but on the initiative of the federal government. The federal government took the initiative in making these sums available for worthy public purposes, but when they did so they set in train an accumulation of financial consequences and responsibilities which really, in a sense, dictated the fiscal policies of the provinces to deal with them.

Anyone who was around at the time when those massive social changes were initiated will understand the weight of the argument I am making here. I am not saying they were necessarily all wrong. I don't think they were. I am saying, however, that they did change the financial structure of the country and they did impose financial burdens on other levels of government which had no real way of avoiding them. There was no way of backing out of these things from a practical point of view.

Against that background, it then seems a little unfair that the federal government should come along and say, "We started this ball rolling. It has had consequences we did not entirely anticipate and now we think we ought to change it. The way we are going to change it is by pushing back on to another level of government some of the financial responsibilities."

It seems to me that that, in a nutshell, is an argument that has to be considered. I suggest to my honourable friend that if he would use the kind of moderate language that he employed in his last exchange with me, we would get along a lot better. It seems to me that he should recognize the justice of that particular approach to the matter, particularly by a provincial treasurer or, indeed, a provincial taxpayer.

It seems to me that the federal government has to exercise reasonable discretion so that it does not leave somebody else holding the baby for which it is responsible.

THE CONSTITUTION

CANADIAN CHARTER OF RIGHTS AND FREEDOMS—PROTECTION OF FETUS—TELEGRAM FROM CARDINAL CARTER TO PRIME MINISTER

Hon. Stanley Haidasz: Honourable senators, I should like to ask the Leader of the Government whether the telegram which His Eminence Cardinal Carter of Toronto sent to the Prime Minister requesting the affirmation of constitutional protection of the life of the fetus has been given any reply or consideration by the Prime Minister or by the Minister of Justice or by the cabinet.

Hon. Raymond J. Perrault (Leader of the Government): I can confirm that the telegram has been received. I do not know whether a reply has been completed as yet, but it is in the process of formulation.

THE ECONOMY

ALBERTA—CANADIAN FORCES—IMPACT OF COST OF LIVING

Hon. Jack Marshall: Honourable senators, I wish to direct a question to the Leader of the Government in the Senate having to do with the recent alarming news that Canadian Forces

troops stationed in Calgary, Alberta, find themselves, in terms of their pay situation, in a position where they cannot meet the highly inflationary cost of living in that province.

While we can admire the wealthy economy of the province of Alberta, it certainly is creating a hardship for the troops, who, evidently, have to resort to welfare in order to meet today's needs.

Can the Leader of the Government extract from the Minister of National Defence an answer as to what action is being taken to overcome this serious problem in terms of regional disparity payments?

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice, honourable senators.

REGIONAL ECONOMIC EXPANSION

QUEBEC—FINANCIAL AID TO INDUSTRIAL COMMISSIONS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised on October 28 by Senator Tremblay concerning financial aid to industrial commissions.

It is a policy of the Department of Regional Economic Expansion to promote local entrepreneurship and to provide support to local economic development agencies and organizations. In this context I am informed that the department will provide an estimated $2 million to $3 million for aid to be given to organizations in various regions of Quebec.

With reference to the honourable senator's second question, the Department of Regional Economic Expansion is not necessarily considering the signing of a federal-provincial agreement under the General Development Agreement. However, we do not rule out the possibility of an agreement with the Quebec government which would be aimed at co-ordinating the federal government's assistance with the aid currently being provided by Quebec's Department of Industry, Trade and Tourism.

It is my understanding that during the past few years DREE representatives have held discussions with officials of the Quebec government in order to study the possibility of signing a federal-provincial agreement with respect to the provision of assistance to industrial commissions. However, an agreement has not yet been possible. At present, negotiations are not taking place between the two governments with respect to this matter. Instead, DREE has invited the Association of Industrial Commissions of Quebec to submit an official proposal which could be the focus of future discussions with the province.

VETERANS AFFAIRS

HONG KONG VETERANS—POSSIBLE PARASITIC INFESTATION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I should like to give a reply to a question asked by the Honourable Senator Marshall on November 9 concerning the possibility that Hong Kong veterans are affected by a parasitic infestation.

There have been a number of questions as well as media coverage regarding the possibility that some Hong Kong veterans may be subject to a parasitic disease. The Minister of Veterans Affairs has advised me that his officials are aware of the problem and of the experience of Australia and the United States in this matter. Arrangements are being made so that all Hong Kong veterans will be offered laboratory tests to determine whether the parasite is present. Each veteran will be contacted and will be given specific information as to what action he should take.

Hon. Jack Marshall: I want to thank the leader for that answer. There is one point I should make, however, and that is that that information was made known through other sources about four or five days ago. I should like to suggest that, in order to show that we in this chamber are concerned, it would be more appropriate if we tried to get the answers at the same time as they are given in the other place or at the same time as they have given through the media.

NATIONAL CAPITAL REGION

QUESTIONS ON ORDER PAPER WITHDRAWN

Hon. Jack Marshall: Honourable senators, as far back as October 1980 I asked a series of questions having to do with the status of certain relocation projects from the National Capital Region. Those questions are now superfluous, if that is the correct word. Most of the information requested is now readily available. So, if I have the agreement of the house, I would ask that the questions be withdrawn from the Order Paper in order to avoid the expense of printing them.

Hon. Senators: Agreed.

The Senate adjourned until Tuesday, December 1, at 2 p.m.

THE SENATE

Tuesday, December 1, 1981

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

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Supplementary Estimates (D) for the fiscal year ending March 31, 1982.

Report on operations under the *Regional Development Incentives Act* for the month of September 1981, pursuant to section 16 of the said Act, Chapter R-3, R.S.C. 1970.

Memorandum of Agreement between the Government of Canada and the Government of the Province of Nova Scotia, dated November 3, 1981, pursuant to section 20(3) of the *Royal Canadian Mounted Police Act*, Chapter R-9, R.S.C., 1970.

Notice of Ways and Means Motion to amend the *Petroleum Administration Act*, issued by the Department of Finance, dated November 27, 1981.

Report of the Public Service Staff Relations Board for the fiscal year ended March 31, 1981, pursuant to section 115 of the *Public Service Staff Relations Act,* Chapter P-35, R.S.C., 1970.

• (1405)

THE ESTIMATES

SUPPLEMENTARY ESTIMATES (D) REFERRED TO NATIONAL FINANCE COMMITTEE

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

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the supplementary estimates (D) laid before Parliament for the fiscal year ending March 31, 1982.

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

Hon. Senators: Agreed.

Motion agreed to.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Salter A. Hayden, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

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

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

Hon. Senators: Agreed.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I should like to say a few words about this motion. It permits the Banking, Trade and Commerce Committee to meet while the Senate is sitting today. The chairman of that committee, Senator Hayden, has told me that witnesses will be appearing at 2.30 this afternoon, so he would like the meeting to commence as soon as possible after that time.

I mention that because, with the agreement of honourable senators, we will proceed immediately to debate the motion that is on the Order Paper concerning our procedure on the Constitution resolution, and we will postpone Question Period in order to do so. Caucuses are called for 4.30, and we hope to rise at that time to attend the caucuses, and then to resume at 8 o'clock this evening and take as much time as necessary to debate the procedural motion. From that standpoint, it is in the interest of the Senate, and in the interest of disposing of the procedural motion, to have Senator Hayden's committee commence its meeting as soon as possible so that members of that committee will be free to attend the caucuses, at which there will be discussions that will affect what takes place here this evening on the procedural motion.

The other advantage of the procedure, to which we have more or less agreed, is that those honourable senators who have not found it possible to attend this afternoon's sitting will be able to give us the benefit of their views on the procedural motion this evening.

For those reasons, honourable senators, I support Senator Hayden's motion.

Motion agreed to.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN— NOTICE OF MOTION RESPECTING DISPOSITION

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, following discussions with the Leader of the Opposition a few moments ago, it is suggested that we postpone Question Period and proceed to Motion No. 2 on today's Order Paper. Therefore, I ask honourable senators for permission to bring forward that motion and to deal with it immediately.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, we have brought forward the motion that appears on page xxxiv of *Minutes of the Proceedings of the Senate* for Thursday, November 26, 1981.

The debate on this motion will take the same form as the introduction of the motion and the debate that took place on the procedure last week. In other words, we are interested in interventions and suggestions by honourable senators as to the best way to proceed.

Although I recognize that there are many alternative ways of dealing with this motion, I shall suggest three for consideration. The first is the one that now appears on the order paper.

The difference between the situation that existed last week and that which exists at present is that we now know when the House of Commons will vote on the motion before it. We did not know that last week. Last week we agreed to the suggestion of the Leader of the Opposition that the resolution we shall be called upon to debate should conform to the resolution approved by the House of Commons. That does not mean, of course, that it is not subject to motions for amendment in this chamber. It simply means that we will have before us exactly the same resolution as adopted in the other place.

We have been given to understand that the members of the other place will vote on the matter at 3 o'clock tomorrow afternoon. To be more precise, the voting will commence at 3 o'clock tomorrow afternoon and, according to my information, it is anticipated that there will be more than one vote. Therefore, we will not be sure of the form of the resolution as passed by the House of Commons before 4 or 4.30 p.m.

If we insert dates in the notice of motion, it means that on Thursday next Senator Perrault, the Leader of the Government, will move a motion in the same form as that approved in the other place. That would occur on the first day.

The second day would be Friday, and the vote would take place at 6 p.m. on the third sitting day, which would be Monday.

• (1410)

What we would like to spend some time on for a brief period this afternoon, again this evening and, I hope, during the caucuses, is the finding of a procedure that most senators will agree to. The procedure could be on extension beyond Monday of next week and could include, for example, a sitting next Monday, with voting on Tuesday. It could extend to sitting on Tuesday and voting on Wednesday, and so on. Those are the kinds of ranges that exist at the other end.

It seems to me that the shortest and most practical schedule—whether it would be desirable, of course, is a matter for honourable senators to decide—would be to introduce the motion tomorrow, once we know its form, because I think we have all agreed that we would prefer not to commence the debate until we know exactly in what form the resolution is adopted in the other place. We would incorporate any amendments accepted by the other place, and we would start with that document.

We could, therefore, introduce the motion tomorrow at 4 or 4.30 p.m.—or whenever we get the news of its having been agreed to in the other place—and commence the debate if there is time. On the other hand, we could simply stand the matter until the next day without any debate at that point. That would take us to Thursday.

We could have three sittings on Thursday—at 10 o'clock in the morning, 2 o'clock in the afternoon, and at 8 o'clock in the evening—followed by a sitting on Friday.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Is that this week?

Senator Frith: I am still talking about this week. We could then have the vote on Friday at 2 o'clock.

Hon. Martial Asselin: Why not Saturday? Why not Sunday?

Senator Frith: Why not? I am coming to that.

Hon. Raymond J. Perrault (Leader of the Government): That is your option.

Senator Asselin: Your option is to get it done as soon as possible. I know that.

Senator Frith: Perhaps Senator Asselin did not hear what I was saying.

Senator Asselin: I did hear.

Senator Frith: I was simply giving what I thought was the earliest possibility. Saturday and Sunday are certainly within the range that we can talk about.

An Hon. Senator: Forget it.

Senator Frith: I am not suggesting that.

Those are the ranges we are talking about. It seems to me that the soonest practical time for us to debate this motion, and to have the vote, would be on the basis of introducing it tomorrow and debating it in three sittings on Thursday and one sitting on Friday.

Introduction of the motion tomorrow is not that important. We could agree to introduce it on Thursday. It might, indeed, be useful to look at it overnight. I do not recommend, or see any reason for, any extensive debate on it tomorrow.

As I say, that would seem to me to be the most prompt way of dealing with this motion. Let me now extend what I have said a little. We could have the vote at 2 o'clock on Friday

afternoon. What is the advantage of that? The only advantage of voting at 2 o'clock on Friday afternoon is a practical one from the point of view of honourable senators who live at the extreme ends of the country, because if we are going to vote on Friday it would be a convenience to them if the vote were held early in the afternoon. We could, however, postpone the vote until 6 o'clock on Friday evening. It seems to me, however, that when we get to that point, the attractiveness of lengthening the debate on Friday is less obvious.

We could sit on Saturday, and possibly on Sunday. They are not sitting days. I have talked throughout of sitting days, and I do not see any reason why we should consider Saturday or Sunday, but if some honourable senators want to consider those days I am sure they understand that they are free to do so.

We come then to the possibility, as I say, of sitting on Monday, and that would be the practical result of the present notice of motion. I have another observation to make about that. It seems to me that if we decide to continue on Monday, we would do better to amend the present motion to provide for a vote at some time during the evening, because if we talk about proceeding at 6.00 p.m. on Monday, we must remember that the senators who live at the extremities of the country have to leave their homes on Sunday evening in order to get here in time. There seems to be no reason why we should move it ahead to 6 o'clock in the evening when it could be just as easily done at 9 o'clock.

• (1415)

Honourable senators, I can have some alternative motions prepared, but at the moment we are talking about the motion on the order paper. We are inviting all honourable senators to give their views as to where the best solution lies. Perhaps the earliest timing is the best, perhaps the latest, or perhaps it is somewhere in between. We are here to listen to what honourable senators have to say as to how they feel we can best dispose of this matter.

Therefore, I propose that we discuss the matter now, hear the views expressed, and revert to Question Period either tonight or later this afternoon.

Honourable senators, I was asked this morning about the business of the Senate for next week. The only business that we could have next week would be a supply bill or Bill C-48. I do not think we will receive either until Friday. If we can debate this motion this week, we may not have to return next week. Even if we do have to return next week, we may not have to stay for as long as we would otherwise have to.

Therefore, honourable senators, that is the range. I would say that, with three sittings on Thursday, the earliest time at which we could vote would be at 2 o'clock on Friday afternoon. I would think that a reasonably long extension of the debate would be to some time on Monday or Tuesday of next week.

Hon. Daniel A. Lang: Honourable senators, I wonder if I might raise a question here? I detect, from what the deputy leader has said, a sense of urgency in bringing this matter to a vote in this chamber. After 54 years of so-called inability to move on this issue, I find it inappropriate to inject a sense of urgency between now and next Monday.

This is the chamber of sober, second thought. We are dealing with one of the most fundamental changes to our constitutional system since Confederation. As the deputy leader has said, we have no business schedules for next week. He seems to be trying to compress our deliberations into three sittings on Thursday and a half-sitting ending at 2 o'clock on Friday—

Senator Frith: I did not move that.

Senator Lang: —or to sittings continuing Saturday and Sunday.

Senator Frith: I did not suggest any of those things.

Senator Lang: I have my notes on your suggestions right here.

Senator Frith: Well, they are wrong. I did not suggest that.

Senator Lang: We are talking about a major constitutional change that will fundamentally affect this institution for all time. We are talking about a change that will affect the whole future of our country, and we are trying to compress this debate into two-and-a-half days.

Senator Frith: Who said that? Nobody has suggested that.

Senator Lang: This is what your motion suggests.

Senator Frith: No, it does not. My motion results in a vote on Monday, and I am saying that Friday is a possible earlier time. I have been careful not to say that I am in favour of any one of the options. After I have heard what honourable senators have to say, I will state my view.

I suggest that the honourable senator either read *Hansard* or take my word for it. I said that Friday would be the earliest possible date. I did not say whether I was in favour or not in favour of it.

Senator Lang: I will conclude, then, by saying that I think we should follow our normal rules. We should not let anyone try to abridge our rules by any sort of consent here, because we are dealing with a matter that is fundamental not only to this institution, but to the whole of our country.

Some Hon. Senators: Hear, hear.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I would like to repeat what the deputy leader has said. The object of this exercise is to hear the views of honourable senators. We will continue with that exercise in caucus later this afternoon. We will resume consideration of this problem at 8 o'clock tonight. I do not think we need to vote on that motion before tomorrow afternoon, at which time we will know the final text of the resolution as adopted by the House of Commons. It will have come to us by then.

• (1420)

From what Senator Lang was saying, I take it he goes along with Senator McIlraith's suggestion that there should not be any limit to the debate. The problem with that is that in order for all honourable senators to make arrangements to be here it

is necessary for them to know when the vote will take place. However, at the moment I am not taking a definite position on that. I simply wish to accommodate as many senators as possible on both sides of the house.

Generally speaking, I favour the idea of beginning the debate and, proceeding in accordance with our rules and practice, debating the matter all day Thursday until six o'clock, returning perhaps on Tuesday afternoon, with the vote then being held early Wednesday. I believe that is the latest suggestion and perhaps it will meet with general approval.

I think the idea behind that suggestion is to give honourable senators Friday, Saturday, Sunday and Monday to mull the situation over, because as Senator Lang has suggested—and I agree with him—this vote will probably be the most important that any senator will have had to participate in since Confederation. What the consequences of the vote will be, I do not know. That depends somewhat on the form in which the resolution is sent to us.

Both Senator Perrault and Senator Frith have been quite clear that they do not want to take any definite position at this time but are open to suggestions from both sides. I am hopeful that the debate can be continued in that spirit, knowing that we are trying to accommodate senators and the Senate. In that light I would welcome other suggestions either now or, if none are forthcoming at this time, before our respective caucuses.

I don't know if Senator Lang has called a caucus of his own group. Perhaps he would like to join us. If so, he is welcome. I think he would find that we would listen with great interest to his suggestions.

In any event, before we resume at eight o'clock this evening I will report to Senator Frith the consensus of our caucus, and perhaps he will tell me what the consensus was on the government side. I would stress, though, that the main point is that we should not appear to be rushing this resolution through.

Hon. G. I. Smith: Honourable senators, I am not ignoring Senator Flynn's suggestion that we should defer most of this discussion until this evening in order to give the caucuses an opportunity to consider it before eight o'oclock. I agree with that. However, surely it is no light matter to assert that to vote for or against this resolution may be the most important decision that those of us who are now here have ever been called upon to make in this chamber.

Believing I know something of the possible amendments that will have to be voted on in the other place, I think that the results of the votes on those amendments might have a great effect upon how the whole question of amendments and otherwise will be looked at here. I know the honourable leader is not putting the possibility aside, but it seems to me that it is not asking too much to allow senators the weekend to reflect upon this very serious question. I hope that all honourable senators will be thinking about this matter when they attend their respective caucuses.

[Senator Flynn.]

• (1425)

Hon. Allister Grosart: I would ask the deputy leader if there is a case for urgency in the Senate's reaching a final decision on this matter.

Senator Frith: Honourable senators, the only urgency which would have any practical or legal consequences relates to the situation in the United Kingdom where there are rules concerning a definite time period between first and second, and second and third readings. That time period is longer than what is required here, and I will attempt to bring specific details of it to this chamber. The schedule in Britain requires that the matter go to cabinet, then be introduced in Parliament by cabinet and then this stipulated period between the various readings must be met. This could result in the matter not being brought before the British Parliament before the late winter or spring.

As I said, honourable senators, I am not aware of the exact details of this time frame, but I will attempt to bring this information to the chamber. To my knowledge, this is the only matter which relates to a necessity regarding the next process.

Senator Grosart: Are we to understand then, considering whatever sitting arrangements may apply to the United Kingdom Parliament, that if the Senate were to take the action the government requests concerning this address, it could be passed by the British Parliament before Christmas? Is that the assumption at the moment?

Senator Frith: It is my information that it could be passed by the Parliament of the United Kingdom before Christmas. I am not looking for an argument—

Senator Asselin: There is an argument.

Senator Frith: There may be but, at this stage, I am not looking for one. Perhaps the honourable senator and I will have an argument later.

For the moment, I am trying to give Senator Grosart the information I have available. My information is that there is some constraint regarding the next process which would make it possible for the British Parliament to pass the resolution before Christmas. If a certain time goes by, that will not be technically possible, but that is distinct from whether they can do so as a matter of policy. I will try to get more detail on this matter.

Senator Perrault: Honourable senators, this point has been discussed and some informal recommendations have been received from overseas. I stress the word "informal" since they have not been formal, and are not in any written form. These recommendations indicate that Westminster would like to receive this measure as quickly as possible. The houses of the British Parliament are in the process of arranging their timetable for the coming period, and have suggested, although not in any official fashion, that they would like to receive the measure as soon as possible.

Senator Grosart: May we be informed as to the possible deadline that is inferred by the words "as soon as possible"? I am not looking for an argument; just information. My particu-

lar reason for raising this question is because I should like to vote on the constitutional question.

Senator Frith: Honourable senators, I will undertake to try to have that information for the chamber by tonight.

Senator Grosart: From the procedure the deputy leader has outlined, should we take it that the motion for an Address in the Senate will be entirely separate and not a Joint Address, as has been usual at times, with a request from the House of Commons for concurrence?

Senator Frith: The honourable senator is correct. He is making reference to the fact that in most previous cases the Address was a Joint Address. In other words, it was passed either by the Senate or by the House of Commons, and sent to the other house for concurrence.

However, as was the case earlier in the year, the government has decided to proceed with concurrent resolutions. By adopting the suggestion put forward by Senator Flynn, we will be following the old procedure as closely as possible because we will not commence our debate until the other place has concluded its debate. This will mean we will not be waiting for something to come to us. We are simply waiting for them to complete their debate so that we can debate the same motion. We will be as close to the old procedure as we can be by following the "Flynn formula," if we may call it that.

Hon. Orville H. Phillips: It is my understanding that the Quebec legislature may introduce a motion today requesting the Quebec Court of Appeal to deal with the veto question. Does the Deputy Leader of the Government anticipate that the British Parliament will deal with the resolution despite the fact that it is before a Canadian court?

Senator Frith: Honourable senators, I have no specific information on that. It would be my opinion that, in view of the decision of the Supreme Court of Canada, they would be more likely to deal with this measure than they would have been before the Supreme Court of Canada had pronounced on it. However, I can go no further than that.

[*Translation*]

Senator Asselin: Honourable senators, as Senator Flynn and Senator Lang have just said, it is perhaps one of the most important debates to take place in the Senate. Immediately I ask myself the following question, and in so doing I am not speaking on behalf of the caucus but merely making personal remarks.

Unless we have evidence that it is urgent to pass this resolution, why should we deal with it differently from the other place? Did they extend the sittings in the other place? Were arrangements made to prolong the debate? The only thing I learned about the other place is that they agreed to limit speeches to 20 minutes. There was no evidence of urgency over there, since it was agreed after about ten days a vote would be taken tomorrow afternoon at 3 o'clock.

We are asked here to change the pattern of our sittings. We are told that we have to sit on Friday—

Hon. Louis Robichaud: Why not?

Senator Asselin: Let me finish. Well, we just heard the view of those who seldom take part in the debates of this house.

Senator Robichaud: Only when I hear stupid things.

Senator Asselin: Then, you will just have to correct me. I have never, Senator Robichaud, refused to take part in or to attend the proceedings of the Senate. You can compare my attendance record with that of any other senator. I think that I am here quite often and I have always obeyed an order of the Senate requiring my presence.

However, why on Friday? Why on Monday? Ever since this session started back we have not had before us any legislation. What kind of work has been done in the Senate since the session resumed? We are now asked to hurry up and to settle everything in two or three days.

As I was saying, ever since this session started back, we have not had before us any legislation, which means that we have wasted our time most of the time. But we sat here just the same. And now that we have before us a document of utmost importance and significance for our country, we are told that we must deal with it within the next three days. We are told also that it is most urgent. The Deputy Leader of the Government stated a while ago that this was a requirement, if we wanted this resolution to reach London early enough to be introduced in Parliament. As Senator Flynn told us at noon today, someone in London was reported in the *Gazette* this morning as saying the resolution would not be considered before January or February. Well, I suggest that if they get it over there by Christmas, they will have ample time to deal with it in January or February. Why do we have to rush things so much? Why should we hurry more than the other place did to pass this resolution? This is an important document and we have amendments to move. Once the vote is over in the other place, we will need time to seek the advice of a number of groups, for we must reflect the views of the people we represent. However, we are told that this will not be the case, for the resolution must be dealt with promptly and passed within the next two or three days, because of its urgency.

Personally, I don't see any need to expedite the debate on this resolution because there is too much at stake. Unless someone convinces me that this is a matter of utmost urgency, I will object to any attempt at changing our normal sitting hours thus compelling us to rubber stamp this document, as we are forced to do much too often. When legislation comes before us, we are told to pass it very quickly. It would seem that we are here at the bidding of the other place as though our actions were insignificant.

As we heard last night on the CBC news broadcast the resolution will be passed by the House of Commons tomorrow afternoon and then adopted by the Senate on Thursday afternoon. This surely gives us a great reputation. Yet, we do nothing about it and then we pretend to be surprised with the poor opinion Canadians have of us.

Senator Frith: Honourable senators, to be able to answer Honourable Senator Asselin's questions in the order they were asked I took them down. First of all, why sit on Friday? Well,

because we have decided that it would be reasonable, under the circumstances, to sit on Friday, in view of the number of sitting days provided for under our Rules.

• (1430)

[*English*]

Senator Lang: Who are "we"?

[*Translation*]

Senator Frith: Senator Flynn and myself. With respect to Westminster, I have tried to emphasize the fact that this was not a suggestion on my part. I was merely trying to answer the questions raised by Senator Grosart who wanted to know whether there was a Westminster dimension to these options . . . I merely said that I was told there was, but I do not know too much about the details. It may well be that the best authority is the Montreal *Gazette*, but there may be others also. I said I was willing to try to get the facts with respect to the timetable in the other place, in order to see whether there is a Westminster dimension, that is a time limit, as Senator Grosart said.

With respect to the urgency of the issue, arguments for both sides can be based on the same facts. It is a generally accepted fact, I think, that we have been trying to get this resolution adopted for the last 50 years or so.

On the one hand, there is the argument that since we have been at it for the last 50 years, we should be done with it. We have had enough of this issue for 50 years, let us end it. But using the same data or facts one could also argue that since we have been at it for 50 years, we can wait two or three more weeks. These are divergent opinions. We recognize and are grateful for your clearly expressed opinion to the effect that we do not want to end off—

Senator Asselin: To rush.

Senator Frith: If I correctly understood Senator Asselin, he would prefer no time limit. I took note of it.

Senator Asselin: I did not say that. I did not say that I was against having a time limit, but as you yourself mentioned, we have nothing on the agenda for next week. So why not take the whole week to discuss the resolution since the other place took 12 days for its debate? Why must we be rushed once again? If we are to do good work, we have to have enough time, to see, as the discussion progresses, how the issues are presented and how we can reach a conclusion.

Senator Frith: I appreciate this, but I treat the last intervention as a personal opinion. And as I said, the reason why we did not use all the opportunities we had up until now, that is last week and the week before, is that we decided, I think, not to proceed until the other place had completed its work. This is an opinion. It may not be shared by all, but that is the reason.

Senator Robichaud: Honourable senators, over the last week I have noticed that the Senate has a tendency to spend much more time discussing procedure than substance.

Senator Flynn: There is no substance.

[Senator Frith.]

Senator Robichaud: This is getting fastidious. Clearly, we are going to have substance soon, and I agree with the submission that this probably is the most important vote to be taken after discussion in this house. I would be the last to try to prevent anyone from expressing his views here in as many words as he choses, providing we do sit. But if we sit only from Tuesday to Thursday, the proceedings could be delayed.

I do not share the view that we should have the Constitution by July 1st, or by Christmas. Not at all. I am of the opposite view that Westminster is just as flexible as our own institution here, and we are going to have the Constitution patriated when there is a joint resolution passed by the Senate, after discussion in this place, without any obstacle, providing we do sit. As far as I am concerned, I have no objection whatsoever to a Friday sitting. It has been suggested earlier that things were moving in the Commons. Of course, things were moving, because they were sitting there Monday evening and Friday. Here, we refuse to sit. As far as I am concerned, I have no wish to rush things, I am not of the opinion we should pass a resolution as soon as we receive it. I feel that everyone here has a right to express his views on the resolution in as many words as he wishes, providing we do sit, and this means no adjournment for sometimes over-extended weekends.

[*English*]

Hon. John M. Godfrey: Honourable senators, the first point I should like to make is that I really believe the outcome of this debate depends upon how many senators wish to speak on it, which we do not yet know. That is the first thing we should try to find out at the caucus meetings at 4.30 p.m.

My second point is that under the circumstances there is no way we can leave on Thursday afternoon and coolly come back on Tuesday evening to continue the debate. It is not rushing it, for us to sit on Friday and Monday. If we are going to sit on Monday and if the vote should be in on Monday, then we should postpone the vote to a time on Monday when all honourable senators can be present. I do not think we necessarily have to have the vote as early as 2 o'clock on Friday afternoon. The House of Commons sits every Friday until 5 o'clock, so there is no reason why we could not have the vote at 3.30 p.m. I think we are really talking in the dark until we know how many honourable senators wish to participate in the debate.

Another point I should like to make is that the Senate should not be sitting on Thursday morning to debate this motion because there are some important committee meetings scheduled for that morning. Bill C-48 is a matter of urgency. We are having the Minister of Energy, Mines and Resources appear before the Standing Senate Committee on Banking, Trade and Commerce on Thursday morning and that is a very important meeting and a lot more urgent than, although not as important as, this particular motion. As far as I am concerned, important committee meetings should take precedence over the sitting of the Senate and over this resolution when there is some urgency.

Hon. Henry D. Hicks: Honourable senators, I am as much concerned about the time of the beginning of this debate as I am about the time of its ending. Can anyone assure us that, if we commence our debate on this motion on Thursday morning, the resolution in its final form will actually be before us in print? Is it clear that it will be? Are we likely to have an opportunity to see it before we walk into the chamber and take our places? That is another reason why I have come to the same conclusion as Senator Godfrey, that if we do not have to commence the debate on Thursday morning we shall at least have Thursday morning in which to study the nature of the resolution. I do not care whether we vote on it in two or three days. My preference is to commence the debate and not restrict ourselves until we have seen how the debate is proceeding. If that is not acceptable to honourable senators, I will not make a fuss about it. However, I am of the opinion that on a matter of this importance another day or two in this chamber is something that we should be quite prepared to accord, if, in fact, there are sufficient honourable senators wishing to speak on the matter. I want to speak on it. I did not speak on the first resolution for the very reason that I wanted to wait until after the adjournment and the decision of the Supreme Court. I do want to speak on the present resolution. So let us try, in our caucuses this afternoon, to determine an approximate list of speakers and to give them an opportunity to speak for reasonable lengths of time. I do not believe there is any indication that anyone—and certainly not my honourable friends in the official opposition—is contemplating a filibuster. I believe we are all concerned that reasonable people should have a reasonable time to make their reasonable contributions.

• (1440)

Senator Frith: In dealing with that point, may I say that I suppose nothing is absolutely sure. Damon Runyon used to say that nothing in life was better than six to five against. Within that framework, I am quite sure that by tomorrow afternoon we shall have the text of the resolution available for distribution to honourable senators. It will be tabled in this chamber, with copies being distributed, either tomorrow afternoon or on Thursday; but I am quite sure that we shall have that form for honourable senators by late tomorrow afternoon.

Senator Smith: Honourable senators, may I have leave to make reference to Senator Godfrey's comment about committee meetings on Thursday morning?

Hon. Senators: Agreed.

Senator Smith: I am sure the honourable senator did not do it intentionally, but he left out a very important committee meeting, namely, that of Transport and Communications. That committee has arranged to hear Mr. J. F. Roberts, the chairman and president of VIA Rail, and his advisers on Thursday morning. While I do not say that VIA Rail and the Constitution are of equal importance, nevertheless it should be kept in mind that committee members cannot be in both places at once, although they are very able members.

Hon. Joseph-Philippe Guay: Honourable senators, on that same point, the Special Joint Committee on Official Languages meets regularly twice a week, on Tuesdays and Thursdays from 9.30 a.m. until 12.30 p.m. I believe that committee is also an important one.

Hon. David A. Croll: Honourable senators, my impression is that we are not concerned with the time factor. We are already way behind time. No one is likely to demand that a deadline be set for our debate. I believe the decision should lie with the Leader of the Opposition. No honourable senator should be placed in the position of saying that he did not have a chance to speak. Whether it takes until Monday, Tuesday, Wednesday or Thursday, I do not care how long the debate lasts. The opposition can filibuster or do whatever it likes. This is an historic occasion, and all honourable senators must have the right to speak. We do not want Canadians to say, "You see what they did? They rushed it through without giving the matter any thought at all." Let us take the time we need to discuss this matter fully.

Hon. Heath Macquarrie: Honourable senators, I am always a little uncomfortable discussing the limitation of a debate before the debate begins, because it is neither wise nor prudent to do so, nor is it borne out by experience or the history of this place. Senator Hicks is right in that whatever the Senate is noted for it is not noted for mounting frequent filibusters, and I do not believe there is any disposition on the part of honourable senators to mount one now. I also have the feeling, despite what we have been told, that the target date—having the whole thing processed by the United Kingdom Parliament before Christmas—is as unrealistic as it is unnecessary, which does something to the idea of haste.

I would be more comfortable, as I believe would the Senate as a whole, if we had, in fact, no motion at all, if we allowed our usual consultations, good judgment and what is called the sense of the Senate to prevail. I think we could then cope with the matter very well.

Senator Perrault: Honourable senators, this afternoon we have had a useful discussion and a number of valuable suggestions have been made. I wish to make it clear that government supporters in the Senate are in favour of all honourable senators wishing to speak on the motion being given an opportunity to do so.

As Senator Lang and others have pointed out, this is an historic time for the Parliament of Canada. I believe that the suggestion put forward by Senator Godfrey, and supported by other honourable senators, contains a good deal of merit. Those who wish to should have the right to speak; we should commence the debate as soon as possible; and we should debate on consecutive sitting days, with additional debating time being allocated, if necessary. In my view, we should get on with our task as soon as members of the other place have voted. Canadians should not have cause to say that the Senate took its task lightly.

As I have said, there is merit in giving every honourable senator who wishes to speak an opportunity to do so, and in scheduling the Senate debate as soon as is feasible. In caucus this afternoon we will determine the number of senators who

wish to participate in the debate. It may be that the Friday target, which was suggested as one option by the Deputy Leader of the Government, is entirely attainable without restricting anyone's right to speak; but we cannot know those facts until we meet later this afternoon. Perhaps there can be some useful discussion after those meetings, just as we have had useful discussions with the Leader of the Opposition so far this week.

I wish also to make it clear, as the Deputy Leader of the Government mentioned at the outset, that the options he described are just that—options; that there may be other proposals that will come out of the meetings this afternoon which should be discussed in the Senate.

With regard to the Parliament at Westminster, I repeat that we have received no official communication that they must have the measure by a certain date. In reply to Senator Grosart and others who raised this point, may I say that there have been informal suggestions that the sooner they receive the measure for consideration, the sooner they can establish their parliamentary timetable in the weeks to come. But there will be no inordinate pressure applied to honourable senators in connection with this matter. This is an historic occasion and action should be taken with a sense of history in mind.

Senator Flynn: Honourable senators, at this time I might move the adjournment of the debate. In the caucus meetings we can determine the reasonable time to give honourable senators the opportunity to speak and for the vote to take place. It seems to me that whether we vote on Monday, Tuesday or Wednesday, normally the Senate should be able to take a decision next week. We might try to determine a date next week, whether it be Tuesday or Wednesday, and agree to have the vote on that day. I will take the suggestion to caucus this afternoon, and we can deal with the result of those meetings later this evening.

Senator Frith: Honourable senators, I agree that all the suggestions made should be considered in caucus, including the suggestion that there should be no limit to the debate. If there is to be no limit, then I suggest that we should consider that while we do not want to leave the impression that we are limiting the debate, we may also not want to leave the impression that we will go home for three days without continuing the debate. Those are two aspects that have to be considered.

In any event, I would ask honourable senators for leave to stand this matter until later this day, at which time we shall continue our debate on it with the benefit of the views expressed in caucus and the views of certain senators who may not be here either for caucus or for this afternoon's sitting.

● (1450)

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

Hon. Senators: Agreed.

[Senator Perrault.]

QUESTION PERIOD

[*English*]

THE ECONOMY

DECLINE IN GROSS NATIONAL PRODUCT—INTERPRETATION BY GOVERNMENT

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for Economic Development. In view of the fact that the gross national product declined in the third quarter of this year by 4 per cent, may I return to a matter I raised with the minister during Question Period on November 17; that is, the government's diagnosis of the actual state of the economy? In the judgment of the government, is Canada now in a recession?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, what has to be taken into account in connection with this matter is that the gross national product rose in the first two quarters, in respect of most prognostications, at an unusual and, indeed, much higher rate than was expected. I believe it is true that the GNP rose by a real annual rate of 6.1 per cent from September 1980 until the end of June 1981, which, of course, was higher than the Department of Finance, or, indeed, any of the other prognosticators, were indicating. While a 4 per cent decline is unacceptably high, the Minister of Finance and others have been forecasting that there would be some fall-back from that very strong growth that we experienced in the three previous quarters.

Senator Murray: I take it, then, that the reply of the minister and the government is in the negative, and that Canada is not now in a recession. May I therefore ask the minister to obtain for us a statement from the Minister of Finance as to what, in the judgement of the minister, constitutes an economic recession?

Senator Olson: Yes, I can give that.

My honourable friend can go back to the traditional interpretation of what constitutes a recession; that is, a decline in two or more consecutive quarters. I suppose we also have to look at the amount, not only from one quarter to the next but also from one year to the next, because in the last quarter of 1980, the economy grew in real terms at a rate of something over 8 per cent, and it does not seem to me that a decline of something less than that total of 8 per cent is quite as serious as it would have been if there had not been that very strong growth in the last quarter of last year.

Senator Murray: I appreciate the various statistical possibilities that the minister raises. However, so that we may be aware of the basis of governement economic policy, what I want to know is exactly on what grounds the government decides that a recession is or is not with us. I would like to have that statistical information so that we can better judge the appropriateness of the policies that are brought to bear.

Senator Olson: Honourable senators, I give an undertaking that I will refer that question to the Minister of Finance, but I think that if the honourable senator re-reads—and I am sure he does that quite often—the budget speeches of 1980 and

1981, he will find that the minister did not forecast as high a rate of growth in the last quarter of 1980, nor in the two subsequent quarters. Along with that growth there was also a higher rate of inflation than was anticipated. I think you can draw from that the inference that perhaps some of the budget proposals, where there was some stimulation, were perhaps inappropriate, supposing that we had known that that inflation and that rate of growth were going to take place.

Of course, in 1981, in his budget speech, the minister made it rather clear that one of the most difficult tasks facing the government, in trying to plan economic policy, was not only the continuing rate of unacceptably high inflation but also the interest rate held up at those levels, partially, at least, by the massive amounts of money required to finance the government deficit. If he looks at those speeches, I think my honourable friend will get an indication of what the attitude of the Minister of Finance is.

If my honourable friend is simply looking for a specific definition of when we are in a recession and when we are not, I will ask the Minister of Finance if he can provide one.

Senator Murray: I simply want to be reassured, as I think the Senate and the country would want to be, that this government would recognize a recession when it happened.

FOREIGN AFFAIRS

THE SINAI—CANADA'S NON-PARTICIPATION IN UNITED NATIONS PEACEKEEPING FORCE

Hon. Heath Macquarrie: Honourable senators, I have a question for the Leader of the Government in the Senate. It concerns the information that came out a few days ago that Canada would not be participating in the peacekeeping force to be set up in the Sinai.

I was shocked to note that the Secretary of State for External Affairs, when informing the press of this, upon being asked, "Who told you that you wouldn't be needed?" gave the answer, "The American government."

I wonder if there were any exchanges at all between the Government of Canada and the Government of Israel, or any of the Arab states, on this matter, and if pressures were placed upon Canada such as those put upon four European countries and subsequently withdrawn, after, again, consultation with Washington. Could the minister bring us up to date on that very important matter?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have received a memorandum from the Secretary of State for External Affairs, which reads as follows:

> We have discussed the multilateral force in the Sinai with many countries over the past several weeks, but we have not been formally invited to participate. Some time ago, we were told by the Americans that our participation was not needed; accordingly, we have no decision to make. We support the Camp David Accords, including the return of all of Sinai to Egypt next April. We hope that the European offer will be accepted along with the offer from Australia, New Zealand and other countries.

Then the minister provides other information, with the object of supplying background to this. This is with regard to a specific question on the Middle East:

> —the most effective way of defending peace in that region would be to try to eliminate the sources of conflict that can be exploited by any outside power for its own purposes.

He goes on to say:

> At the United Nations General Assembly in September, I pointed out the importance of dealing with the Palestinian problem if there was ever to be a just and lasting peace. The Camp David peace process, which we support, has been trying to come to grips with this problem. The idea of sending a Canadian contingent under United Nations auspices to safeguard the *status quo* after the last third of the Sinai is returned to Egypt is not an option at this time, since the United Nations has not agreed to become involved in supervising the implementation of the peace treaty between Israel and Egypt under which the Sinai is being returned.

Senator Macquarrie: Honourable senators, the second part of that reply does not really apply to my question, but I am very glad to have it. I might also say, en passant, that I thought the minister's speech at the United Nations—and I refer to the portion dealing with the Middle East—was the best and most realistic that any of our foreign ministers have given on the subject yet; but that still does not get to the question as to what sort of negotiations are going on if the definitive answer comes from the United States on this. Is this the usual way of doing things? Sir Robert Borden must be rolling around in his mausoleum.

● (1500)

Senator Perrault: Honourable senators, the question will be taken as notice. The Secretary of State for External Affairs will be asked to provide additional information, which might well satisfy the Honourable Senator Macquarrie.

LEGAL AND CONSTITUTIONAL AFFAIRS

ACCESS TO INFORMATION BILL—PROPOSED COMMITTEE PRE-STUDY

Hon. John M. Godfrey: Honourable senators, I have a question to ask of Senator Goldenberg in his capacity as Chairman of the Standing Senate Committee on Legal and Constitutional Affairs.

As you may recall, last Thursday afternoon I asked him a question with regard to the committee conducting a pre-study of the access to information bill. Senator Goldenberg replied that he:

> was advised as recently as the day before yesterday that it would not be convenient for the officials whom we require as witnesses to appear at this stage while the bill is still before the house committee.

From a later question, I gather it was the minister who told him that.

I decided to see just how busy these officials were and whether they had any legitimate reason for trying to put the Senate off. I was informed that this bill was last considered by the Justice and Legal Affairs Committee of the House of Commons on November 19. Since then that committee met again on November 24, November 26, and December 1 to study the supplementary estimates. I am also informed by Mr. Fournier, the clerk of the committee, that the Honourable Mr. Fox will not be available for the next two weeks. The committee, therefore, will not be sitting to consider this access to information bill.

I should like to ask Senator Goldenberg whether, in view of this information, he is now prepared to put the wheels in motion to begin a pre-study of the access to information bill so that the committee can at least be briefed by the officials. Is the honourable senator prepared to do that now?

Hon. H. Carl Goldenberg: Honourable senators, as a senator who speaks rather infrequently in this chamber, I appreciate the opportunities given me by Senator Godfrey to do so.

I answered Senator Godfrey's question last week to the best of my ability. I received the information, which I transmitted, from authoritative sources. I have no reason to believe that the information was incorrect. I advised Senator Godfrey this morning that I have succeeded in obtaining information which I had told him, I believe two weeks ago, that I was trying to get. I now have the information on possible pre-studies that might be made by the committee.

Though I know there are conflicts, I have called a meeting of the committee for Thursday morning at 9.30. It was the only available time I could find. I knew that the Joint Committee on Regulations and other Statutory Instruments, of which Senator Godfrey is joint chairman, was meeting at 11 and I did not want him to say that I had fixed a time at which he could not attend. I advised him of that today, and that committee will meet at 9.30 a.m. on Thursday.

Senator Godfrey did ask me why I was calling the whole committee together. I said that I wanted to report to the committee and that I wanted the committee to decide what work it should do, to which he had a very quick reply. He said that Senator Hayden never bothers to ask his committee what pre-studies the committee will make: he decides that matter.

Hon. Martial Asselin: Did he say that?

Senator Goldenberg: That is what he told me.

Honourable senators, I have only been in the Senate for a little over 10 years. Therefore, I do not have the prestige of Senator Hayden. I propose to ask the consent of the committee for whatever work it wishes to do.

Incidentally, Senator Godfrey is the only member of the 30-member committee of which I am the chairman who has asked that we conduct a pre-study of the access to information bill. Let me remind Senator Godfrey that in June 1977 the government introduced a bill on freedom of information, and tabled in the House of Commons a green paper which, you will recall, was entitled "Legislation on Public Access to Government Documents." That green paper was not referred to the Standing Senate Committee on Legal and Constitutional Affairs. It was referred to the Joint Committee on Regulations and other Statutory Instruments, which made a report, in due course, the following December.

At this time I remind honourable senators who are members of the Committee on Legal and Constitutional Affairs that they will receive notice of the meeting to be held on Thursday morning. I know that there is a conflict in the scheduling, but I do not think our meeting will last a long time. I will have a report and suggestions to present to the committee on Thursday morning.

Senator Asselin: We will be there.

Senator Godfrey: Honourable senators, I have a supplementary question. When I spoke to Senator Goldenberg before the Senate met, he said, "I have to get the authorization of the full committee, as it has never conducted a pre-study of a bill." Honourable senators, I was amazed at that statement because my recollection, which I have now confirmed, is that on January 24, 1979, Senator Goldenberg did move that the subject matter of the public referendums bill be referred to his committee.

I cannot attend the meeting of the committee on Thursday morning because Mr. Lalonde is appearing before the Committee on Banking, Trade and Commerce to discuss Bill C-48. I believe that has precedence. I do hope, however, that the Committee on Legal and Constitutional Affairs does not have something like "Christmas closure" on this bill. My major concern is that it will go through the House of Commons and will be rushed through this chamber. As Senator Grosart pointed out in his speech a couple of weeks ago, the Senate should take the initiative in these matters. We should not be considered only as a chamber of sober, second thought. As Senator Grosart pointed out, once a bill has come here from the House of Commons, the chance of the Senate generating any real influence is vastly diminished. On the other hand, if we could report on the subject matter of the bill before it has passed through the House of Commons, we could have real input through the recommendations of the committee.

Senator Goldenberg: The Honourable Senator Godfrey is quite correct. I do remember the pre-study of the bill on public referendums; I had forgotten that this morning.

As I said, Senator Godfrey may not be able to attend the meeting, but other senators will consider and decide what we will do. It may not necessarily be what Senator Godfrey wants the committee to do. I will be guided by the committee and not by one member of the committee.

Senator Godfrey: I hope that the honourable senator will not be guided merely by what the minister wants, either.

Senator Goldenberg: I did not speak to a member of the cabinet with regard to the information I gave to the Senate on Thursday.

Senator Godfrey: Then who was the non-bureaucrat you were speaking to?

THE CONSTITUTION

ADDRESS TO HER MAJESTY THE QUEEN—POSITION OF GOVERNMENT OF QUEBEC

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I should like to reply to a question asked by the Honourable Senator Asselin on November 26 concerning a letter delivered to the Prime Minister.

On Wednesday, November 25, 1981, Mr. Normand, Deputy Minister of Interprovincial Affairs for Quebec, did indeed hand-deliver the letter from Mr. Lévesque to Mr. Trudeau regarding a possible veto for Quebec. Apparently that information was not conveyed to the office of the Minister of Justice. I said that I would clarify the situation.

The Prime Minister has prepared an answer which is to be sent today, December 1, 1981. As soon as the letter is made public, the text of it will be made available to honourable senators.

[*Later:*]

Senator Perrault: Honourable senators, I believe there has been general distribution of the text of the letter from the Prime Minister of Canada to the Premier of Quebec in response to Mr. Lévesque's letter of November 25, 1981.

If any honourable senator has not received a copy, please inform my office and a copy will be provided.

Hon. Martial Asselin: Is there a French version of the letter?

Senator Perrault: Yes, honourable senators.

PUBLICITY CAMPAIGN OF FEDERAL GOVERNMENT

Hon. John M. Godfrey: Honourable senators, I would like to respond to a question addressed to me by Senator Flynn in my capacity as Joint Chairman of the Standing Joint Committee on Regulations and other Statutory Instruments.

On November 10, 1981, Senator Flynn questioned the Leader of the Government about the authority of the government to spend money on a publicity campaign in Quebec aimed at selling the Charter of Rights or the constitutional package to that province. Senator Flynn's question of me was:

> Would the Standing Joint Committee on Regulations and other Statutory Instruments look into the question of whether the government has proper authority to spend that money under these circumstances?

I replied:

> I am not sure whether that committee has the right to look into that type of matter, but I will certainly make inquiries.

I referred the matter to Mr. Graham Eglington, legal counsel to the committee. His opinion was that the matter "doesn't seem to have anything to do with the Standing Joint Committee on Regulations and other Statutory Instruments," with which I agree.

In my opinion, therefore, the committee does not have the authority to look into this matter, as it is beyond its terms of reference.

• (1510)

THE ESTIMATES

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (C)—ORDER STANDS

On the Order:

> Consideration of the Report of the Standing Senate Committee on National Finance on the Supplementary Estimates (C) laid before Parliament for the fiscal year ending 31st March, 1982.—(*Honourable Senator Everett*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator Everett has been delayed by bad weather or other problems related to travel. For that reason I ask that this order stand until later this day.

Order stands.

The Senate adjourned during pleasure.

At 8.30 p.m. the sitting was resumed.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—MOTION RESPECTING DISPOSITION AGREED TO

Hon. Royce Frith (Deputy Leader of the Government), pursuant to notice of November 26, 1981, moved:

> That the motion of the Honourable Senator Perrault, P.C., for an Address to Her Majesty the Queen respecting the Constitution of Canada, notice of which was given by the Honourable Senator Perrault, P.C., on November 19, 1981, be disposed of as follows:
>
> 1. On the first sitting day following the final disposition by the House of Commons of the motion for an Address to Her Majesty the Queen moved by the Minister of Justice on November 20, 1981, the Honourable Senator Perrault, P.C., shall move the motion of which he gave notice on November 19, 1981, with such modifications as may be necessary to make it conform to the resolution adopted by the House of Commons; and
>
> 2. At six o'clock p.m. on the second sitting day after the day the Honourable Senator Perrault, P.C., has moved the motion referred to in paragraph 1, the

> Speaker shall interrupt the proceedings and put all questions necessary to dispose of the said motion.

He said: Honourable senators, I wish to speak to this procedural resolution. We were discussing it when we adjourned to resume at the call of the bell. I point out that I do not want to close the debate on the matter. Others may well have something to add, and I do not want it thought that I am speaking on the subject in order to close the debate.

Hon. Jacques Flynn (Leader of the Opposition): We can agree that that rule will not apply.

Senator Frith: Honourable senators, let me give a short résumé of where we stand. If honourable senators wish to refer to the motion itself, they will find it on page xxxiv of the *Minutes of the Proceedings of the Senate* for Thursday, November 26, 1981.

Honourable senators will notice that the main body of the motion refers to the motion of the Honourable Senator Perrault of which he gave notice on November 19, 1981, saying that it should be "disposed of as follows", after which there are two paragraphs. The first paragraph reads:

> 1. On the first sitting day following the final disposition by the House of Commons of the motion for an Address to Her Majesty the Queen . . . the Honourable Senator Perrault, P.C., shall move the motion of which he gave notice on November 19, 1981—

I ask honourable senators to place some emphasis on the next three lines because they form an important part of what we think we should do.

> —with such modifications as may be necessary to make it conform to the resolution adopted by the House of Commons;

In the second paragraph the motion deals with a limitation of the time for debate by naming a time at which the Speaker shall "interrupt the proceedings and put all questions necessary to dispose of the said motion."

In summary, paragraph 1 deals with the beginning, and paragraph 2 deals with the ending, and whether there is complete consensus or not I think it is fair to say that the feeling—as I understand it at any rate—of both caucuses that took place this afternoon at 4.30 is that it is not advisable at this time to set any ending to the debate. We may decide at any time to agree on a vote to be held on a certain day, but at the moment it is felt we should leave out the second part of the motion and proceed with the first part only. That will mean that we will start the debate on the first day after the vote in the other place, and I think we have already agreed that we will begin on Thursday at two o'clock in the afternoon. We will do that because there are some important committee meetings scheduled for Thursday morning, at which some distinguished witnesses will be appearing.

Honourable senators, I would suggest, therefore, that we adopt only that part of the motion dealing with the commencement of the debate on Thursday, and ignore the second part for the time being.

[Senator Frith.]

Although we are almost sure we know the form in which the resolution will be passed in the other place, we are not positive, and because of that I suggest we wait until tomorrow to introduce the motion. At that time Senator Perrault will move the motion with only a comment or two, the purpose of being not to launch the debate but to ensure that the motion for the Address appears in the *Minutes of the Proceedings of the Senate* and in *Hansard*.

Senator Flynn: You will do that tomorrow.

Senator Frith: Yes, that will not be done today, but tomorrow. As soon as we know that it has been passed in the other place—and we believe we know the form it will take—Senator Perrault will simply move the motion, and the debate will be adjourned until 2 p.m. on Thursday. If we follow that procedure, we can distribute copies of the final draft to all honourable senators by Thursday afternoon at 2 o'clock, when the debate begins.

I come now to the third and final matter on which I would ask for the support or the views of honourable senators. While it does not appear as part of this order, I ask that we defer voting on the amendments until the end of the debate, whenever that is.

So, honourable senators, in summary, because I do not wish to shut off further debate, I invite further debate, and then, at the conclusion of such further debate, we will vote on the motion which is shown as No. 2 on page xxxiv, leave having been given for the withdrawal of paragraph 2 thereof. Therefore, we will vote on the motion as it appears, with the introduction and paragraph 1. Then, perhaps we could pass a motion granting leave for the document to be placed on the Order Paper, if we are notified soon enough tomorrow of its contents, and then the debate will commence on Thursday.

Senator Flynn: Honourable senators, what the Deputy Leader of the Government has said constitutes a most reasonable consensus. We will begin the debate on Thursday with the text of the resolution as passed by the other place, and we should know by 10 o'clock this evening what the content of that resolution will be. The debate in the House of Commons is to end this evening at 10 o'clock, and the vote is to take place tomorrow. On Thursday, at 2 o'clock, the debate will proceed here in the usual fashion.

I agree with the proposal that we deal only with the first paragraph, therefore debating during the afternoon and evening of Thursday and on into Friday. Perhaps on Thursday evening we can decide how long we shall debate the resolution on Friday. On Monday we shall return and continue. But if we believe that a vote can be taken, for example, on Wednesday, then probably we would give notice on Monday that the vote would be on either Tuesday or Wednesday.

The idea behind this procedure is to not impose closure, so that all honourable senators who wish to may say their piece.

The general approach is that we will proceed and adjust according to the circumstances, which, to me, is eminently reasonable. Despite the fact that the motion as amended will

not include it, honourable senators should be given at least 24 hours' notice of the time at which the vote will be taken.

Hon. John M. Godfrey: Honourable senators, it is my opinion that all senators should be informed that the vote will not take place before, for example, 9 o'clock on Monday evening.

Senator Flynn: That is what I said.

Senator Godfrey: I do not understand the reasoning as to why we must give 24 hours' notice.

Senator Flynn: The reason I say that is because if we feel on Friday that we can take the vote on Monday—

Senator Godfrey: We may not know that on Monday. I think that all honourable senators should be here at 9 o'clock on Monday evening.

Senator Flynn: Are we to tell our colleagues on Monday afternoon that the vote will take place at 9 o'clock that evening?

The Hon. the Speaker *pro tem:* Honourable senators, is leave granted?

Hon. Senators: Agreed.

The Hon. the Speaker *pro tem:* Is leave also granted, honourable senators, to delete paragraph 2?

Senator Frith: Including the word "and" of paragraph 1.

Hon. Senators: Agreed.

The Hon. the Speaker *pro tem:* Honourable senators, it is moved by the Honourable Senator Frith, seconded by the Honourable Senator Perrault, P.C.:

> That the motion of the Honourable Senator Perrault, P.C., for an Address to Her Majesty the Queen respecting the Constitution of Canada, notice of which was given by the Honourable Senator Perrault, P.C., on November 19, 1981, be disposed of as follows:
>
> > On the first sitting day following the final disposition by the House of Commons of the motion for an Address to Her Majesty the Queen moved by the Minister of Justice on November 20, 1981, the Honourable Senator Perrault, P.C., shall move the motion of which he gave notice on November 19, 1981, with such modifications as may be necessary to make it conform to the resolution adopted by the House of Commons.

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

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the other matter under consideration relates to whether we might agree to defer votes on amendments.

Hon. Jacques Flynn (Leader of the Opposition): Yes.

Senator Frith: Perhaps this matter should form a separate motion.

Senator Flynn: You could say that we agree to the motion in principle. The details do not have to be spelled out tonight; that could be done either tomorrow or even on Thursday.

We generally agree that, when an amendment is moved, the debate on the amendment should be relevant, but that no tactics should be used to delay the debate on a certain amendment to prevent another amendment being moved; and that when the relevant debate is completed, the Speaker should put the question and, if a division is to take place, the actual vote is to be taken only at the end of the debate at the same time as the final vote. Of course, this situation will not arise in the event of a unanimous vote.

Senator Frith: That certainly makes sense, but I think we should agree on a written motion so that we all understand the agreement.

Senator Flynn: Yes.

Senator Frith: The only problem which may arise is the question of notice and leave being granted. Perhaps we could settle that question tonight and agree that leave will be granted to present such a motion tomorrow. We do not have to agree to it at this time, but we should have leave to present such a motion tomorrow.

Senator Flynn: You will have leave to present it tomorrow or on Thursday, or whenever you want.

Senator Frith: There may be some senators, for whom neither I nor the Leader of the Government can speak, who may wish to say no—not that I am inviting them to do so.

Senator Flynn: We are all very reasonable persons.

Hon. Martial Asselin: Too much so, in my opinion.

Senator Flynn: I can speak for this side, but perhaps you should keep an eye on your side.

Senator Asselin: We are only servants of the government.

Senator Frith: Another matter for consideration at this time is the question of when we shall sit on Friday. I have prepared a motion that we should sit at 10 o'clock on Friday morning, but the Leader of the Opposition has suggested that it may be preferable to settle that question tomorrow. If that suggestion is agreeable to others, it is satisfactory to me.

However, I do have a notice prepared that we should sit on Friday morning at 10 o'clock. Strictly speaking, I have to give notice now but, as I understand the comments of the Leader of the Opposition, we can settle this question tomorrow or on Thursday.

Senator Flynn: It certainly meets with my approval, but if the intention is that we should sit on Friday afternoon and Friday evening, it may not be necessary to commence at 10 o'clock.

Senator Frith: We should settle this matter on the basis of our progress on Thursday.

As to amendments and the procedure on votes on amendments, I understand that I will be granted leave to present a motion in that regard tomorrow, after we have tried to settle the formula.

The Hon. the Speaker *pro tem:* Honourable senators, is it agreed?

Hon. Senators: Agreed.

• (2040)

Hon. Hartland de M. Molson: Honourable senators, as I mentioned once before, I, and two or three other honourable senators, cannot be committed without being asked whether or not we agree. I am not trying to be difficult. I am merely pointing out a fact. All honourable senators around me agree, I am sure, that when it comes to the question of sitting times, unless there is a very good reason such as the debate being in full swing, we should not sit later than 6 o'clock on Friday evening if we are going to sit on Monday. At that stage, the debate would be getting somewhat dog-eared and tiresome, and the extra couple of hours on the Friday evening would achieve nothing at all. I would prefer to have the motion provide that we sit on Monday and have the vote at that time.

THE ESTIMATES

MOTION FOR ADOPTION OF REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (C)—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance on supplementary estimates (C) laid before Parliament for the fiscal year ending March 31, 1982, which was presented on November 23, 1981.

Hon. Douglas D. Everett moved that the report be adopted.

He said: Honourable senators, during my absence last week, Senator Leblanc, the Deputy Chairman of the Standing Senate Committee on National Finance, tabled the report of the committee on supplementary estimates (C) laid before Parliament for the fiscal year ending March 31, 1982. That report was printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of November 25.

Supplementary estimates (C) total $3.877 billion, and bring the total spending for the year to $69.055 billion. In its hearing on supplementary estimates (C), the committee asked the President of the Treasury Board about the revised format of estimates that is to be instituted. This revised format will relate all expenditures to the overall objectives of the government. The Honourable Donald Johnston told us the new format will not be ready for another year; in fact, it will not be implemented until 1985-86 estimates.

We also discussed with Treasury Board the $1 votes, and assured ourselves that they were not being used for legislative purposes. We received information on the point raised by the Auditor General that the liabilities of the government are understated by some $9 billion due largely to the unfunded pension obligations. We asked for further information on that and we are still awaiting it.

We were assured by the President of the Treasury Board that under the envelope system the role of the Treasury Board has not diminished, and we made inquiries into the payment to VIA Rail for its operations, which, interestingly enough, despite the fact that certain lines have been closed down, this year aggregates $506 million.

One of the largest increases in the estimates is in the public debt charges of $2.357 billion, bringing the public debt charges for the year to $14.760 billion, which is 19 per cent over the original estimate. This is due largely to increased interest rates, and it is notable that long-term government bonds were underestimated by 300 basis points, treasury bills by 700 basis points and Canada Savings Bonds by 900 basis points.

Senator Roblin: How many?

Senator Everett: Canada Savings Bonds were underestimated by 900 basis points. That is what we were informed by the President and staff of the Treasury Board.

Finally, honourable senators, I should like to deal briefly with an initiative taken by Senator Marshall. The supplementary estimates dealt with an item under the heading "Veterans Affairs", and Senator Marshall asked Senator Frith whether it would be possible for the Standing Senate Committee on Health, Welfare and Science to inquire into that particular item. Senator Frith replied that the estimates were being considered by the National Finance Committee and, therefore, it was not possible for another committee to consider them. However, he said it was possible to refer the specific items relating to Veterans Affairs to the Health, Welfare and Science Committee, and, indeed, that was done.

Some time ago Senator Olson, when he was Chairman of the Special Committee of the Senate on the Northern Pipeline, asked me whether he could do much the same thing in relation to some pipeline legislation. At the time I successfully resisted the idea, and I believe that probably I would have resisted Senator Marshall's initiative had I been in the chamber when he moved the appropriate motion. However, I was not present at that time, and the motion was adopted. That caused me to think about it, and it is my view now that perhaps I was wrong in resisting Senator Olson's initiative, and that it might be a good thing that Senator Marshall's motion was adopted.

Perhaps we should think about this. In dealing with the estimates, it might be a good idea to refer particular areas to standing committees that have much more expertise in those areas than the National Finance Committee. In other words, following the precedent set by Senator Marshall's initiative, we might refer items relating to health, welfare and science to the Standing Senate Committee on Health, Welfare and Science, items relating to taxation or commerce to the Banking, Trade and Commerce Committee, and items relating to transport to the Standing Senate Committee on Transport and Communi-

cations. It would not mean that all areas covered by the estimates would be referred to various committees, but only that certain parts would be so referred, so that they would be subjected to a much more intensive examination than would be possible in the National Finance Committee.

That would mean that the National Finance Committee could involve itself in a general overview of the estimates and their effect on the economy. Of course, it would always be our intention, as has been demonstrated by five major reports, to undertake intensive examinations of government departments and government policy. However, I think it might immeasurably improve the job that the Senate does on both the main estimates and the supplementary estimates. I have therefore become reformed in this regard. We may have the seed of a good idea here, and rather than resisting the initiatives taken by Senator Olson and Senator Marshall, and agreed upon by Senator Frith, we ought to pursue that idea.

● (2050)

Hon. John M. Godfrey: Honourable senators, I had no intention of speaking on this matter, but when Senator Everett made his proposal I recalled that referring the estimates to the various committees is what they have been doing in the House of Commons, and my impression was that this had not been a great success. I do agree that if a committee of the Senate, on its own initiative, wants to look into a specific part of the estimates, as Senator Marshall has suggested, then it should be permitted to do so; but, on the bais of the experience of the House of Commons, there would be no advantage in the National Finance Committee's abdicating its responsibilities by referring the various parts of the estimates to the respective Senate committees.

As a general rule, I gather, what happens in the House of Commons is that the committees seek to get more money rather than closely examine the estimates they are particularly concerned with. I therefore just offer this word of caution, that while I agree that if a committee wants to look at a certain part of the estimates it should be permitted to do so, I do not think we should lightheartedly follow the House of Commons routine, in view of the kind of experience they have had.

Senator Everett: Honourable senators, Senator Godfrey makes a good point. I recall, however, that when we first started doing this we were talking about $6 billion or $10 billion of annual expenditures, and we found that trying to look at the blue book of estimates was really a pretty unfruitful pursuit. That is why we developed the idea of an intensive examination of a government department. If I recall correctly, we dealt with: growth, employment and price stability; Information Canada—which was really a study of the information services of government; Canada Manpower; and Public Works. Shortly, we hope to complete our report on regional development and regional disparities, which began as an examination of DREE. We found we had to do this in order to be able to zero in on the way a department was run, what the meaning of its expenditures really was, and how it could improve its efficiency and effectiveness.

Looking at the blue book of estimates—even when we were talking about a mere $10 billion, whereas now we are talking about $70 billon was not a very effective exercise. It may be that the House of Commons is not effective in this regard either. I have never found the other place to be a good model for the Senate, because they are too partisan, dealing as they do with the day-to-day political effect of their statements and their decisions, so it is true that the Agriculture Committee of the other place, for example, will try to increase, the estimates of the Department of Agriculture. Perhaps they do not look at them that intensively. However, as I say, that would not happen here.

This represents an interesting possible initiative, with the object of improving the work of the National Finance Committee with the aid of the other committees. Obviously, it would depend on their willingness to go along with the idea. I am not saying it ought to be mandatory. It would be something we should try to negotiate with the other committees. Perhaps we would then get a better look at the estimates than we have been able to achieve hitherto, with the exception that I think we, in the National Finance Committee, do a good job of taking an overview of the estimates with regard to how they relate to the economy of the country. Also, in my view, we have done a good job of carrying out intensive examinations of individual departments.

Senator Godfrey: Honourable senators, I do not suppose that Senator Everett has really closed the debate. Some years ago we discussed this subject at a meeting of the National Finance Committee. As far as I am concerned, looking at the estimates is a farce; it has never produced anything. I do not even bother turning up at such meetings.

At one time we did propose that we should invite all honourable senators to make suggestions about the estimates. We proposed that we should ask written questions of the department rather then spend our time going through the estimates. We agreed at one point on a system. Senator Everett, however, did not quite agree with that system. As far as I am concerned, therefore, at present we are just going through the motions.

I would be prepared to go back to the agreement that I thought we had reached about three or four years ago; namely, to invite all honourable senators to consider the estimates or to assign different senators certain aspects of the estimates so that they would be sure to expend the energy to look into them. However, I do not think that what Senator Everett suggests regarding the committees will work any better than the present system.

Senator Everett: I rise on a point of order, honourable senators. We did indeed put into operation the very scheme Senator Godfrey is talking about. We did ask all members of the Senate to suggest areas of investigation. It is a matter of record; the honourable senator can read it. We did break down the estimates into areas which were assigned to individual senators. It simply did not work.

Senator Godfrey: Come on, now.

Senator Everett: The record is there for you to check. That system did not work.

Senator Godfrey: My recollection is different.

Senator Everett: I would not pretend to argue with your recollection. I am just saying that perhaps you should consult the record in respect of that.

Senator Godfrey: I certainly will.

Hon. G. I. Smith: Honourable senators, I do not rise to participate in the discussion which has just been taking place in the terms in which it has been held. I rise because I believe I have an obligation to a member of the committee of which I am chairman—that is, the Transport and Communications Committee—because at the last meeting of that committee one of its members asked me whether certain things could be done with reference to these very estimates, insofar as the item relates to VIA Rail.

I undertook to find out the legal position and asked the Law Clerk of the Senate for his view on that particular question. I obtained a written opinion from that eminent gentleman, a copy of which I caused to be sent today to the office of the senator in question, thinking that the senator would have it available should the senator wish to raise the question this evening. I see, however, that that honourable senator is not present this evening. It seemed to me that, having undertaken to obtain legal opinion, if I were to let this motion pass without comment, perhaps I would not be fulfilling my obligation to that senator who is a member of the committee.

I wonder, therefore, whether the Honourable Senator Everett has any objection to letting his motion stand until I have had an opportunity to communicate by telephone with that senator tomorrow. I should have done so today, but did not realize that the senator would not be present this evening.

Therefore, with the indulgence of Senator Everett and other honourable senators, I ask that the matter be allowed to stand until tomorrow, by which time I shall have had an opportunity to communicate to the senator the information I have been able to obtain.

Senator Everett: I know of no reason why this motion has to be adopted this evening. I assume that the honourable senator would like to adjourn the debate.

Senator Smith: Yes. I suppose I should so move.

[*Translation*]

Hon. Fernand-E. Leblanc: As to the consideration of the estimates, honourable senators, I should like to say that before coming here, I served for eight years in the other place as Chairman of the Committee on Miscellaneous Estimates. It was something of a novelty, for it had never existed before. In other words I was its first chairman. At first, when the other place had to deal with supplementary estimates, the house would refer the whole matter to the committee on supplementary estimates. As we were somewhat pressed for time to carry out the necessary study, I did send representations to the then Minister of Finance and the then President of the Treasury Board suggesting that the estimates be divided instead among the various committees which had a particular interest in them.

That is what eventually happened. Instead of all the estimates being referred to the same committee, they were divided for consideration purposes among various committees. When the schedule called for a review lasting only five or six days, this meant that about 10 committees were sitting at the same time to consider the estimates, while previously it had been the responsibility of a single committee to assume the burden of all these estimates over the same five or six days.

If I understand the suggestion of the Chairman of the Committee on National Finance, it might be possible at some point to divide certain areas of the supplementary estimates. I do not think that we are dealing now with the main estimates, but only with the supplementary estimates. This always creates a problem, because sometimes eight or nine departments are involved whereas in the case of the supplementary estimates perhaps only two are. We have now received supplementary estimates (D) in which only one or two departments are involved. The appropriation may vary, but the last time supplementary estimates came up for consideration they amounted to $4 billion, which is a fairly large amount. I have indicated that we might be short of time. We lacked adequate information to be able to pass judgment on the $4 billion asked for, although some of these supplementary estimates were due, of course, to higher interest rates.

The suggestion that the Committee on National Finance should consider the estimates as soon as they are received is a good one, I think. Now, if one of our committees finds in these estimates some particular problem, it could certainly ask the Senate for leave to look into it—I do not think that would pose any problem. As Senator Godfrey said a moment ago, I do not think it would be desirable to distribute the estimates among all the committees. I think it would be a good idea to refer them to the Committee on National Finance. We are looking into the matter at present. However, if another committee, for some reason or other, believes that it has a good point and wants to examine a particular case, I do not see any problem with that. So perhaps that is what I would recommend for now, that we continue to live with the existing problems. However, if on the other hand a committee feels really affected, then the Senate could authorize it to conduct a particular study at the same time as the Committee on National Finance.

• (2100)

[*English*]

Senator Everett: Honourable senators, if I may, I will comment on that. Senator Leblanc makes a good point. I was not suggesting we should parcel out the entire estimates to other committees. Indeed, I was referring to the main estimates, not the supplementaries.

Given the size of the estimates, it is difficult for a single committee to make an intensive study of them. The National Finance Committee can do a good job of overview. We can undertake an intensive examination of one department or one area of policy—and I think we do that well—but beyond that

we really are just sort of poking at the estimates and asking random questions.

In the current fiscal year we are considering $70 billion of spending. Therefore, it seems to me that we should encourage other committees, with greater expertise than the National Finance Committee in specific areas, to study particular items in the estimates.

As I say, I was against this at first, but I am now a convert to it. It would be a different procedure from that in the other place in that it would not be an automatic referral. It would be subject to negotiation, and would be an attempt to improve our examination of the estimates in those areas in which individual committees can do as good a job as I think the National Finance Committee has been able to do in the specific examinations it has made.

[*Translation*]

Senator Leblanc: Honourable senators, I would simply like to add, after the comments of the chairman of the Senate Committee on National Finance that what I suggested concerned rather supplementary estimates (A), (B) and (C). As far as the main estimates are concerned, I am in total agreement with Senator Everett, that everything be referred to the Committee on National Finance. However, there is a time restriction problem, and if certain committees feel they should examine certain estimates in particular, I think it would be quite appropriate that they do so concurrently and during the required period, which is already provided for in the Standing Orders, at the same time as we do. The Committee on National Finance could drop certain aspects of the estimates and proceed rather on the basis of a general scrutiny, which is what we are trying to do because it is very difficult to study in depth the various estimates put forward, since $70 billion are involved. However, in my view, the existing committees, such as the Committee on Transport and Communications and the Committee on Health, Welfare and Science, could certainly extract part of the main estimates and make a particular study of it if, of course, their terms of reference provide for the scrutiny of the main estimates.

On motion of Senator Smith, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, December 2, 1981

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

Prayers.

THE HONOURABLE ERNEST C. MANNING, P.C.

TRIBUTES UPON BEING NAMED FIRST MEMBER OF ORDER OF EXCELLENCE OF ALBERTA

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators will have received with great satisfaction the announcement from Edmonton that one of our colleagues, Honourable Senator Ernest Manning, has been named the first member of Alberta's Order of Excellence.

Hon. Senators: Hear, hear.

Senator Perrault: The order was brought into being in 1979 and, according to the enabling act, is designed "to accord recognition to those persons who have rendered service of the greatest distinction and of singular excellence for, or on behalf of, the residents of Alberta."

All of us recognize the great contribution that Senator Manning has made not only to Alberta but to all of Canada—

Hon. Senators: Hear, hear.

Senator Perrault: —and we commend him for the honour that has been bestowed on him by the Province of Alberta.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, our colleague, Senator Manning, is eminently worthy of the honour that has been bestowed on him. He has had a very remarkable and extraordinary career. I remember—I think I was just starting university at the time—when the Social Credit party came to power in Alberta. It was in 1935, and I had taken an interest in their philosophy, which has changed quite a bit, of course, since then. However, I found it particularly interesting to follow the career of Senator Manning, who became a minister in the Aberhart government when he was 26 or 27, if I remember correctly, and who was to succeed Aberhart at the age of 32.

To have been Premier of the Province of Alberta for 25 years is, I believe, a record in Canadian history, both federally and provincially. When Senator Manning joined us in the Senate, we were very pleased to welcome him as one of our colleagues, who was bringing us the fruits of his experience and wisdom.

[*English*]

We are very happy that this honour has been bestowed on our colleague, and we are most grateful for his experience and wisdom, of which we in this house are the beneficiaries. The recognition that his province has given him is something that should be repeated on the national scene.

It is only because he is a member of Parliament that he has not been made a member of the Order of Canada, but I am quite sure that will come in due course.

Senator Manning, please accept our very warm congratulations, and thank you again for the great contribution you have made to Canada.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, may I be permitted to join with my colleagues in the Senate in offering our congratulations to Senator Manning on this award, which was designed to recognize the kind of contribution he has made to the public good in Alberta.

It should be recalled, honourable senators, that Senator Manning and his colleagues assumed office in the middle of the worst depression that this country, and perhaps even the world, has ever known.

When he took office as head of his government, the financial situation of the Province of Alberta was more difficult than that of all the other provinces of Canada. By the time he had completed his term of office he had made Alberta a leader among the provinces in terms of economic well-being. I recall with a great deal of satisfaction the part he took in developing the policies that have put Alberta in its present strong social and economic position.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am glad that an opportunity is open to a person like me to join in these tributes to Ernest Manning.

• (1405)

I had the pleasure and privilege of sitting around a conference table with him from time to time when the federal Prime Minister and the provincial premiers used to meet. I see Senator Robichaud looking at me. He, too, was one of that happy band. In those days it seemed that we were able to conduct our affairs with somewhat less confrontation than there is today.

An Hon. Senator: Less results, too!

Senator Roblin: I would not say that.

One of the reasons for that happy spirit, as I recall it, is that contribution made by Senator Manning. His province, if my memory is correct, was the last to enter Confederation. Because we spoke in order of seniority, he always had the last word. I have to tell you that it was a very good last word, because he had a gift of summing up the difficulties with which we were confronted and of offering a solution which, on

many occasions, appealed as being appropriate for the national interest. When I first attended one of those meetings, Senator Manning was, I think, the dean of the gathering; he certainly occupied that position when I left.

I should like to record the sterling contribution which, in my opinion, he made, not only to the conduct of affairs in Alberta but in bringing Alberta's view—indeed, in bringing a particularly conservative Canadian view, if you will allow me to use that adjective—to the problems that confronted us in those days.

I am happy, honourable senators, that Senator Manning is present to hear what we have to say about him, and I am happy to have a chance to add these few words.

Hon. Henry D. Hicks: Honourable senators, perhaps I will be forthright enough to take precedence over Premier Robichaud, as he then was, since my tenure of office as a provincial premier expired just as his began.

I, too, in my capacity as Premier of Nova Scotia, overlapped with Premier Manning for two years or thereabouts, and would like to associate myself with the things that have been said about him.

Perhaps in Canada we are a little too reticent in giving recognition by the awarding of orders of this kind to those who have served their country well. Certainly Ernest Manning is one who richly deserves the recognition that he has just received from the Province of Alberta. Indeed, that recognition, I am sure, is accorded to him by Canadians everywhere, not only in Alberta.

[*Translation*]

Hon. Louis J. Robichaud: Honourable senators, this kind of eloquent praise is, as a rule, not expressed at the end of a career but when the recipient is laid out in a funeral parlour! In this case, the ex-Premier of Alberta, Senator Manning, is alive and well and is eminently worthy of the honour that has just been bestowed on him.

[*English*]

I have had the honour to be his colleague for a little better than 10 years, and I am one of those who benefited from his wise counsel throughout that time.

I remember 1967 quite vividly, when he and his charming wife were in my home in Fredericton. We certainly enjoyed their company and, again, their sound counsel.

I have noted the remark of the Leader of the Opposition that unfortunately Senator Manning has not received the Order of Canada because he is a parliamentarian. I believe I should disagree with that comment because Senator Manning did, indeed, receive the Order of Canada.

Senator Flynn: He did? Yes, that was before he came to the Senate.

Senator Robichaud: Yes, in the period between his resignation as Premier of Alberta and his being summoned to the Senate he was awarded the Order of Canada.

I want to join with all of his colleagues in congratulating Senator Manning upon his being awarded the Order of Excellence of Alberta, and I wish him and his charming wife well.

Hon. G. I. Smith: Honourable senators, although I am the last of the group which has spoken to have had the honour of reaching that rank, I nevertheless had the opportunity to be a colleague of Senator Manning's for some time.

• (1410)

I should like very much to join in the tributes and congratulations so ably expressed by the distinguished senators who have preceded me. Not only during the relatively few years I spent as a fellow premier but also while attending first ministers' federal-provincial conferences from 1956 to 1968, when Senator Manning stepped down from office in Alberta, I had the pleasure of listening to his wisdom, wit and sound judgment on many occasions. I came to have the very highest regard for him in his understanding of the problems of this country and particularly of the problems which provinces have to face. Nothing I have seen since being privileged to join him in this house has ever led me to doubt the validity of the very high opinion of him I formed in those earlier years.

I join, therefore, with real enthusiasm in the congratulations which have been offered him, and I express my pride and happiness in having been privileged to be associated with him.

Hon. Ernest C. Manning: Honourable senators, I am moved by, and am deeply appreciative of, the kind and generous words that have just been spoken. We sometimes wonder whether such recognition, which comes to all of us from time to time, particularly as we get older, is because of something we have done or because, as a result of the passing years, we are well known in our respective communities and our names come to mind when something of this kind is being considered.

With respect to this recognition granted by the Province of Alberta, I am quite certain there are many people in Alberta who are equally deserving, and I regard the tribute that was paid to me as representing an equal tribute to them.

I do want to thank the Leader of the Government, the Leader of the Opposition and Senator Olson. I also wish to thank those senators who were colleagues of mine for so long when we had the mutual privilege of serving as provincial premiers.

To all of you, again I want to say how very deeply I appreciate your kindness in taking time out of the schedule this afternoon to express such kind words. Thank you very much.

Hon. Senators: Hear, hear.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN— MOTION RESPECTING RECORDING OF DIVISIONS ON AMENDMENTS ADOPTED

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I wish to put a motion with respect to the voting on amendments to the resolution on the Constitu-

tion. Pursuant to the discussion, understanding and leave that was granted yesterday, and notwithstanding rule 45(1)(h), I move:

> That any recorded division demanded on any amendment proposed to the motion of the Leader of the Government in the Senate for an Address to Her Majesty the Queen respecting the Constitution of Canada be deferred until the conclusion of the debate on the said motion.

Honourable senators, I showed a copy of this motion, in draft form, to the Honourable Leader of the Opposition an hour or so ago.

• (1415)

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, we shall have to devise a method for following this procedure. I suppose that an amendment having been moved, the ensuing debate would have to be relevant to that amendment. Once the debate on an amendment is concluded, perhaps a question could be put to introduce other amendments, and there should be agreement that a senator cannot speak twice on the same amendment, although he or she may speak on each amendment and on the resolution. In any event, that is one question we should perhaps address, either tomorrow or in the days to come.

Senator Frith: Honourable senators, I agree with the Leader of the Opposition. I think that we can arrive at an orderly procedure without necessarily making that procedure the subject of an order.

Looking ahead to the presentation of amendments, I suggest that we follow the procedure which has been followed both here and in the other place in the past; namely, that once amendments are put, debated and deferred pursuant to this order, they appear in the *Minutes of the Proceedings of the Senate* in chronological sequence. If we all agree that it is convenient to do so, then we would put those amendments in the order in which they were put—which would then be in reverse order of time—at the end of the debate.

There is no need to commit ourselves to this procedure at this moment. I suggest it as an example of an orderly way in which we could put this order into effect.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE BUDGET

TAXATION OF NORTHERN BENEFITS

Hon. Paul Lucier: Honourable senators, I have a question for the Minister of State. It was announced during the budget speech that the moratorium on taxation of northern benefits would be extended to January 1, 1983, an announcement which pleased all people in the north. It is now important that a permanent plan be implemented to assist the people who are prepared to help develop the more remote parts of Canada. My question is: Will a group, or committee, be structured soon to make recommendations to cabinet on this matter; and, if so, will northerners be involved in any discussions which will take place?

Hon. Jack Austin (Minister of State): Honourable senators, I noted with pleasure that in the budget address the Minister of Finance did not remove the moratorium which preserves benefits for remote communities, including those of the north. As Senator Lucier has indicated, the Minister of Finance has given notice that this moratorium will be extended through 1982.

I can assure the honourable senator that I shall pay assiduous attention to the question of encouraging people to work in remote and isolated communities far away from the comforts of the main centres, and that I will be delighted to keep in close touch with him on this matter. At this point, I cannot say what procedural steps will be taken by the Government of Canada.

SPEECH BY PRIME MINISTER AT FUND-RAISING DINNER IN VANCOUVER

Hon. Orville H. Phillips: Honourable senators, I have a question for the Minister of State for Economic Development. Last week, in his infamous speech in Vancouver, the Prime Minister described the budget as "transitory." Would the minister assure this chamber that the Prime Minister was indeed correct when he said that the budget was transitory and that it will be repealed before there is complete chaotic collapse of the economy?

An Hon. Senator: Don't answer him.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, somebody behind me has said that I should not bother to answer the honourable senator. However, I presume the question was put seriously and that it deserves a serious answer. If it was not put seriously, then my honourable friend knows what he can do with the reply. I would like to look at the context in which the statement to which the honourable senator has referred was made, if it was made. Then I shall reply. I am sure, though, that the statement was not as encompassing as the preamble to the honourable senator's question would indicate.

• (1420)

Senator Phillips: Honourable senators, I have a supplementary question. Last weekend Ontario federal Liberal supporters met in Toronto and, encouraged by Jim Coutts, passed a motion requesting that the budget be reconsidered because it encouraged high interest rates and inflation, and failed to deal with job creation. Is the government prepared to listen to Mr. Coutts and the other grass-roots elements and to reconsider the budget?

Senator Olson: Honourable senators, the Minister of Finance made the following statement in the other place on November 18:

I would be pleased to consider any suggestion that would enhance the equity I am attempting to create within the tax system.

The Liberal Party has, as one of its strengths, the ability to listen to its grass-roots members on an ongoing basis. Therefore, while I do not agree with some of the criticism that has been reported from that meeting, I would say that this party does, in fact, take the grass-roots membership seriously, and when such members criticize actions this government has taken, such criticism is taken into consideration.

Hon. Jack Marshall: As a supplementary, while we are speaking of the Minister of Finance, I would refer the Leader of the Government to the headline to an article on the sports page in today's *Globe and Mail*, which reads, "Deputy Minister picked Canadian horse of the year." Since I have not had an opportunity to read the entire article, would the leader confirm the rumour that the article refers to the Deputy Minister of Finance?

Hon. Raymond J. Perrault (Leader of the Government): I rather think that, as a knowledgeable Albertan, Senator Olson may be more knowledgeable about horses and the racing community than I am. I was rather disquieted to read in today's *Globe and Mail* the headline quoted by Senator Marshall.

However, I did have an opportunity to read the first paragraph which states:

> The 2-year-old Deputy Minister, the son of a mare once claimed for $6,250, has been voted the Canadian thoroughbred horse of the year for 1981.

The horse received 19 out of 20 votes in the Daily Racing Form poll. "Deputy Minister" is a Canadian horse with excellent blood lines. The headline, then, does not allude to any person working on behalf of the government.

NATIONAL DEFENCE

RESCUE OF CREW OF *EURO PRINCESS*—COMMENDATION

Hon. Heath Macquarrie: Now, honourable senators, headlong into the sublime. I notice that in the other place on Friday there was a unanimous expression of commendation for the rescue at sea of the 26 crew members of *Euro Princess*. That rescue will clearly go down in history as one of the most efficient and one of the bravest operations.

Would the Leader of the Government convey to the Minister of National Defence an expression of the high regard in which we hold these most excellent members of the Canadian Forces? I am only sorry that Captain Donald Macquarrie is not a relative. I wish he were.

Hon. Raymond J. Perrault (Leader of the Government): May I say that the Honourable Senator Macquarrie's remarks are most appropriate and are supported by all members of this chamber.

Hon. Senators: Hear, hear.

INDIAN ACT

STATUS OF WOMEN—REMOVAL OF DISCRIMINATORY PROVISIONS

Hon. G. I. Smith: Honourable senators, my question is for the Minister of State who, so far as I am told, has some responsibility for the affairs of the aboriginal people of Canada. Would he inform this chamber whether it is true that the government has decided to postpone for a year any legislation intended to remove from the Indian Act those provisions which have been found by the United Nations to be discriminatory against women?

Hon. Jack Austin (Minister of State): Honourable senators, I shall have to make substantive inquiries to ascertain whether the postponement is for a year. However, the government has decided to look carefully into the question of the cost to the communities of an early introduction of this legislation in order to provide as much mitigation of the difficulties of introducing that very important principle.

● (1425)

Senator Smith: I have a supplementary, honourable senators. I am not quite clear about the honourable gentleman's reference to costs. Is he talking about costs to the Government of Canada and, therefore, the people of Canada, or is he talking about costs to particular bands or groups of Indians?

Senator Austin: Honourable senators, I thank Senator Smith for giving me the opportunity to clarify my answer. I am specifically talking about the costs to residents of Indian communities in Canada so that we may receive their specific concerns and recommendations with respect to a program of mitigation.

Senator Smith: Honourable senators, I have another supplementary, if I may. I can well understand the question of wanting to have consultation, even though that particular idea seems to have sprung late to the mind of the government, but I would have thought that any costs involved in something of this nature would properly be public costs. In any event, perhaps the minister would be kind enough to say what costs, so far as his present knowledge extends, are likely to be involved in the removal of any such discrimination.

Senator Austin: There are adjustment costs to the communities involved, and it may indeed be, as Senator Smith says, ultimately the representations of those communities that the federal government should bear some or all of the adjustment costs. I cannot satisfy Senator Smith with respect to the details at this time, but I can assure him that if his interest is sustained I will advise him of the steps the government is taking as soon as I have the information.

Senator Smith: I thank the minister, and I think my interest will likely be sustained for some time. However, just to repeat what I was asking him in my last supplementary, it was, primarily, what kinds of costs are likely to be involved in removing this discriminatory provision of the Parliament of Canada.

Senator Austin: Without getting into a long, extensive or comprehensive discussion of this matter, by way of an illustration, should Parliament pass a law allowing female Indian persons the same right of access to Indian lands and entitlement for residence there, then there will be costs of settling those people on those lands, it being assumed that those people are not now in residence there and seeking access and status. The common wealth of the band—that is, its joint assets and entitlements—may be proportioned in a different way than now exists and, therefore, they could require divesting of vested interests. These are questions that must be examined carefully, and as I have the assurance of Senator Smith of his sustained interest, I will seek further information and advise him.

THE SENATE

MINUTES OF THE PROCEEDINGS—PRINTING OF WRITTEN QUESTIONS

Hon. John M. Godfrey: Honourable senators, I was going to direct a question to Senator Graham in his capacity as Chairman of the Standing Committee on Internal Economy, Budgets and Administration but I note that he has just left the chamber. I would ask that we revert to Question Period when Senator Graham returns so I can ask my question.

Hon. Jacques Flynn (Leader of the Opposition): I think Senator Godfrey should put the question on the record, and if Senator Graham returns to the chamber and wishes to reply to it, we can give leave.

Senator Godfrey: I wanted to extend to him the courtesy of posing the question while he is present. However, I will put it on the record.

On May 20, 1981, I asked a question of the Leader of the Government in the Senate. I referred to a memorandum which Mr. Richard Greene had sent to the then Speaker on January 24, 1980, in connection with the printing of *Hansard*. He made four recommendations, three of which I can recall offhand. One was that written questions not be printed every day but once a week, as in the House of Commons; secondly, that notices of committee meetings not list the witnesses and be reduced in size to occupy one page; and, thirdly, that the reports of committees not be printed in both *Hansard* and the *Minutes of the Proceedings*.

● (1430)

The matter was referred to the Internal Economy, Budgets and Administration Committee, which met on May 28. I was present at that meeting, but Senator Graham was not. We discussed the matter in detail and approved the first two suggestions that I mentioned. The third suggestion was turned down. I felt strongly that the reports of committees were so important that they should be given wider publicity and should be printed in both *Hansard* and the *Minutes of the Proceedings*.

Nothing happened. For example, we still kept on printing the questions every day, and not once a week as had been approved by the committee. I made inquiries, and evidently Senator Graham had other ideas when he was advised of the decision of the committee, and the report was held up. Then, only July 9, the report was rescinded because he wanted to get more information about costs.

I have spoken to Senator Graham from time to time—at least a half a dozen times—and I have said, "Why could we not at least go ahead on the first two suggestions that were approved? When are you going to bring in the report?", and so on. I started to threaten him with going public; that if we were not to get some kind of action, I would ask a question in the Senate. So here it is. My question is: Why cannot we go ahead with the first two recommendations made nearly two years ago by Mr. Greene, and approved six months ago, and, with regard to any other suggestion he has, why does it take six months to get cost estimates which he says he has been waiting for?

ECONOMIC DEVELOPMENT

MANITOBA—WESTERN DEVELOPMENT FUND ALLOCATIONS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question asked by Senator Roblin on November 25, concerning the Western Development Fund.

I suggest that the honourable senator refer to the first paragraph on page 20 of the document entitled *The Budget in More Detail*, tabled by the Minister of Finance on November 12.

Hon. Duff Roblin (Deputy Leader of the Opposition): What page, please?

Senator Olson: Page 20, the first paragraph. The details requested by the honourable senator are provided in that paragraph.

Senator Roblin: Perhaps I could ask a supplementary question. I have had an opportunity to read this paragraph a couple of times to try to satisfy myself as to what it truly meant. I have tried to reduce the information to tabular form, but it seems to clearly indicate that there has been pretty extensive gutting of the Western Development Fund.

GRAIN

EMBARGO ON SALES TO U.S.S.R.—COMPENSATION TO FARMERS

Hon. Duff Roblin (Deputy Leader of the Opposition): I asked another question about the Western Development Fund, to which I have not received a reply. It had to do with the $81 million that was set aside to compensate farmers for losses they suffered under the embargo on extra grain shipments to the Soviet Union after the 1979 invasion of Afghanistan. My question was whether that sum was included as part of the Western Development Fund. Perhaps I may receive an answer to that.

Hon. H. A. Olson (Minister of State for Economic Development): Yes. I cannot at this moment find the exact paragraph, but I know that it is stated in the budget papers.

Senator Roblin: Is it not true that the original appropriation of this sum was in the supplementary estimates and had nothing to do with the Western Development Fund? If that is the case, why the transfer?

Senator Olson: Well, my honourable friend knows that we need supplementary estimates to pay the $81 million, or any other amount when it is actually paid, no matter how it is identified as a source of funds when the budget is made.

Senator Roblin: I guess I have to associate myself with the remarks of the Minister of Agriculture when he was asked about this matter. He is reported as saying they would have to put it in big boxcar print to say that it came from the Western Development Fund, and I merely associate myself with that common-sense observation.

CANADA—UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some information on the subject of the Garrison diversion. Some of it will already be known to honourable senators, but it may represent an "update". It relates to the Burdick amendment. Apparently, honourable senators have received the information.

Hon. Duff Roblin (Deputy Leader of the Opposition): My impression is that the matter was dealt with last week by the Deputy Leader of the Government—not to my satisfaction, I might say.

THE ESTIMATES

MOTION FOR ADOPTION OF REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (C)—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Riley, for the adoption of the Report of the Standing Senate Committee on the Supplementary Estimates (C) laid before Parliament for the fiscal year ending 31st March, 1982.—(*Honourable Senator Smith*).

Hon. G. I. Smith: Honourable senators, last night I moved the adjournment of this debate because a certain member of the committee had asked me for information, which I have since provided. The senator is not in the chamber today, but I have ascertained that he will be here tomorrow. Therefore, I would seek the indulgence of the Senate, with the concurrence of Senator Everett, to again let this matter stand for the reason I have mentioned.

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

Hon. Senators: Agreed.

Order stands.

EDUCATION

CONCERN FOR FUTURE OF POST-SECONDARY INSTITUTIONS—DEBATE ADJOURNED

Hon. Heath Macquarrie rose pursuant to notice of Thursday, October 29, 1981:

> That he will call the attention of the Senate to the widespread expressions of concern from educational leaders concerning the future of post-secondary institutions in Canada, in particular with reference to governmental grants.

He said: Honourable senators, I am upstanding and I will deliver that which no doubt some of you have been fearful of for all the days it has been standing on the order paper. All of us being somewhat political, no doubt we have had the experience of going to nominating conventions as the guest speaker, and we know the favourite slot they give you just after they start the balloting, and how terribly interested everyone is in what you are saying when they really want to know who is going to be the candidate. So you fight that for however long it takes—

Hon. Lowell Murray: Ah yes, but it keeps them there for the speech.

Senator Macquarrie: My canny political organizer here, Senator Murray, says "Ah yes, but it keeps them there for the speech." But I am not going to fill in all the time until those in the other place have finished all their votes. I give honourable senators that assurance. While I do not pretend that I would be very successful in courting popularity, I am not going so far the other way, either.

I do not believe that the subject of my inquiry is in any way oblique or off the track to a legislative body which is concerned about constitutional matters. The constitutional discussion is, of course, very much to the forefront of our thinking. This subject matter strikes me as being one of those practical and essential functions of a federal state. That is why people were so wrong when they saw no merit in the British North America Act, because its great flexibility allowed for the kind of arrangements that were entered into by governments in the past and over many years to handle some very important problems that mean so much to people; and there is nothing much more important than the care of the old and the education of the young—and now indeed, in the days of adult education, the young and the old.

We know from our history that while it is said that the British North America Act is a rigid, formal document, it was only months after Sir John A. Macdonald became Prime Minister that functional changes were made in it, because it was discovered that some of the functions indeed simply had to have larger subsidies, and some of the politicians would not come his way unless those large subsidies were made available.

● (1440)

Former Premier Smith knows which was the first province to make up a new and better bargain. Prince Edward Island did a lot of dilly-dallying, too, until it had some changes made.

I am not referring to structural changes in the document, but certainly to great changes in its function.

It is a simplistic observation concerning our country and its Constitution that in 1864 it was the inexpensive operations that were given to the provinces. Our lifestyle has now changed, and it turns out that today very few people are building new railways. I do not know whether the Prime Minister is going to double-track the west or not, but while there is not much railroad building going on, a lot of very expensive highways are being put in.

Great changes, therefore, had to be made, and as a consequence the federal government has long been assisting the provinces in the discharge of their duties. That is why the federal government got into building roads. With good, careful arrangements they left the jurisdiction where it was put by the British North America Act, but made it possible for the provinces to have sufficient funds to discharge their obligations.

I remember when education was very much a role sacred to the provinces alone, until it became so costly that the provinces could not afford it, and the federal government then moved into that domain. I recall that it was quite a shock when the federal government became involved in university grants. We know that some of the provinces were reluctant to accept those grants. As a Prince Edward Islander I could never understand any province that would not accept grants from Ottawa. We never had any nonsense of that kind. There were other provinces, however, that worried about their sacred jurisdictions, and I can quite well remember a very important summit meeting between Premier Duplessis and Prime Minister St. Laurent, on neutral territory; indeed, if I recall correctly, in the city of Montreal. There was an accommodation, and as a student and former professor at McGill University, I was very glad there was. I thought it was a very good thing to have some funds from Ottawa. That is all very important.

I was pleased that the task force under Mr. Breau, of the other place, in their report entitled "Fiscal Federalism in Canada", included digests of one of the most important documents in the whole of Canadian history, let alone in Canadian constitutional history, namely, the Rowell-Sirois report.

I was always brought up to believe that if possible you should try to find something good in people. I could never find anything good in Mackenzie King until that point. I think that the opening up of jurisdictional roles, the introduction of flexibility, and the invocation of the principle—which is even more important—that Canadians, no matter where they live, should have a similar, decent standard of services from their government, and that no one should suffer because the province he was living in did not have great natural resources, were great concepts. It is probably great enough to lead me to forgive all the other iniquities of Mackenzie King, and he had plenty of them.

It was wise, I believe, on the part of the task force of the other place, to recall that to us. I think it was also extremely wise of them to look at what the government was planning with reference to education and to warn them not to do it. I would not have had this inquiry up today had the government listened to the task force. I think there would be much less turmoil and much less anxiety in the educational institutions across the land had the government left that situation the way it was.

There are times in life when the most dangerous man around is the tinkerer who is convinced that things have to be changed and altered. What we should be doing is looking at existing institutions and not only making them work, but making them work better. You do not always have to throw everything out. We have so many formulae coming out of our bureaucracy today that I doubt if the bureacurats understand them themselves. I hear Senator Roblin, Senator Doody, Senator Murray and the rest of my colleagues asking questions about the budget. I am not sure if the people who wrote that budget really know what they put together.

Hon. Duff Roblin (Deputy Leader of the Opposition): They are learning.

Senator Macquarrie: They are learning, but they are learning slowly.

I was shocked to discover—and Senator Roblin elucidated this with his usual skill and erudition the other day—that when Mr. MacEachen went down to meet with the provincial treasurers he said, "Excuse me. We have made a little boo-boo here. We are out by $700 million." Senator Roblin said, "That is one mistake," and asked, "Are there others?" It is conceivable.

I hear that the meeting of the federal and provincial people to discuss this matter in Halifax was somewhat confusing. I hear that each delegation came in with a cart, such as they use in grocery stores, filled with documents. The documents and the ministers met, and I understand that complexity and confusion were very much in evidence all over the old Lord Nelson Hotel.

The Minister of Finance is a most excellent man when he is not political. It is too bad he is such a political animal, and, of course, he is nearly always political. He is also an expert in obfuscation, and if he wanted to display that attribute to the provincial treasurers, he could certainly do a good job of it. There is to be another meeting.

While there is some confusion, there is no lack of unanimity, because, as I mentioned to the government leader here, every provincial treasurer is dissatisfied, whether they come from the rich provinces or the poor.

Hon. Raymond J. Perrault (Leader of the Government): Are they ever satisfied?

Senator Macquarrie: Well, we will wax philosophical later, senator, on that point. I suppose there are very few of them who would not like a little more. Charles Dickens had that down to rights long ago, with, "Please, sir, I want some more."

I think it would be prudent and salutary to note that on this subject they are all upset, and it is not just that they want more, but that they think the planned alteration is not going to help. They feel this because they know what is the prevailing

tone among the educators of Canada. No one in the last six months could be anything but disturbed by what we read and hear. On Sunday, for example, I heard a very upsetting report from Montreal that at the University of Montreal 100 professors have not received their rehiring notices. As a consequence, they are in a state of great uncertainty. Their careers may be very badly damaged. Furthermore, the amount of the deficit at that university is enormous. I single it out, not as an exception, but as an example.

We read also that perhaps ten universities in Ontario may have to close. We know there are special problems in Ontario. Perhaps too many universities were built in the last score of years. Perhaps expectations as to the student population were too great. In addition to these matters—and this prevails in every province—the operating costs of universities have become enormous, and their base for financial expansion, as senators know, is very limited. There is very little room for expansion, for instance, in student fees. The government leader has often talked about my party trying to raise fears in the land.

• (1450)

Senator Perrault: Yes, that is right.

Senator Macquarrie: I can tell him exactly where that started. It started with the young students of my party.

Senator Perrault: After you talked to them.

Senator Macquarrie: They know what is going to happen. I give credit to young students who care, who are fearful that they, their fellows or their successors will be denied an opportunity for higher learning because of financial reasons. They should care. They demonstrated initiative in sending out an information bulletin—not propaganda—so that others in the student bodies across the land could take counsel, could take action and could get in touch with their political people. A good many of the students have done so. I commend these young people for this action. It is self-interest, but it is enlightened. That is what we have heard characterized as vicious propaganda.

The students are concerned, and rightly so. To substantiate that, we can only look at what the educators say, and I quote Bette Stephenson, the Ontario Minister of Colleges and Universities:

> Universities should be prepared for major changes in tuition fees and faculty size—

In other words, the former will go up while the latter will go down; the size of the faculties will diminish.

> —if the federal government reduces its share of financing for post-secondary education.

I read from the Ottawa *Citizen*:

> Educators blame federal government for funding crisis.
>
> Educators say the Liberal government is to blame for the federal-provincial funding crisis that threatens to cripple the country's universities.
>
> "We warned them it (the crisis) would happen and the university presidents warned them," Richard Bellaire of the Canadian Association of University Teachers says.
>
> "But they went ahead with their plan and we feel like the innocent party that is going to be used as the whipping boy as they madly try to fix it."

What are they trying to fix? One stated objective of the government is that the deficit must be cut; expenditures must be cut. Rather than being the last people to be affected by such measures, university students and the elderly were among the first.

Another element which I see reflected in the answers given by the Leader of the Government—and I hope he will take part in this inquiry; I would very much like to hear him—is this confrontation between the two jurisdictions. It is a question of credit, a question of pride. I am not incapable of understanding that. There are times when provincial people are perhaps a little too niggardly. They might be administering funds, but perhaps they forget that 90 per cent of those funds comes from somewhere else.

I am sure that we all remember a certain bridge that was built under trans-Canada highway legislation, 90 per cent of which was funded by the federal government. The provincial people thought it would be nice to name the bridge after the premier of the province. This element exists. There is no one who would quarrel with seeking some way to have credit given where credit is due. That is fine, but in this case there is a little more to it than that.

I hope that this unwelcome, frightening budgetary change has not developed because of the dearth of provincial Liberal governments in the country. I hope that co-operative federalism has not reached that stage. I would not mention this point if I did not remember, as a boy, listening to Mackenzie King saying, "Not a five cent piece to a Tory province. We might give a little to those who elect a Progressive or a United Farmers government, but not a five cent piece to a Tory province." He was challenged on that remark, and he replied, "Not a one cent piece to a Tory province." Some people say that was the only unequivocal statement he ever made. In any event, it was a humdinger and it was worth a lot of votes for R. B. Bennett in 1930. Again, that was one of the few years when my party won an election. Perhaps I have reached my quota now; I have gone through three victories in 62 years.

However, this competition which has become so political, so partisan—the attitude that "we are going to put these Tory guys in their place"—is a disturbing element. I just hope that such an attitude does not lie at the bottom of the policy of the federal government. Who cares about getting the credit as long as the students get universities? That is my feeling.

We have a proud educational tradition in this country. We have fine institutions of learning. We have great scholars. Canada is one of the most blessed countries in the entire world, yet I am troubled as I go from university to university. I rarely run across a cheerful administrator. A couple of times out in Alberta I have found people to be fairly relaxed about

things, but even they have problems related to staffing, cutbacks and so on. It is a time of crisis for the universities. If the administrators are upset, naturally that is reflected in the faculties and the student bodies.

A more dangerous aspect of the direction in which we seem to be moving is that not only does the dominion jurisdiction want credit, they would also like to have some control. We seem to be moving towards a national education system whereby, through financial grants, Ottawa could have undue influence upon the courses open to students. For example, if a student took a type of engineering or an exploration geology course, he could get a good, big grant; whereas if he fooled around with theology, political science or philosophy, it's just too bad, he would have to go to the province for support. This sort of thing is being revealed in statements and in documents. The university people are noting it. I say that this is a dangerous development. I only hope that it is noted in time.

I read, in a Winnipeg *Free Press* of recent date, an editorial entitled: "Keep Ottawa Out of School." That is salutary; it is a warning that we should heed. We should not bring about a national system of education through fiduciary and foul means.

Hon. Royce Frith (Deputy Leader of the Government): "Stay home, but put the money under the door!"

Senator Macquarrie: That sounds far more surreptitious than anything I would be capable of, Senator Frith.

I say that we ought to leave to those authorities which are doing quite a good job the job which they are doing. I do not believe the provinces have the idea that they can manage every program better than the federal government can. That is nonsense. I have seen many fiascos created in provincial regimes. However, the provinces have been handling education for years; indeed, their responsibility in this area goes back further than Confederation. Unless there is something wrong with that, that is where the responsibility should remain. If there is any regard for public opinion, that is where the public wants it to remain. Certainly the educators do. There is sufficient wisdom in our system to provide an acceptable formula to assist the provinces in the burden of education. That is why I began with the Rowell-Sirois Report. At best, what the Minister of Finance is putting forward is almost incomprehensible. I think it is also iniquitous. But it surely must also be unnecessary, because we are told, when we say, "This is wrong. You are cutting back," "No, no; we are not. You are getting as much money as ever before." If that is the case, it is hardly a revenue-saving operation. What then is it for? I don't think the provincial treasurers know. I don't think that they are being told. Perhaps it is impossible to get this across.

● (1500)

I feel about this subject somewhat like I felt in my second last election, when people were asking me what "prices and incomes policy" meant. That is a policy my party advocated and somebody else's party implemented. It took me a long time to answer those questions. My wife—she was my best supporter—said, "A lot of people don't understand that prices and incomes policy," and then with great cogency she said, "Are you sure you do?"

After that campaign was over I was not sure what the answer was. In any event, I lost a good many hundreds of votes over that issue, and the election was over by the time I had it explained, even to my own satisfaction. But the penetration of the mystery of Halifax still challenges me. The more documents I get, the harder it becomes to know what they were talking about. The more questions I ask, the heavier becomes the cloud of confusion. That is why I have to get back to basic principles—questions of federalism, questions respecting the jurisdiction of the provinces in a field in which they have proven their competence, a field the brutal changing of which would make for great damage in this country.

My basic interest is in the students. I think that to raise this threat is bad enough, but to execute it is worse.

Somehow I sound like a Tory today. I am not one of those people who always think that institutions have to be changed and thrown out. I am not terribly impressed by Senate reform. I think the Senate, in its present functions, can do a great many more things than it is doing, and can perform an even greater role than it does; but it strikes me that a scrutiny of this sort of thing is an ideal challenge for the Senate of Canada. We believe, and others say, that we are the protectors of the provinces and of the regions and of the minorities. We have expertise in many fields. In this chamber there are former university presidents, professors, educators, university trustees, and members of boards of governors of universities. I hope we will have a wide-ranging debate. I expect to hear from the distinguished former president of Dalhousie University, from Senator Rowe, an educator of great eminence. I hope the minister will give the position of the government, and I am quite prepared to listen to him. It is possible that the treasurers are wrong, and it is even possible that I am wrong.

Senator Perrault: We will note the occasion.

Senator Macquarrie: It may have happened.

Senator Frith: Let's not go that far yet.

Senator Macquarrie: I cannot recall the occasion all that quickly, but of course it has happened.

I think this is a field for the Senate. It is an area we should be looking into. I do not pretend to have been able to give you all the answers today, honourable senators.

Hon. Jack Marshall: Most of them.

Senator Macquarrie: Thank you, Senator Marshall. I have just tried to open out the subject for inquiry, for discussion, for debate.

I am a great believer in what Mr. Pearson said, and what the task force was very wise in quoting. When Mr. Pearson was talking about the whole realm of shared-cost transfers and used that very apt expression "co-operative federalism," he said:

> The approach we are proposing rests on an awareness of the extraordinary financial requirements for higher edu-

cation in the years ahead, together with a recognition of provincial jurisdiction over education.

Essentially, that is what must be our continuing theme and our abiding goal. The federal government, because it has the resources, which the provinces need, and in many cases need seriously, can assist; but the respect for jurisdiction is an essential of the whole thing.

I look forward to learning the views of other senators on this important matter.

Hon. Senators: Hear, hear.

Senator Perrault: Honourable senators, I have some facts which may be welcomed by members of this chamber, perhaps even by certain opposition members.

Senator Macquarrie has made an interesting speech this afternoon on the subject of post-secondary education. I do not think it has been a convincing speech. The opposition flights of fancy on this subject have, I think, developed "engine trouble."

The fact is that the federal government has been most generous in its support of post-secondary education, in respect of the universities in its support for research and other projects, in respect of vocational schools and other institutions.

Probably the best-kept secret in Canada today is the manner in which post-secondary institutions, universities and colleges are funded. Under the B.N.A Act the provinces have the responsibility for education. They carry out that responsibility at the elementary and secondary levels, but when it comes to post-secondary institutions it is an entirely different story.

Federal involvement in the funding of post-secondary institutions began as long ago as 1876 with the establishment of the Royal Military College. In the early part of this century the federal government provided agricultural and vocational assistance to the provinces and student loans to veterans of World War I. That was one of the most generous programs of any country in the world, as the Honourable Senator Macquarrie, I am sure, would be most pleased to concede.

During the 1940s the emphasis shifted to support of the educational system as a contribution to the war effort, and afterwards to the training of veterans. Those were outstanding programs. They were initiated by Liberal governments.

In 1951-52 a program of direct federal support to the universities for operating purposes was begun. Again that was a Liberal program. By 1967 the federal payment had risen from 50 cents per capita to $5 per capita of provincial population.

In 1967 the funding system was changed from direct payments to institutions to payments to the provinces, the federal contribution being 50 per cent of eligible post-secondary operating expenses, or $15 per capita of provincial population, whichever was higher. At the same time the provincial share decreased to about 40 per cent. That was the beginning of the decline in the percentage support of post-secondary education by the provincial governments.

By 1972 a 15 per cent maximum was placed on the annual growth rate of the federal contribution. In 1973 the federal government proposed that the transfers be linked to the size of the population in the 18 to 24 years of age bracket of each province in order to create a simpler and more equitable system, but that plan was rejected by the provinces. I am sure that Senator Macquarrie will recall that incident. The system encouraged provinces to spend fifty-cent dollars, and it was also unfair, it was felt, to the poorer provinces.

● (1510)

In June 1976 the established programs financing proposal was established at a federal-provincial conference. In addition to generous direct transfers under the established programs financing arrangements, the federal government has also provided another $2.1 billion for fiscal 1980-81 through a variety of direct grants and funding for such things as Canada student loans, student aid and scholarships, medical research, manpower training, which received by far the largest amount in 1980-81, $800 million, language training, education for native persons, nurses' education, military colleges, social sciences and humanities research, natural sciences and engineering research, and other departmental expenditures on education.

There have been a number of studies on the whole question of federal government involvement in post-secondary education. The Royal Commission on Dominion-Provincial Relations of 1940 argued for a federal role in university education because the "efficient functioning" of universities in all provinces was essential to regional equality of influence in national life.

The Massey-Levesque Commission of 1951 expanded on the principle and was the impetus for the introduction of direct federal grants to universities. Most recently, an all-party Parliamentary Task Force on Federal-Provincial Fiscal Arrangements, the so-called Breau report, has examined federal funding of post-secondary education. The report contains what is perhaps the understatement of the year, which can be found on page 132 of the report. It reads:

> —there is no doubt that federal action over the years—

Inspired by Liberal governments, honourable senators.

> —in one way or another, has underwritten provincial financing of higher education to a remarkable degree.

The Right Honourable the Prime Minister has said, in response to a question on the Breau report, that if the federal government had billions of dollars in surplus funds it could continue to be generous to the provincial governments, but it is only reasonable that these costs be shared more evenly between the two levels of government, and that provincial governments ought to do more in an area which falls entirely within their own jurisdiction.

At present there are approximately 1.5 million full and part-time students in post-secondary institutions across the country. It would be very surprising if even a tiny percentage of them were aware of the extent of the federal support in post-secondary education and the fact that we are paying by far the greatest share for educational facilities which they enjoy.

Honourable senators, despite the vigorous efforts on the part of the opposition to cloud the issue and to cause misunderstanding, and because of the well-funded, Conservative campaign on the campuses across Canada, the Canadian people should be made aware of the facts, and they should be made aware of the system of funding of post-secondary education and the role the federal government plays in this crucial area of our national life. I have heard all kinds of "horror stories" about how the federal government allegedly wants to "slash its contributions to post-secondary education". Opposition spokesmen have repeated this line, not only in this chamber but in the other place. The Leader of the Conservative Party said the other day:

> He (the Minister of Finance) told the parliamentary task force on federal-provincial fiscal arrangements that he intended to cut his obligation to the provinces by only $1.5 billion in transfer payments for health, post-secondary education, social assistance and social services in 1982-83 and 1983-84.

It is the same line as has been pursued in this chamber by the opposition. Mr. Clark went on to say:

> The truth is that he was preparing to cut that obligation by $1.9 billion during that period and a further $3.8 billion during the next three years.

Let us put the facts on the record. The Minister of Finance never said that $1.5 billion would be cut from transfers to the provincial governments for health care and post-secondary education. The proposals tabled with the budget do not propose savings to federal transfers for health and post-secondary education. Contributions to the provinces for these purposes are estimated to grow from $11.4 billion in 1982-83 to $19 billion in 1986-87, which is a rate of growth of 13.4 per cent. If that is a description of a "cut back", then we need some revised definitions in the dictionary.

Under the proposals, total transfers, including equalization and established programs financing are estimated to rise from $16 billion in 1982-83 to $26 billion in 1986-87, a $10 billion increase in four fiscal years. The rate of growth will be at least as great as the rate of growth in overall federal spending.

The Right Honourable Leader of the Opposition refers to savings which will be realized by the elimination of revenue guarantees for the period up to and including 1983-84. The savings from the elimination of the revenue guarantee will be offset almost completely by increased revenue to the provinces. These are the facts which should be circulated and made known to the Canadian people. If the provinces parallel the federal changes in the tax base, they will receive an estimated $3.8 billion in additional revenue over the five-year period. This will reduce the net impact of the revenue guarantee savings to $1.9 billion over the next five years.

For the honourable senator from Prince Edward Island, I have some information which will contradict the alleged parsimonious attitude of the federal government towards that great Canadian province. In 1974-75 the federal government contributed 69 per cent of all post-secondary operating expenditure financing for the province, $5,260,000. The amount has been increased substantially. Today it stands at 110 per cent. Under the revised program, the total operating expenditures for post-secondary education in the province of Prince Edward Island for fiscal year 1981-82 are expected to be $14,904,000. The federal government is contributing $16,443,000 to that province for post-secondary education, or 110 per cent under a system which should obviously be revised and changed.

I also have figures for other Canadian provinces which I would be prepared to share with honourable senators. They can judge for themselves whether or not the federal government has been starving the post-secondary education institutions in this country. In the fiscal year 1974-75 the federal percentage of contribution throughout the country was 47.26 per cent, which represents approximately $1.344 billion. In the fiscal year 1981-82, $3,192 billion, or 56.15 per cent, will be the federal government's contribution. The provincial contributions in 1974-75 amounted to 35.36 per cent, representing $1.006 billion. For the fiscal year 1981-82 the provincial contributions slid to 29.12 per cent, amounting to $1.65 billion. Approximately 56 per cent of all post-secondary education operating expenditures are funded by the federal government, 29 per cent are provided by provincial governments, and 14.3 per cent derive from other sources.

In my own province of British Columbia, which is one of the so-called "have" provinces, according to all of the criteria which we have developed, the provincial share of institutional operating expenditures has dropped from 39 per cent in 1974-75 to 33.31 per cent in fiscal 1981-82. Education is paid for from three sources. As honourable senators are aware, there is federal funding, provincial funding and tuition fee funding of post-secondary education. This is no mystery, but a fact which is known to all senators. Since the Established Programs Financing Agreement covering funding arrangements for higher education and health care was signed with the provinces, the federal share of university funding has risen dramatically and the provincial share has dropped equally dramatically.

● (1520)

Federal funding for post-secondary education has risen in both percentage and real terms in recent years, while provincial funding has declined, even in provinces with a far more satisfactory deficit situation than we have federally. Day after day in this chamber we hear about the unsatisfactory federal deficit of $12 billion. Expressions of shock and alarm are uttered by members of the opposition.

As I said before, when we attempt to re-assess some of these programs to make certain that the burden is being fairly carried by provincial and federal levels of government, we are accused of "cutting back." The allegation has been made that the university presidents of Canada are universally opposed to what are alleged to be these federal "cutbacks." I have more respect for the university presidents of this country than to charge them with accusing the federal government of failing to support educational institutions.

Honourable senators, a few moments ago I made reference to other forms of aid to various types of education. In 1977-78, elementary and secondary education support involving the Department of National Defence, film strips, school broadcasts, Canadian correctional services and so on, amounted to $324 million. That figure went up to $416.9 million in 1981-82.

The federal government also supports post-secondary education in Nova Scotia at the Coast Guard College, and the Registered Nurses' Education Program in hospitals. The cost of loans to students, student aid, and other ministerial expenditures rose from $33.7 million in 1977-78 to $79.7 in 1981-82.

The federal government not only supports university education, but education in military colleges, which was not referred to by Senator Macquarrie. Expenditures in regard to manpower training have gone up from $618 million in 1977-78 to $850 million in 1981-82.

I am not talking, then, about assistance only for universities; I am talking about assistance to other forms of post-secondary education.

Hon. G. I. Smith: For federal purposes.

Senator Perrault: I am speaking now of supplementary support by the federal government for other forms of education. Whether the federal involvement is provincial or federal, I am putting the facts on the record.

Senator Smith: I wish they were facts.

Senator Perrault: There have been too many distortions.

Senator Smith: You are adding to them today.

Senator Perrault: The facts should be made known.

Federal expenditures and transfers relating to education have risen from $3.8 billion in 1977-78 to a budgeted $5.697.3 billion in 1981-82.

Honourable senators, on October 29, 1981, the Secretary of State of Canada wrote a letter to the students of Canada, the contents of which I should like to read to honourable senators at this time. The letter states:

> The Government of Canada is wholly committed to the support of a strong post-secondary education system responsive to the needs of Canada. I welcome the opportunity today to meet with the student representatives to discuss their concern for the future of higher education.
>
> The Federal Government bears a major and increasing share of the costs of post-secondary education. This year, by our estimates, the Government of Canada is paying more than 55% of the operating costs of post-secondary education. I also recognize that students make a significant contribution. We are concerned that the Provincial Governments have not been doing their part as, on average, the Provincial share of the cost has been declining. We are even more concerned to see that the problems associated with meeting Canada's post-secondary education needs are addressed.
>
> We know the value to the nation of a population equipped with a solid, general education so it can appreciate and, hence, develop a cohesive Canadian society. We want post-secondary education to contribute to the social, scientific, and intellectual fabric of our culture.
>
> That is why we are concerned that there is no satisfactory accounting to Parliament for how the entire Federal contribution to post-secondary education is spent. That is why we are anxious to develop adequate communication with the Provinces, whose jurisdiction over education must continue to be respected, where we can discuss the role of education in meeting national needs, and so that we can be assured that the money we forward to the Provinces is actually spent on post-secondary education. That is also why we are examining the field of student aid because full access to post-secondary education is a top priority of the Federal Government.
>
> Some may say that the Federal Government plans to drastically reduce its support for post-secondary education. This is simply not true.

Of course, the budget confirmed what Mr. Regan said.

The letter goes on to state:

> We remain committed to vigorous support for post-secondary education throughout Canada. It is true that difficult decisions must be resolved in a Budget that must address the management of the economy and recognize the problems of the ill, the elderly, and the poor, as well as the importance of post-secondary education. Nevertheless, we consider it paramount to maintain and enhance a post-secondary education system which will give all qualified individuals access to enrichment through study, opportunity to acquire necessary skills and professions, a chance to contribute to our cultural heritage, and the means to improve our knowledge of the world.
>
> May I personally assure you that my commitment as Secretary of State is to help improve our post-secondary education system.

Honourable senators, may I suggest that that message to the students of Canada is substantially more factual than the very expensive advertising campaign sponsored by the Conservative Party in campus newspapers from coast to coast which caused so much alarm and, I suggest, as a result, misled the student body and some of the educators of this country.

Honourable senators, I hope that this debate will serve to record, once and for all, the government's great commitment to support for post-secondary education; that the party which initiated the concept of substantial federal involvement in post-secondary education, and which has continued that commitment, can be counted on to continue it in the future to the fullest possible extent.

Some Hon. Senators: Hear, hear.

Senator Macquarrie: Noting that the minister has furnished us with figures for some years, beginning in 1974 in the case of Prince Edward Island, and noting also that he thinks that funding by the federal government has been ample and gener-

ous, would he not then agree with the contention I made an hour ago, that the formula should, in fact, not be altered but retained?

Senator Perrault: Honourable senators, during that brief and rather hectic period when the Conservative Party had the responsibility of governing this nation, one of the announcements made by the then Prime Minister, the Right Honourable Joe Clark, was that he wanted to sit down with the provinces to discuss and review cost-sharing programs to determine how these programs could be made more effective and to make sure that they were equitable. This is precisely the process in which the present government is involved as far as post-secondary education is concerned.

I would suggest that any responsible government has to look at the funding of post-secondary education when we have gone from a high of 35 per cent provincial support in 1977 down to today's average of about 29 per cent, and far lower in certain provinces. During that time, the federal share has gone from 47 per cent to 56 per cent. It would be irresponsible of the government not to undertake a review of educational funding in this country, which is primarily a provincial responsibility under the B.N.A. Act. Yes, and irresponsible not to re-examine other forms of cost-sharing such as medical and hospital costs. This policy is fully consistent with the statements made by the Conservative Party when they had the responsibility of government. I do not know why Senator Macquarrie should be saying, in effect, "Let us maintain the *status quo*." Well, the *status quo* belongs only to those people who lack the vision to plan for the future. The role of the federal government in relation to the funding of post-secondary education should not be exempted from that review process.

● (1530)

I have spoken about the percentage of federal support which varies from province to province. I think the high must be the 110 per cent in Prince Edward Island. I note here from my documents that even in Ontario universities and colleges receive upwards of 60 per cent of their operating costs from he federal government. The provincial share is 22 per cent. Tuition fees and private donations are 18 per cent in the province of Ontario. Only 22 per cent was paid through the treasurer of the Province of Ontario. Yet, expressions of concern were uttered this afternoon by Senator Macquarrie—"those poor provincial treasurers." There is 22 per cent provincial support for higher education in Ontario; 60 per cent is federal.

Senator Macquarrie: In the minister's answer to my question which invoked the prime ministership of Mr. Clark and his early intention to meet with the premiers to discuss these matters, the implication was that the MacEachen alteration in the formula came as a suggestion from the premiers. I hope the minister would not want that responsibility to be laid at the door of the provincial people. They did not request it.

Senator Perrault: The only way this country can operate successfully is by co-operative meetings involving provincial and federal governments.

Senator Roblin: Oh, you've learned that lesson.

[Senator Macquarrie.]

Senator Perrault: Honourable senators, the meetings held in the Atlantic provinces recently involving the Minister of Finance were relatively amicable and constructive.

Let me share with you one of the problems with the present program of support for education. The established programs financing proposal, as the Honourable Senator Macquarrie is aware, was put forward at a federal-provincial conference in June 1976. It was accepted and put into effect the following year. Under the new plan, which is the current arrangement, federal contributions are separated from specific provincial expenditures and become unconditional transfers to the provinces. These block transfers include federal contributions to medicare, hospital insurance and diagnostic services as well as to post-secondary education.

The arrangement was made so that provincial governments would be free to administer educational programs to meet the unique needs of their own provinces. Perhaps the greatest difficulty with the current arrangement is the fact that provincial governments are not required to account in any way for the funds provided to them by the federal government for post-secondary education. That is true in other areas as well. I wonder if honourable senators are not prepared to agree that there should be some accountability. If there is not, some believe the purpose of many programs could be defeated. Yet, it is not necessary for the provinces to give any accounting at all as to the way in which funds are allocated.

As I said, the net result has been a drop in the provincial share for education and a significant rise in the federal share. I hope that Senator Macquarrie is not suggesting there is any malicious intent on the part of the federal government when it asks some very pointed questions about what is being done with federal contributions to various programs.

On motion of Senator Hicks, debate adjourned.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the bells are still ringing in the other place. Obviously, they have not started the vote they were to have started at 3 o'clock, according to their house order. Honourable senators will remember that we all considered it desirable to have the notice of the motion for an Address given today, so that each senator will have a copy in his or her office this evening, plus a copy on his or her desk in the chamber tomorrow in the *Minutes of the Proceedings of the Senate.*

I have discussed this with the Leader of the Opposition, and I suggest that what we should do now is give the other place perhaps another hour to get their act together, as the saying goes, and that we should adjourn now to resume at the call of the bell. Frankly, honourable senators, if it turns out that they still have not dealt with the matter by 5 o'clock, it seems to me that we would be pushing it beyond what we need to. It is really for our convenience that we want to have this material published in the *Minutes of the Proceedings of the Senate* for our debate which commences tomorrow. If it seems we are not going to be able to get the finally adopted form in a reasonable

time this afternoon, we will ring the bell and simply adjourn. Otherwise, what we will do is give notice of the motion, and then adjourn until 2 o'clock tomorrow afternoon.

Hon. Duff Roblin (Deputy Leader of the Opposition): Are we to understand that the vote in the other place has proceeded to the stage of disposing of all the amendments, and that they are now voting on the main motion as amended?

Senator Frith: No. My understanding is that they have not started voting, and they have four votes to deal with. Each should take approximately ten minutes, and then they will vote on the main motion. If the voting begins within the next five minutes, they will finish comfortably by 5 o'clock.

Honourable senators, I ask that the motion of the Honourable Senator Perrault stand until later this day, at which time we may very well introduce the new resolution and ask leave to withdraw the present one, being confident at that time that we are presenting to the Senate the motion in the exact form in which it received approval in the other place. Therefore, for the moment, may the motion in the name of Senator Perrault stand until later this day?

Senator Roblin: Honourable senators, to make sure I understand the situation completely, is it the intention of the government leader to speak to this motion after 2 o'clock tomorrow?

Senator Frith: That is correct.

The Senate adjourned during pleasure.

At 4.50 p.m. the sitting was resumed.

THE CONSTITUTION

NOTICE OF MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN

Hon. Raymond J. Perrault (Leader of the Government): As honourable senators are aware, the votes have now been taken in the other chamber. Therefore, I give notice that tomorrow, Thursday, December 3, 1981, I shall move the following motion:

> THAT, WHEREAS in the past certain amendments to the Constitution of Canada have been made by the Parliament of the United Kingdom at the request and with the consent of Canada—

Hon. Senators: Dispense.

Hon. Jacques Flynn (Leader of the Opposition): Is the Leader of the Government seeking concurrence in the resolution that was adopted in the other place? Does it embody the amendments that were adopted?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, it is not a matter of concurrence. This is now the form that was adopted in the other place.

Senator Flynn: It is the form that was adopted in the other place, and it now replaces what we had on our order paper?

Senator Perrault: Honourable senators, it is not concurrence. It is, however, an identical Address.

I ask that the motion of which I gave notice on November 19, and which appears on the order paper, be withdrawn.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators will notice that we have distributed copies of the Motion for an Address to Her Majesty the Queen respecting the Constitution of Canada. It is in the form that has just been adopted in the other place and will appear in the *Minutes of the Proceedings of the Senate* to be placed on our desks tomorrow. Honourable senators will then have a copy to study this evening, and a further copy in the *Minutes of the Proceedings of the Senate.*

Pursuant to the order that was adopted yesterday, we shall commence debate on the motion at 2 o'clock tomorrow afternoon. We may wish to defer Question Period, or we may commence the debate immediately following Question Period. The debate itself need not commence at 2 p.m., but it will commence during the sitting which begins at 2 p.m. tomorrow.

Senator Flynn: You mean that it will be the first order of the day?

Senator Frith: Yes; we should make it clear that it will be the first order of the day.

THE HONOURABLE ALLISTER GROSART, P.C.

UNVEILING OF PORTRAIT OF FORMER SPEAKER

The Hon. the Speaker *pro tem:* I should like to inform honourable senators that the unveiling of Senator Grosart's portrait will take place immediately following the adjournment of the Senate.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, December 3, 1981

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

Prayers.

THE SENATE

CBS BROADCAST—QUESTION OF PRIVILEGE

Hon. Florence B. Bird: Honourable senators, I rise on a point of privilege. Yesterday evening at 6.30 I tuned my television set to the channel relaying the news program of the Columbia Broadcasting System. To my astonishment, a Union Jack was flashed on the screen, and then the news reader said that the Constitution had now passed the House of Commons in Canada and was going to the powerless Senate.

I feel that perhaps someone should explain to those who write for that broadcasting system that the Senate is not yet powerless, although at some time soon we may be. Perhaps also the Canadian Embassy should mention this matter since I feel it is insulting that the Senate should be regarded as powerless, and that the Union Jack should symbolize our country.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, Senator Bird has raised an interesting point. I do not think we should simply acknowledge receipt of the information. I would be glad if the Leader of the Government would tell us that it is not the intention of the government to push this matter through the Senate without a decent, orderly and lengthy debate. I have read of other occurrences that impinged upon the privileges of the Senate. I have been told that one member of the administration has said that the Senate could not do anything to the resolution, that it was a mere procedural matter. I would like the Leader of the Government to comment on the point raised by Senator Bird.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, in reply to the Leader of the Opposition, we have stated both privately and publicly that an opportunity will, of course, be accorded to all honourable senators who wish to participate in this historic debate. I repeat that, and I hope it is understood by the official opposition.

Senator Flynn: We will see.

DISTINGUISHED VISITORS IN GALLERY

DELEGATION OF POLISH PARLIAMENTARIANS HEADED BY MR. STANISLAW GUCWA

The Hon. the Speaker: Honourable senators, I should like to call the attention of the Senate to the presence in the gallery of a Polish delegation headed by the Speaker "Marshal" Mr. Stanislaw Gucwa.

[*Translation*]

Hon. Stanley Haidasz: Honourable senators, may I add to our Speaker's welcome a few words in Polish?

Niech zyje Polska. Niech zyja, poslowie Sejmu polskiego. Niech zyje przyjazn polsko—kanadyjska.

Long Live Poland! Long live members of the Polish Parliament! Long live the friendship between Canada and Poland!

Hon. Senators: Hear, hear!

[*English*]

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Board of Trustees of the Queen Elizabeth II Canadian Fund to Aid in Research on the Diseases of Children, including the Auditor General's Report on the financial statements of the Board, for the fiscal year ended March 31, 1980, pursuant to section 15 of the *Queen Elizabeth II Canadian Research Fund Act,* Chapter Q-1, R.S.C., 1970.

Report of the Minister of Supply and Services relating to gold coins for the period ended June 30, 1981, pursuant to section 4.1 of the *Currency and Exchange Act,* as amended by Chapter 35, Statutes of Canada, 1977-78.

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE CHANGE IN SENATE MEMBERSHIP

Hon. William J. Petten: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(i), I move:

That the name of the Honourable Senator Hastings be substituted for that of the Honourable Senator Cottreau on the list of senators serving on the Special Joint Committee on Official Languages; and

That a message be sent to the House of Commons to acquaint that house accordingly.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—GOVERNMENT'S POSITION RESPECTING AMENDMENTS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have been told that after yesterday's vote in the House of Commons, the Minister of Justice stated that no amendments from the Senate would be supported and that the Senate was only given the choice of adopting or rejecting the constitutional resolution as it stood.

I should like to know whether it is really the government's position, that we have been asked merely to ratify the decision made yesterday in the other place.

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the Leader of the Opposition has been a member of this assembly for a considerable period of time. He is well aware that, if an honourable senator moves an amendment and his motion is seconded in the chamber, and the motion is supported by a majority, then that amendment goes forward.

I hardly think I should reply to a question based upon a statement purportedly made by the Minister of Justice and perhaps quoted out of context.

Senator Flynn: I did not mention the Minister of Justice. I am glad the Leader of the Government has identified him.

Senator Perrault: You did mention him.

Senator Flynn: No, I did not.

Hon. Royce Frith (Deputy Leader of the Government): Yes, you did.

Senator Flynn: I simply said "a minister." But even if I did mention the Minister of Justice, you have confirmed it. At any rate, what I really want to know is whether the government's position is that it will resist any amendment moved in this place, regardless of its origin in the house.

Senator Perrault: Honourable senators, the debate will begin this afternoon. The persuasive oratory of the Leader of the Opposition may bring about all sorts of wondrous things.

Senator Flynn: It will certainly be the first time.

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—DATE OF TERMINATION OF DEBATE

Hon. Ernest C. Manning: Honourable senators, I wish to direct a question to the Leader of the Government. At this stage of the proceedings is he in a position to give us information on a possible termination date? Those of us who are commuters face problems of transportation arrangements and other attendant difficulties. Personally, I express the hope that the termination of the debate will not be until next week, but perhaps the leader can give us further information on that now.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I can report that on a most amicable and co-operative basis we have had a number of discussions with the Leader of the Opposition and it has been agreed that the debate shall commence this afternoon and that perhaps at some point in the debate, either today or tomorrow, we may discuss the possibility of a fixed date for both the termination of the debate itself and for the vote.

ECONOMIC DEVELOPMENT

MANITOBA—WESTERN DEVELOPMENT FUND ALLOCATIONS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I again direct the attention of the honourable minister in charge of economic development to the Western Development Fund—or should it more properly be called the "vanishing fund"?

The minister suggested that I look in more detail at page 20 of the budget. I have already done that on a number of occasions. I want him to tell me if my arithmetic is correct. According to my understanding, the expenditure from this fund in 1981-82 will be $148 million instead of the $350 million previously forecast.

As I understand the breakdown of that $148 million: $81 million or $82 million will be expended in respect of farm compensation; $6 million or $7 million is to pay for certain tax incentives available to the railways—if "incentives" is still a proper word to use in this legislature; and the remaining $60 million is slated for rapid transit in Vancouver. Perhaps the minister could enlighten me as to whether that breakdown is indeed correct.

Hon. H. A. Olson (Minister of State for Economic Development): I think it is correct.

Senator Roblin: Does that mean to say, then, that there are no other plans to use any moneys from this fund for economic development or as seed money in western Canada in the coming fiscal year?

Senator Olson: No, it does not mean that at all, honourable senators, because, if you read the rest of the second paragraph on page 20, you will find very clearly what the allocation in the budget from the Western Development Fund will be not only for 1982-83 but for the following years. For 1982-83 there is an amount of $182 million. The amount allocated for 1983-84 is $375 million, and further amounts of $415 million and $400 million have been allocated for 1984-85 and 1985-86 respectively.

• (1410)

Senator Roblin: Honourable senators, I am sure that my honourable friend is well aware that he has not answered my question. I did not ask him what allocations appeared in this paper for coming fiscal years, and which are probably subject to the same degree of change as we have experienced so far for the current fiscal year. What I asked him was whether there was any money in this fund that remains to be allocated for

the fiscal year in question, not subsequent fiscal years, as he mentioned.

Senator Olson: I presume that the fiscal year in question is 1981-82?

Senator Roblin: Yes, that is one of them.

Senator Olson: As I explained once or twice many months ago, and as the Minister of Finance and other members of the government have explained, to honourable senators and others who asked questions, the $350 million allocated in the 1980 budget was dependent to some degree, and I suggest to a significant degree, on the governments of the producing provinces and the Government of Canada coming to an agreement on energy pricing, which plays such a large role in the revenues involved. Indeed, there was delay from the time of the 1980 budget until September 1, 1981. At that time an agreement was reached, which improved our ability to predict these revenues. Before that time and since there have been some allocations—for example, the amount of $148 million. I do not believe there will be further allocations for the fiscal year 1981-82.

Senator Roblin: Does the minister not know that in 1982-83 the amount available in this fund has been reduced from $700 million to $182 million, to which I would add the $75 million appropriated for Indian benefits and social programs of that kind in the west. However, in terms of seed money and economic development, the allocation has been reduced to $182 million, which is a considerable reduction from $700 million. Actually, the government is deferring nearly $500 million in the coming fiscal year in respect to the Western Development Fund. How does that relate to the unpredictability of revenue estimates and the oil and gas situation, which my honourable friend has used as an excuse for his actions so far?

Senator Olson: Honourable senators, I have used no excuses at all. I have stated very clearly that the allocations which were projected in the 1980 budget did not materialize for several months afterwards. Whether or not my honourable friend wants to accept that situation as a fact is his choice. Nevertheless, it is the position this government has taken. The amount of $182 million has been allocated in this recent budget for the 1982-83 fiscal year for economic development purposes, and an additional amount has been allocated for economic development through native programs, which were assigned to the social development envelope. When the honourable senator adds those figures together, the amount is $1,895 million in the years for which funds have been allocated. What is more, we have indicated that there may be further allocations in another budget down the road, perhaps in 1982-83 or beyond.

My honourable friend must accept, whether he wants to or not, that $1,895 million has been provided and allocated already, and more funds may be allocated in future budgets. To date, those are the two highest priorities that have been identified, and funds have been allocated to those priorities.

[Senator Roblin.]

• (1415)

Senator Roblin: What I am trying to get my honourable friend to explain to me is the reason for the deductions. Accepting the figures he gave us, and I do, as $182 million for the 1982-83 fiscal year plus $75 million for social and Indian affairs in the same year, that does not compare with the $700 million that was previously forecast. He gave as his reason for that the fact that he could not properly estimate the oil revenues. How can that apply to a fiscal year that does not start until next March when all these figures are in place?

Senator Olson: Honourable senators, I could read from the budget papers and the budget speech to reiterate to my honourable friend, if he has not already read them—but I know that he has—that the Minister of Finance not only indicated but also stated very firmly that the amount of money allocated out of the Western Development Fund had been re-profiled. There is no question about that.

Senator Roblin: You mean reduced.

Senator Olson: We are not denying it. The question is how many more times does he want me to say it? That is the question. Whether or not he comes up with these amounts, he should go back and read what the minister said.

Senator Roblin: I am going to accept the fact that when the minister says "re-profiled" he really means reduced—and cut in half at that.

Senator Olson: Well, that is not true, but if the honourable senator wants to come to that conclusion, I guess that is a product of his distorted thinking.

Senator Roblin: It is a product of my correct mathematics.

THE ECONOMY

CHARTERED BANKS—PROFITS

Hon. Jack Marshall: Honourable senators, my question is also to the Minister of State for Economic Development. It deals with a statement made by the General Manager of the Royal Bank of Canada, as reported in the *Globe and Mail* on December 2, that he is "very happy" with the profits they are making.

Following are some statistics I read in that article:

> Share profit at $5.92 up 33 per cent, compared with asset growth of 31 per cent. Year-end assets were $87.5-billion, up to 39 per cent.
>
> For the full year ended October 31, the balance of revenue after tax was $492.5-million—

Would the minister know if the Minister of Finance is now going to make the banks bleed a little to help people who are going bankrupt, people who are losing their homes because they cannot keep up their mortgages, and the deteriorating state of the economy as far as people are concerned?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the Minister of Finance has stated repeatedly that he expected the banks in this country to

make a contribution, to play their role and to make provision for some of the problems that my honourable friend has just identified. If he is asking me to ask the Minister of Finance to state it again, I can do that, but if he prefers, I can bring copies of the statements that he has already made on this subject in the past.

Senator Marshall: Would the minister ask the Minister of Consumer and Corporate Affairs whether an investigation could be made as to the rate of profit? There are so many bankruptcies and the banks are, on the one hand, saying they are "very happy" with their profits, and, on the other hand, they are saying that the economy will get worse. It certainly is not getting worse for them. Somebody should have responsibility for the people of Canada of seeing what in the name of God is going on in this country. Hundreds of thousands of people are having their morale and livelihood destroyed because of the actions of the Government of Canada and the Governor of the Bank of Canada. Would the minister tell us if he will look into this matter?

Senator Olson: Honourable senators, I shall convey that to the Minister of Consumer and Corporate Affairs.

ECONOMIC DEVELOPMENT

EFFICACY OF GOVERNMENT POLICY

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development. As we are all aware, Statistics Canada has reported that the economy declined in the last quarter, and the forecasts for the present quarter are not that promising either. In fact, they appear to be very grim. Can the minister tell us whether the government's economic development policies are working?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, when the statement regarding economic policy was made by the Minister of Finance, he indicated that it would take some time to reduce inflation by means of a number of actions, including a reduction in the government's financial requirements through a reduction in the deficit. That, obviously, will take some time. He indicated that he did not expect it to happen overnight.

I suggest to my honourable friend that he read the Statistics Canada report that was made available on December 2, and he will find that some of the representations that he made previously, based on some other people's interpretation of that report, are not valid.

● (1420)

Senator Doody: I have a supplementary question, honourable senators. The honourable the minister indicates that it is going to take some time for the budget provisions to have an effect on the economy. Is the minister telling us that there was no economic strategy or development policy prior to the tabling of the budget?

Senator Olson: Honourable senators, I did not say that at all. Here again, if my honourable friend would like a 30-minute speech on the important aspects of the main thrusts of the budget, I would be glad to provide one; but that, of course, is an improper action to take during Question Period.

Senator Doody: Another supplementary, honourable senators. If the honourable the minister is suggesting that he is going to give us the latest updated version of the budget in 30 minutes, I think all of Canada would be glad to give him that amount of time. I was really referring, however, to the original document that was tabled in the House of Commons some time ago, and not the daily revisions that are now coming forth.

In any event, the honourable the minister spoke of some good portents that had been indicated by Statistics Canada. I know that net exports fell sharply during the quarter, that consumer expenditures on durable goods fell, and that construction is just about at a standstill. The only thing that appears to be going along well, at an increased pace, is government spending. I wonder if the minister is clinging to government spending as a cure for the ills of the economy during the coming months.

Senator Olson: Well, honourable senators, perhaps I should read some parts of the Statistics Canada report to indicate the complete distortion contained in what my honourable friend has just said. I quote directly:

> Preliminary estimates indicate that Gross National Product, seasonally adjusted at annual rates, rose to $331 billion in the third quarter, a current dollar increase of 1.6 per cent from its level of the second quarter. In real terms, however, GNP declined 1.0 per cent, after registering strong growth in the previous three quarters, as the economy appears to have given way in the face of a protracted period of high interest rates.

The honourable senator has to accept, I think, that there was higher than predicted growth in the three quarters previous to the quarter of July, August and September. These advances were significantly higher than anyone was predicting and, as I explained to him a few days ago, the Minister of Finance had predicted a decline from those rather strong growth factors in the economy. Now, of course, what he predicted is happening.

TRANSPORT

NEWFOUNDLAND—TRANS-CANADA HIGHWAY—FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. Jack Marshall: Honourable senators, I wonder if I could ask the Leader of the Government to get some information, without going into details or providing any justification, from the Minister of Transport concerning the bilateral negotiations between the federal government and the Province of Newfoundland with regard to the Trans-Canada Highway and improvements to it. Perhaps the honourable leader could give some kind of statement in this chamber within the next few days as to the progress of those negotiations, and as to what can be expected from them in the near future.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I will take the question as notice, but is it not a paradox that the previous questioner from the opposition ranks demanded a reduction of government spending, while now Senator Marshall asks for highway construction aid for his province? I suggest that the members of the opposition might discuss what position they are going to take with respect to government spending.

• (1425)

Hon. C. William Doody: I rise on a point of order, honourable senators. I did not demand a reduction in government spending. I pointed out that one of the increases in the indicators was government spending. If the honourable Leader of the Government in the Senate wishes to put some money into some sort of transportation system in Newfoundland, I can forgive the government many of its excesses in other areas.

Senator Perrault: I thank the honourable senator for his approval of federal government spending policies.

Senator Marshall: Honourable senators, perhaps we could collect a bill which has been owed the highways department in Newfoundland since 1949.

THE BUDGET

MODIFICATION OF PROVISIONS

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate. On November 19 he undertook to send forward an inquiry regarding inequities that arose as a result of the budget speech and its effect upon people living in various regions of the country. For example, people living in the more westerly regions of the country were in a position to take corrective measures resulting from provisions of the budget, yet those living in the more easterly regions could not. I should like to ask the Leader of the Government if he has any information in this regard.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question was taken as notice at that time, but no answer has yet been received.

AIR CANADA

INAPPROPRIATE REPLY TO REQUEST FOR INFORMATION

Hon. Herbert O. Sparrow: If honourable senators will permit me, I have a question for the Leader of the Government. By way of background, I have a copy of a letter written to Air Canada by a student in North Battleford, Saskatchewan. If honourable senators will allow me, I shall read the letter she wrote to Air Canada.

> I am a grade 11 student at North Battleford Comprehensive High School. I am interested in choosing a career as an airline stewardess. I enjoy travel and meeting the public. Could you please send me any pamphlets or brochures which you may have? Are there any special requirements or school subjects which I may need? Thank you.

She then gave her name and address.

The reply from Air Canada reads as follows:

> Dear Applicant:
>
> This is in reference to your inquiry and/or application for the position of flight attendant with Air Canada. Because of the great number of applications received from within Canada, we are unable to receive at this time applications from outside the country.
>
> Should you in the future take up residence in Canada, and if you possess Canadian citizenship or landed immigrant status, you may contact the above address for an application form and further employment information.
>
> We wish to thank you for your interest in our airlines.

For your further information, honourable senators, the actual address of this student is 1761 Trudeau Street, North Battleford, Saskatchewan.

I should like to ask the Leader of the Government in the Senate to draw to the attention of Air Canada the fact that Saskatchewan is indeed a part of Canada. Will the Leader of the Government in the Senate try to obtain the assurance from Air Canada that citizens living in Saskatchewan will be dealt with as Canadians? Will the Leader of the Government request Air Canada to send the proper information to the applicant involved? Will the leader report back as to the action which has been taken regarding this matter?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that exchange of correspondence does not, apparently, meet Air Canada's usual high standards of service and efficiency.

TRANSPORT

PORT OF CHURCHILL—VOLUME OF SHIPMENTS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I see that the minister in charge of the Wheat Board is present in the chamber. I have a question for him.

He was kind enough the other day to provide me with some information about the surveys that have been made with respect to the feasibility of using the Port of Churchill. Did he have a chance to read that information before he rendered it to me?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): No, I did not.

Senator Roblin: I must inform him that the return comprises documents that have only to do with the movement of wheat. As the honourable senator appreciates, that is not what I was requesting. I want to know whether any studies have been made of the movement of potash or, for that matter, general cargo through this port. I ask the honourable minister if he would re-examine this situation to see if he can give me more information. Meanwhile, I ask the Clerk to return this

set of information to the minister because I am afraid that I have no use for it, and it may be useful material for his records.

Senator Argue: I thought that the request of the honourable senator would include studies which have been done with regard to wheat, but it seems that it does not. I will be happy to look into the matter further. If there are other studies that I can obtain, I will bring them to the attention of the honourable senator.

Hon. Joseph-Philippe Guay: Honourable senators, I have a supplementary question which I address to the same minister. It was requested in this chamber that he pass on to us any of the information he may have received from the ministers of the various western provinces with regard to their co-operation in bringing goods other than wheat through the Port of Churchill. I wonder whether the minister is prepared to respond to that request. Has he received any further information pertaining to such other goods that may pass through the Port of Churchill?

Senator Argue: The request, as I informed the honourable senator, went forward to the various ministers in the three western provinces. I shall look at my records to ascertain whether any reply has been received to date. If there are such replies, and they are of substance, I will be pleased to pass that information on to Senator Guay.

● (1430)

Senator Guay: Perhaps we should also know whether any of the premiers have responded to the minister.

Senator Argue: Just by way of clarification, the letter did not go to the premiers but, as appropriate, it went to either the Minister of Transport or the Minister of Agriculture of each province. However, the same answer applies.

INDIAN ACT

STATUS OF WOMEN—REMOVAL OF DISCRIMINATORY PROVISIONS

Hon. Jack Austin (Minister of State): Honourable senators, yesterday Senator Smith asked whether the government had decided to delay for a year the removal from the Indian Act of discriminatory provisions against women. I would advise that I have made inquiries and the answer is no.

An erroneous press report appeared indicating that a one-year deferral would apply, but, in conversation with the Honourable Judy Erola, the minister responsible for the status of women, I have been assured that that report was erroneous and that legislation will be proceeded with as soon as possible.

As I said yesterday, the costs of removing discriminatory provisions from the Indian Act are under study by the government and the nature of the issues is as I mentioned yesterday.

My remarks will also respond to a question asked on October 29 by Senator Bielish concerning the same subject.

THE SENATE

MINUTES OF THE PROCEEDINGS—PRINTING OF WRITTEN QUESTIONS

Hon. B. Alasdair Graham: Honourable senators, I refer to Senator Godfrey's question directed to me as Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration during yesterday's sitting. I apologize for my temporary absence at the time the question was put, and in answer to the preamble to the question put by the honourable senator, I agree that this matter has been the subject of discussion between him and me on numerous occasions.

It is true that certain recommendations were approved by the committee at a meeting on May 28, 1981, from which I was unavoidably absent. At the subsequent meeting on July 9, I felt, as chairman, that I had a responsibility to point out to the members of the committee that decisions had been taken without the benefit of a cost analysis. On that day, members of the committee agreed that the report approved on May 28 be tabled—not rescinded, but tabled—for consideration at a future meeting, and that a further study be conducted taking into account costs which might be saved in this area.

The July 9 meeting was the last committee meeting before the summer adjournment and the resumption of proceedings in both houses on October 14.

Yesterday Senator Godfrey asked specifically, "Why cannot we go ahead with the first two recommendations?" As chairman, I interpreted the feelings of the committee to be that all the recommendations should be dealt with en bloc when reported to the Senate.

With respect to Senator Godfrey's second question—"Why does it take six months to get cost estimates?"—I can only remind him again that Parliament was in recess until October 14 and, because of that situation, I, personally, did not pressure the administration for this information until Parliament resumed. For that I take full responsibility.

In any event, the requested information was first made available to members of the committee at last week's meeting on Thursday, November 26. At that time the matter was considered and members of the committee agreed that they would prefer to have an opportunity to study the cost analysis and deal with the entire matter at the next meeting.

I had hoped to have that meeting this morning but, in view of the heavy schedule of committee meetings with resulting overlapping conflicts, it was suggested that our next meeting be postponed until Thursday, December 10, 1981, one week from today. On that day I hope that a final decision will be made and a full report submitted forthwith to this chamber.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—DEBATE ADJOURNED

Hon. Raymond J. Perrault (Leader of the Government), seconded by Hon. Royce Frith (Deputy Leader of the Government), pursuant to notice of December 2, 1981, moved:

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN— DEBATE ADJOURNED

Hon. Raymond J. Perrault (Leader of the Government), seconded by Hon. Royce Frith (Deputy Leader of the Government), pursuant to notice of December 2, 1981, moved:

THAT, WHEREAS in the past certain amendments to the Constitution of Canada have been made by the Parliament of the United Kingdom at the request and with the consent of Canada;

AND WHEREAS it is in accord with the status of Canada as an independent state that Canadians be able to amend their Constitution in Canada in all respects;

AND WHEREAS it is also desirable to provide in the Constitution of Canada for the recognition of certain fundamental rights and freedoms and to make other amendments to that Constitution;

A respectful address be presented to Her Majesty the Queen in the following words:

To the Queen's Most Excellent Majesty:
Most Gracious Sovereign:

We, Your Majesty's loyal subjects, the Senate of Canada in Parliament assembled, respectfully approach Your Majesty, requesting that you may graciously be pleased to cause to be laid before the Parliament of the United Kingdom a measure containing the recitals and clauses hereinafter set forth:

CONSIDÉRANT :
que le Parlement du Royaume-Uni a modifié à plusieurs reprises la Constitution du Canada à la demande et avec le consentement de celui-ci;

que, de par le statut d'État indépendant du Canada, il est légitime que les Canadiens aient tout pouvoir pour modifier leur Constitution au Canada;

qu'il est souhaitable d'inscrire dans la Constitution du Canada la reconnaissance de certains droits et libertés fondamentaux et d'y apporter d'autres modifications,

il est proposé que soit présentée respectueusement à Sa Majesté la Reine l'adresse dont la teneur suit :

A Sa Très Excellente Majesté la Reine,
Très Gracieuse Souveraine :

Nous, membres du Sénat du Canada réunis en Parlement, fidèles sujets de Votre Majesté, demandons respectueusement à Votre Très Gracieuse Majesté de bien vouloir faire déposer devant le Parlement du Royaume-Uni un projet de loi ainsi conçu :

ANNEXE A—SCHEDULE A

An Act to give effect to a request by the Senate and House of Commons of Canada

Whereas Canada has requested and consented to the enactment of an Act of the Parliament of the United Kingdom to give effect to the provisions hereinafter set forth and the Senate and the House of Commons of Canada in Parliament assembled have submitted an address to Her Majesty requesting that Her Majesty may graciously be pleased to cause a Bill to be laid before the Parliament of the United Kingdom for that purpose.

Be it therefore enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

titution 1981 ted

1. The *Constitution Act, 1981* set out in Schedule B to this Act is hereby enacted for and shall have the force of law in Canada and shall come into force as provided in that Act.

ination of r to late for ada

2. No Act of the Parliament of the United Kingdom passed after the *Constitution Act, 1981* comes into force shall extend to Canada as part of its law.

ch version

3. So far as it is not contained in Schedule B, the French version of this Act is set out in Schedule A to this Act and has the same authority in Canada as the English version thereof.

t title

4. This Act may be cited as the *Canada Act*.

Loi donnant suite à une demande du Sénat et de la Chambre des communes du Canada

Sa Très Excellente Majesté la Reine, considérant :

qu'à la demande et avec le consentement du Canada, le Parlement du Royaume-Uni est invité à adopter une loi visant à donner effet aux dispositions énoncées ci-après et que le Sénat et la Chambre des communes du Canada réunis en Parlement ont présenté une adresse demandant à Sa Très Gracieuse Majesté de bien vouloir faire déposer devant le Parlement du Royaume-Uni un projet de loi à cette fin,

sur l'avis et du consentement des Lords spirituels et temporels et des Communes réunis en Parlement, et par l'autorité de celui-ci, édicte :

Adoption de la *Loi constitutionnelle de 1981*

1. La *Loi constitutionnelle de 1981*, énoncée à l'annexe B, est édictée pour le Canada et y a force de loi. Elle entre en vigueur conformément à ses dispositions.

Cessation du pouvoir de légiférer pour le Canada

2. Les lois adoptées par le Parlement du Royaume-Uni après l'entrée en vigueur de la *Loi constitutionnelle de 1981* ne font pas partie du droit du Canada.

Version française

3. La partie de la version française de la présente loi qui figure à l'annexe A a force de loi au Canada au même titre que la version anglaise correspondante.

Titre abrégé

4. Titre abrégé de la présente loi : *Loi sur le Canada*.

SCHEDULE B

CONSTITUTION ACT, 1981

PART I

CANADIAN CHARTER OF RIGHTS AND FREEDOMS

Whereas Canada is founded upon principles that recognize the supremacy of God and the rule of law:

Guarantee of Rights and Freedoms

Rights and freedoms in Canada

1. The *Canadian Charter of Rights and Freedoms* guarantees the rights and freedoms set out in it subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society.

Fundamental Freedoms

Fundamental freedoms

2. Everyone has the following fundamental freedoms:

(*a*) freedom of conscience and religion;

(*b*) freedom of thought, belief, opinion and expression, including freedom of the press and other media of communication;

(*c*) freedom of peaceful assembly; and

(*d*) freedom of association.

Democratic Rights

Democratic rights of citizens

3. Every citizen of Canada has the right to vote in an election of members of the House of Commons or of a legislative assembly and to be qualified for membership therein.

Maximum duration of legislative bodies

4. (1) No House of Commons and no legislative assembly shall continue for longer than five years from the date fixed for the return of the writs at a general election of its members.

Continuation in special circumstances

(2) In time of real or apprehended war, invasion or insurrection, a House of Commons may be continued by Parliament and a legislative assembly may be continued by the legislature beyond five years if such continuation is not opposed by the votes of more than one-third of the members of the House

ANNEXE B

LOI CONSTITUTIONNELLE DE 1981

PARTIE I

CHARTE CANADIENNE DES DROITS ET LIBERTÉS

Attendu que le Canada est fondé sur des principes qui reconnaissent la suprématie de Dieu et la primauté du droit :

Garantie des droits et libertés

Droits et libertés au Canada

1. La *Charte canadienne des droits et libertés* garantit les droits et libertés qui y sont énoncés. Ils ne peuvent être restreints que par une règle de droit, dans des limites qui soient raisonnables et dont la justification puisse se démontrer dans le cadre d'une société libre et démocratique.

Libertés fondamentales

Libertés fondamentale

2. Chacun a les libertés fondamentales suivantes :

a) liberté de conscience et de religion;

b) liberté de pensée, de croyance, d'opinion et d'expression, y compris la liberté de la presse et des autres moyens de communication;

c) liberté de réunion pacifique;

d) liberté d'association.

Droits démocratiques

Droits démocratique des citoyens

3. Tout citoyen canadien a le droit de vote et est éligible aux élections législatives fédérales ou provinciales.

Mandat maximal des assemblées

4. (1) Le mandat maximal de la Chambre des communes et des assemblées législatives est de cinq ans à compter de la date fixée pour le retour des brefs relatifs aux élections générales correspondantes.

Prolongation spéciales

(2) Le mandat de la Chambre des communes ou celui d'une assemblée législative peut être prolongé respectivement par le Parlement ou par la législature en question au-delà de cinq ans en cas de guerre, d'invasion ou d'insurrection, réelles ou appréhendées, pourvu que cette prolongation ne fasse pas

of Commons or the legislative assembly, as the case may be.

l'objet d'une opposition exprimée par les voix de plus du tiers des députés de la Chambre des communes ou de l'assemblée législative.

ıual sitting egislative ies

5. There shall be a sitting of Parliament and of each legislature at least once every twelve months.

5. Le Parlement et les législatures tiennent une séance au moins une fois tous les douze mois.

Séance annuelle

Mobility Rights

Liberté de circulation et d'établissement

bility of zens

6. (1) Every citizen of Canada has the right to enter, remain in and leave Canada.

6. (1) Tout citoyen canadien a le droit de demeurer au Canada, d'y entrer ou d'en sortir.

Liberté de circulation

hts to move gain lihood

(2) Every citizen of Canada and every person who has the status of a permanent resident of Canada has the right

(*a*) to move to and take up residence in any province; and

(*b*) to pursue the gaining of a livelihood in any province.

(2) Tout citoyen canadien et toute personne ayant le statut de résident permanent au Canada ont le droit :

a) de se déplacer dans tout le pays et d'établir leur résidence dans toute province;

b) de gagner leur vie dans toute province.

Liberté d'établissement

ıitation

(3) The rights specified in subsection (2) are subject to

(*a*) any laws or practices of general application in force in a province other than those that discriminate among persons primarily on the basis of province of present or previous residence; and

(*b*) any laws providing for reasonable residency requirements as a qualification for the receipt of publicly provided social services.

(3) Les droits mentionnés au paragraphe (2) sont subordonnés :

a) aux lois et usages d'application générale en vigueur dans une province donnée, s'ils n'établissent entre les personnes aucune distinction fondée principalement sur la province de résidence antérieure ou actuelle;

b) aux lois prévoyant de justes conditions de résidence en vue de l'obtention des services sociaux publics.

Restriction

ïrmative ion grams

(4) Subsections (2) and (3) do not preclude any law, program or activity that has as its object the amelioration in a province of conditions of individuals in that province who are socially or economically disadvantaged if the rate of employment in that province is below the rate of employment in Canada.

(4) Les paragraphes (2) et (3) n'ont pas pour objet d'interdire les lois, programmes ou activités destinés à améliorer, dans une province, la situation d'individus défavorisés socialement ou économiquement, si le taux d'emploi dans la province est inférieur à la moyenne nationale.

Programmes de promotion sociale

Legal Rights

Garanties juridiques

e, liberty l security of son

7. Everyone has the right to life, liberty and security of the person and the right not to be deprived thereof except in accordance with the principles of fundamental justice.

7. Chacun a droit à la vie, à la liberté et à la sécurité de sa personne; il ne peut être porté atteinte à ce droit qu'en conformité avec les principes de justice fondamentale.

Vie, liberté et sécurité

ırch or zure

8. Everyone has the right to be secure against unreasonable search or seizure.

8. Chacun a droit à la protection contre les fouilles, les perquisitions ou les saisies abusives.

Fouilles, perquisitions ou saisies

tention or prisonment

9. Everyone has the right not to be arbitrarily detained or imprisoned.

9. Chacun a droit à la protection contre la détention ou l'emprisonnement arbitraires.

Détention ou emprisonnement

Arrest or detention

10. Everyone has the right on arrest or detention

(*a*) to be informed promptly of the reasons therefor;

(*b*) to retain and instruct counsel without delay and to be informed of that right; and

(*c*) to have the validity of the detention determined by way of *habeas corpus* and to be released if the detention is not lawful.

Arrestation détention

10. Chacun a le droit, en cas d'arrestation ou de détention :

a) d'être informé dans les plus brefs délais des motifs de son arrestation ou de sa détention;

b) d'avoir recours sans délai à l'assistance d'un avocat et d'être informé de ce droit;

c) de faire contrôler, par *habeas corpus,* la légalité de sa détention et d'obtenir, le cas échéant, sa libération.

Proceedings in criminal and penal matters

11. Any person charged with an offence has the right

(*a*) to be informed without unreasonable delay of the specific offence;

(*b*) to be tried within a reasonable time;

(*c*) not to be compelled to be a witness in proceedings against that person in respect of the offence;

(*d*) to be presumed innocent until proven guilty according to law in a fair and public hearing by an independent and impartial tribunal;

(*e*) not to be denied reasonable bail without just cause;

(*f*) except in the case of an offence under military law tried before a military tribunal, to the benefit of trial by jury where the maximum punishment for the offence is imprisonment for five years or a more severe punishment;

(*g*) not to be found guilty on account of any act or omission unless, at the time of the act or omission, it constituted an offence under Canadian or international law or was criminal according to the general principles of law recognized by the community of nations;

(*h*) if finally acquitted of the offence, not to be tried for it again and, if finally found guilty and punished for the offence, not to be tried or punished for it again; and

(*i*) if found guilty of the offence and if the punishment for the offence has been varied between the time of commission and the time of sentencing, to the benefit of the lesser punishment.

Affaires criminelles et pénales

11. Tout inculpé a le droit :

a) d'être informé sans délai anormal de l'infraction précise qu'on lui reproche;

b) d'être jugé dans un délai raisonnable;

c) de ne pas être contraint de témoigner contre lui-même dans toute poursuite intentée contre lui pour l'infraction qu'on lui reproche;

d) d'être présumé innocent tant qu'il n'est pas déclaré coupable, conformément à la loi, par un tribunal indépendant et impartial à l'issue d'un procès public et équitable;

e) de ne pas être privé sans juste cause d'une mise en liberté assortie d'un cautionnement raisonnable;

f) sauf s'il s'agit d'une infraction relevant de la justice militaire, de bénéficier d'un procès avec jury lorsque la peine maximale prévue pour l'infraction dont il est accusé est un emprisonnement de cinq ans ou une peine plus grave;

g) de ne pas être déclaré coupable en raison d'une action ou d'une omission qui, au moment où elle est survenue, ne constituait pas une infraction d'après le droit interne du Canada ou le droit international et n'avait pas de caractère criminel d'après les principes généraux de droit reconnus par l'ensemble des nations;

h) d'une part de ne pas être jugé de nouveau pour une infraction dont il a été définitivement acquitté, d'autre part de ne pas être jugé ni puni de nouveau pour une infraction dont il a été définitivement déclaré coupable et puni;

i) de bénéficier de la peine la moins sévère, lorsque la peine qui sanctionne l'infraction dont il est déclaré coupable est

modifiée entre le moment de la perpétration de l'infraction et celui de la sentence.

tment or ihment

12. Everyone has the right not to be subjected to any cruel and unusual treatment or punishment.

12. Chacun a droit à la protection contre tous traitements ou peines cruels et inusités.

Cruauté

crimina-

13. A witness who testifies in any proceedings has the right not to have any incriminating evidence so given used to incriminate that witness in any other proceedings, except in a prosecution for perjury or for the giving of contradictory evidence.

13. Chacun a droit à ce qu'aucun témoignage incriminant qu'il donne ne soit utilisé pour l'incriminer dans d'autres procédures, sauf lors de poursuites pour parjure ou pour témoignages contradictoires.

Témoignage incriminant

preter

14. A party or witness in any proceedings who does not understand or speak the language in which the proceedings are conducted or who is deaf has the right to the assistance of an interpreter.

14. La partie ou le témoin qui ne peuvent suivre les procédures, soit parce qu'ils ne comprennent pas ou ne parlent pas la langue employée, soit parce qu'ils sont atteints de surdité, ont droit à l'assistance d'un interprète.

Interprète

Equality Rights

Droits à l'égalité

ality before under law equal ection and fit of law

15. (1) Every individual is equal before and under the law and has the right to the equal protection and equal benefit of the law without discrimination and, in particular, without discrimination based on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.

15. (1) La loi ne fait acception de personne et s'applique également à tous, et tous ont droit à la même protection et au même bénéfice de la loi, indépendamment de toute discrimination, notamment des discriminations fondées sur la race, l'origine nationale ou ethnique, la couleur, la religion, le sexe, l'âge ou les déficiences mentales ou physiques.

Égalité devant la loi, égalité de bénéfice et protection égale de la loi

rmative on grams

(2) Subsection (1) does not preclude any law, program or activity that has as its object the amelioration of conditions of disadvantaged individuals or groups including those that are disadvantaged because of race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.

(2) Le paragraphe (1) n'a pas pour effet d'interdire les lois, programmes ou activités destinés à améliorer la situation d'individus ou de groupes défavorisés, notamment du fait de leur race, de leur origine nationale ou ethnique, de leur couleur, de leur religion, de leur sexe, de leur âge ou de leurs déficiences mentales ou physiques.

Programmes de promotion sociale

Official Languages of Canada

Langues officielles du Canada

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16. (1) English and French are the official languages of Canada and have equality of status and equal rights and privileges as to their use in all institutions of the Parliament and government of Canada.

16. (1) Le français et l'anglais sont les langues officielles du Canada; ils ont un statut et des droits et privilèges égaux quant à leur usage dans les institutions du Parlement et du gouvernement du Canada.

Langues officielles du Canada

cial guages of v Brunswick

(2) English and French are the official languages of New Brunswick and have equality of status and equal rights and privileges as to their use in all institutions of the

(2) Le français et l'anglais sont les langues officielles du Nouveau-Brunswick; ils ont un statut et des droits et privilèges égaux quant à leur usage dans les institutions de la Légis-

Langues officielles du Nouveau-Brunswick

legislature and government of New Brunswick.

Advancement of status and use

(3) Nothing in this Charter limits the authority of Parliament or a legislature to advance the equality of status or use of English and French.

Proceedings of Parliament

17. (1) Everyone has the right to use English or French in any debates and other proceedings of Parliament.

Proceedings of New Brunswick legislature

(2) Everyone has the right to use English or French in any debates and other proceedings of the legislature of New Brunswick.

Parliamentary statutes and records

18. (1) The statutes, records and journals of Parliament shall be printed and published in English and French and both language versions are equally authoritative.

New Brunswick statutes and records

(2) The statutes, records and journals of the legislature of New Brunswick shall be printed and published in English and French and both language versions are equally authoritative.

Proceedings in courts established by Parliament

19. (1) Either English or French may be used by any person in, or in any pleading in or process issuing from, any court established by Parliament.

Proceedings in New Brunswick courts

(2) Either English or French may be used by any person in, or in any pleading in or process issuing from, any court of New Brunswick.

Communications by public with federal institutions

20. (1) Any member of the public in Canada has the right to communicate with, and to receive available services from, any head or central office of an institution of the Parliament or government of Canada in English or French, and has the same right with respect to any other office of any such institution where

(*a*) there is a significant demand for communications with and services from that office in such language; or

lature et du gouvernement du Nouveau-Brunswick.

Progression vers l'égalité

(3) La présente charte ne limite pas le pouvoir du Parlement et des législatures de favoriser la progression vers l'égalité de statut ou d'usage du français et de l'anglais.

Travaux du Parlement

17. (1) Chacun a le droit d'employer le français ou l'anglais dans les débats et travaux du Parlement.

Travaux de la Législature du Nouveau-Brunswick

(2) Chacun a le droit d'employer le français ou l'anglais dans les débats et travaux de la Législature du Nouveau-Brunswick.

Documents parlementaires

18. (1) Les lois, les archives, les comptes rendus et les procès-verbaux du Parlement sont imprimés et publiés en français et en anglais, les deux versions des lois ayant également force de loi et celles des autres documents ayant même valeur.

Documents de la Législature du Nouveau-Brunswick

(2) Les lois, les archives, les comptes rendus et les procès-verbaux de la Législature du Nouveau-Brunswick sont imprimés et publiés en français et en anglais, les deux versions des lois ayant également force de loi et celles des autres documents ayant même valeur.

Procédures devant les tribunaux établis par le Parlement

19. (1) Chacun a le droit d'employer le français ou l'anglais dans toutes les affaires dont sont saisis les tribunaux établis par le Parlement et dans tous les actes de procédure qui en découlent.

Procédures devant les tribunaux du Nouveau-Brunswick

(2) Chacun a le droit d'employer le français ou l'anglais dans toutes les affaires dont sont saisis les tribunaux du Nouveau-Brunswick et dans tous les actes de procédure qui en découlent.

Communications entre le administrés les institutio fédérales

20. (1) Le public a, au Canada, droit à l'emploi du français ou de l'anglais pour communiquer avec le siège ou l'administration centrale des institutions du Parlement ou du gouvernement du Canada ou pour en recevoir les services; il a le même droit à l'égard de tout autre bureau de ces institutions là où, selon le cas :

a) l'emploi du français ou de l'anglais fait l'objet d'une demande importante;

b) l'emploi du français et de l'anglais se justifie par la vocation du bureau.

(*b*) due to the nature of the office, it is reasonable that communications with and services from that office be available in both English and French.

munica- by public New swick utions

(2) Any member of the public in New Brunswick has the right to communicate with, and to receive available services from, any office of an institution of the legislature or government of New Brunswick in English or French.

(2) Le public a, au Nouveau-Brunswick, droit à l'emploi du français ou de l'anglais pour communiquer avec tout bureau des institutions de la législature ou du gouvernement ou pour en recevoir les services.

Communications entre les administrés et les institutions du Nouveau-Brunswick

inuation of ng itutional sions

21. Nothing in sections 16 to 20 abrogates or derogates from any right, privilege or obligation with respect to the English and French languages, or either of them, that exists or is continued by virtue of any other provision of the Constitution of Canada.

21. Les articles 16 à 20 n'ont pas pour effet, en ce qui a trait à la langue française ou anglaise ou à ces deux langues, de porter atteinte aux droits, privilèges ou obligations qui existent ou sont maintenus aux termes d'une autre disposition de la Constitution du Canada.

Maintien en vigueur de certaines dispositions

ts and eges rved

22. Nothing in sections 16 to 20 abrogates or derogates from any legal or customary right or privilege acquired or enjoyed either before or after the coming into force of this Charter with respect to any language that is not English or French.

22. Les articles 16 à 20 n'ont pas pour effet de porter atteinte aux droits et privilèges, antérieurs ou postérieurs à l'entrée en vigueur de la présente charte et découlant de la loi ou de la coutume, des langues autres que le français ou l'anglais.

Droits préservés

Minority Language Educational Rights

Droits à l'instruction dans la langue de la minorité

uage of uction

23. (1) Citizens of Canada

(*a*) whose first language learned and still understood is that of the English or French linguistic minority population of the province in which they reside, or

(*b*) who have received their primary school instruction in Canada in English or French and reside in a province where the language in which they received that instruction is the language of the English or French linguistic minority population of the province,

have the right to have their children receive primary and secondary school instruction in that language in that province.

23. (1) Les citoyens canadiens :

a) dont la première langue apprise et encore comprise est celle de la minorité francophone ou anglophone de la province où ils résident,

b) qui ont reçu leur instruction, au niveau primaire, en français ou en anglais au Canada et qui résident dans une province où la langue dans laquelle ils ont reçu cette instruction est celle de la minorité francophone ou anglophone de la province,

ont, dans l'un ou l'autre cas, le droit d'y faire instruire leurs enfants, aux niveaux primaire et secondaire, dans cette langue.

Langue d'instruction

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(2) Citizens of Canada of whom any child has received or is receiving primary or secondary school instruction in English or French in Canada, have the right to have all their children receive primary and secondary school instruction in the same language.

(2) Les citoyens canadiens dont un enfant a reçu ou reçoit son instruction, au niveau primaire ou secondaire, en français ou en anglais au Canada ont le droit de faire instruire tous leurs enfants, aux niveaux primaire et secondaire, dans la langue de cette instruction.

Continuité d'emploi de la langue d'instruction

Application where numbers warrant

(3) The right of citizens of Canada under subsections (1) and (2) to have their children receive primary and secondary school instruction in the language of the English or French linguistic minority population of a province

(*a*) applies wherever in the province the number of children of citizens who have such a right is sufficient to warrant the provision to them out of public funds of minority language instruction; and

(*b*) includes, where the number of those children so warrants, the right to have them receive that instruction in minority language educational facilities provided out of public funds.

Justification par le nomb

(3) Le droit reconnu aux citoyens canadiens par les paragraphes (1) et (2) de faire instruire leurs enfants, aux niveaux primaire et secondaire, dans la langue de la minorité francophone ou anglophone d'une province :

a) s'exerce partout dans la province où le nombre des enfants des citoyens qui ont ce droit est suffisant pour justifier à leur endroit la prestation, sur les fonds publics, de l'instruction dans la langue de la minorité;

b) comprend, lorsque le nombre de ces enfants le justifie, le droit de les faire instruire dans des établissements d'enseignement de la minorité linguistique financés sur les fonds publics.

Enforcement

Recours

Enforcement of guaranteed rights and freedoms

24. (1) Anyone whose rights or freedoms, as guaranteed by this Charter, have been infringed or denied may apply to a court of competent jurisdiction to obtain such remedy as the court considers appropriate and just in the circumstances.

Recours en c d'atteinte au droits et libe

24. (1) Toute personne, victime de violation ou de négation des droits ou libertés qui lui sont garantis par la présente charte, peut s'adresser à un tribunal compétent pour obtenir la réparation que le tribunal estime convenable et juste eu égard aux circonstances.

Exclusion of evidence bringing administration of justice into disrepute

(2) Where, in proceedings under subsection (1), a court concludes that evidence was obtained in a manner that infringed or denied any rights or freedoms guaranteed by this Charter, the evidence shall be excluded if it is established that, having regard to all the circumstances, the admission of it in the proceedings would bring the administration of justice into disrepute.

Irrecevabilit d'éléments d preuve qui risqueraient déconsidérer l'administra de la justice

(2) Lorsque, dans une instance visée au paragraphe (1), le tribunal a conclu que des éléments de preuve ont été obtenus dans des conditions qui portent atteinte aux droits ou libertés garantis par la présente charte, ces éléments de preuve sont écartés s'il est établi, eu égard aux circonstances, que leur utilisation est susceptible de déconsidérer l'administration de la justice.

General

Dispositions générales

Aboriginal rights and freedoms not affected by Charter

25. The guarantee in this Charter of certain rights and freedoms shall not be construed so as to abrogate or derogate from any aboriginal, treaty or other rights or freedoms that pertain to the aboriginal peoples of Canada including

(*a*) any rights or freedoms that have been recognized by the Royal Proclamation of October 7, 1763; and

(*b*) any rights or freedoms that may be acquired by the aboriginal peoples of Canada by way of land claims settlement.

Maintien de droits et libe des autochtc

25. Le fait que la présente charte garantit certains droits et libertés ne porte pas atteinte aux droits ou libertés — ancestraux, issus de traités ou autres — des peuples autochtones du Canada, notamment :

a) aux droits ou libertés reconnus par la Proclamation royale du 7 octobre 1763;

b) aux droits ou libertés acquis par règlement de revendications territoriales.

Other rights and freedoms not affected by Charter

26. The guarantee in this Charter of certain rights and freedoms shall not be con-

Maintien de autres droits libertés

26. Le fait que la présente charte garantit certains droits et libertés ne constitue pas

strued as denying the existence of any other rights or freedoms that exist in Canada.

une négation des autres droits ou libertés qui existent au Canada.

ticultural tage

27. This Charter shall be interpreted in a manner consistent with the preservation and enhancement of the multicultural heritage of Canadians.

27. Toute interprétation de la présente charte doit concorder avec l'objectif de promouvoir le maintien et la valorisation du patrimoine multiculturel des Canadiens.

Maintien du patrimoine culturel

its anteed ally to both s

28. Notwithstanding anything in this Charter, the rights and freedoms referred to in it are guaranteed equally to male and female persons.

28. Indépendamment des autres dispositions de la présente charte, les droits et libertés qui y sont mentionnés sont garantis également aux personnes des deux sexes.

Égalité de garantie des droits pour les deux sexes

its ecting ain schools erved

29. Nothing in this Charter abrogates or derogates from any rights or privileges guaranteed by or under the Constitution of Canada in respect of denominational, separate or dissentient schools.

29. Les dispositions de la présente charte ne portent pas atteinte aux droits ou privilèges garantis en vertu de la Constitution du Canada concernant les écoles séparées et autres écoles confessionnelles.

Maintien des droits relatifs à certaines écoles

lication to tories and torial orities

30. A reference in this Charter to a province or to the legislative assembly or legislature of a province shall be deemed to include a reference to the Yukon Territory and the Northwest Territories, or to the appropriate legislative authority thereof, as the case may be.

30. Dans la présente charte, les dispositions qui visent les provinces, leur législature ou leur assemblée législative visent également le territoire du Yukon, les territoires du Nord-Ouest ou leurs autorités législatives compétentes.

Application aux territoires

islative ers not nded

31. Nothing in this Charter extends the legislative powers of any body or authority.

31. La présente charte n'élargit pas les compétences législatives de quelque organisme ou autorité que ce soit.

Non-élargissement des compétences législatives

Application of Charter

Application de la charte

lication of rter

32. (1) This Charter applies

(*a*) to the Parliament and government of Canada in respect of all matters within the authority of Parliament including all matters relating to the Yukon Territory and Northwest Territories; and

(*b*) to the legislature and government of each province in respect of all matters within the authority of the legislature of each province.

32. (1) La présente charte s'applique :

a) au Parlement et au gouvernement du Canada, pour tous les domaines relevant du Parlement, y compris ceux qui concernent le territoire du Yukon et les territoires du Nord-Ouest;

b) à la législature et au gouvernement de chaque province, pour tous les domaines relevant de cette législature.

Application de la charte

eption

(2) Notwithstanding subsection (1), section 15 shall not have effect until three years after this section comes into force.

(2) Par dérogation au paragraphe (1), l'article 15 n'a d'effet que trois ans après l'entrée en vigueur du présent article.

Restriction

eption re express laration

33. (1) Parliament or the legislature of a province may expressly declare in an Act of Parliament or of the legislature, as the case may be, that the Act or a provision thereof shall operate notwithstanding a provision included in section 2 or sections 7 to 15 of this Charter.

33. (1) Le Parlement ou la législature d'une province peut adopter une loi où il est expressément déclaré que celle-ci ou une de ses dispositions a effet indépendamment d'une disposition donnée de l'article 2 ou des articles 7 à 15 de la présente charte.

Dérogation par déclaration expresse

Operation of exception

(2) An Act or a provision of an Act in respect of which a declaration made under this section is in effect shall have such operation as it would have but for the provision of this Charter referred to in the declaration.

Effet de la dérogation

(2) La loi ou la disposition qui fait l'objet d'une déclaration conforme au présent article et en vigueur a l'effet qu'elle aurait sauf la disposition en cause de la charte.

Five year limitation

(3) A declaration made under subsection (1) shall cease to have effect five years after it comes into force or on such earlier date as may be specified in the declaration.

Durée de validité

(3) La déclaration visée au paragraphe (1) cesse d'avoir effet à la date qui y est précisée ou, au plus tard, cinq ans après son entrée en vigueur.

Re-enactment

(4) Parliament or a legislature of a province may re-enact a declaration made under subsection (1).

Nouvelle adoption

(4) Le Parlement ou une législature peut adopter de nouveau une déclaration visée au paragraphe (1).

Five year limitation

(5) Subsection (3) applies in respect of a re-enactment made under subsection (4).

Durée de validité

(5) Le paragraphe (3) s'applique à toute déclaration adoptée sous le régime du paragraphe (4).

Citation

Titre

Citation

34. This Part may be cited as the *Canadian Charter of Rights and Freedoms*.

Titre

34. Titre de la présente partie : *Charte canadienne des droits et libertés*.

PART II

RIGHTS OF THE ABORIGINAL PEOPLES OF CANADA

PARTIE II

DROITS DES PEUPLES AUTOCHTONES DU CANADA

Recognition of existing aboriginal and treaty rights

35. (1) The existing aboriginal and treaty rights of the aboriginal peoples of Canada are hereby recognized and affirmed.

Confirmation des droits existants des peuples autochtones

35. (1) Les droits existants — ancestraux ou issus de traités — des peuples autochtones du Canada sont reconnus et confirmés.

Definition of "aboriginal peoples of Canada"

(2) In this Act, "aboriginal peoples of Canada" includes the Indian, Inuit and Métis peoples of Canada.

Définition de «peuples autochtones du Canada»

(2) Dans la présente loi, «peuples autochtones du Canada» s'entend notamment des Indiens, des Inuit et des Métis du Canada.

PART III

EQUALIZATION AND REGIONAL DISPARITIES

PARTIE III

PÉRÉQUATION ET INÉGALITÉS RÉGIONALES

Commitment to promote equal opportunities

36. (1) Without altering the legislative authority of Parliament or of the provincial legislatures, or the rights of any of them with respect to the exercise of their legislative authority, Parliament and the legislatures, together with the government of Canada and the provincial governments, are committed to

(*a*) promoting equal opportunities for the well-being of Canadians;

(*b*) furthering economic development to reduce disparity in opportunities; and

(*c*) providing essential public services of reasonable quality to all Canadians.

Engagements relatifs à l'égalité des chances

36. (1) Sous réserve des compétences législatives du Parlement et des législatures et de leur droit de les exercer, le Parlement et les législatures, ainsi que les gouvernements fédéral et provinciaux, s'engagent à :

a) promouvoir l'égalité des chances de tous les Canadiens dans la recherche de leur bien-être;

b) favoriser le développement économique pour réduire l'inégalité des chances;

c) fournir à tous les Canadiens, à un niveau de qualité acceptable, les services publics essentiels.

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(2) Parliament and the government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation.

Engagement relatif aux services publics

(2) Le Parlement et le gouvernement du Canada prennent l'engagement de principe de faire des paiements de péréquation propres à donner aux gouvernements provinciaux des revenus suffisants pour les mettre en mesure d'assurer les services publics à un niveau de qualité et de fiscalité sensiblement comparables.

PART IV

CONSTITUTIONAL CONFERENCE

PARTIE IV

CONFÉRENCE CONSTITUTIONNELLE

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37. (1) A constitutional conference composed of the Prime Minister of Canada and the first ministers of the provinces shall be convened by the Prime Minister of Canada within one year after this Part comes into force.

Conférence constitutionnelle

37. (1) Dans l'année suivant l'entrée en vigueur de la présente partie, le premier ministre du Canada convoque une conférence constitutionnelle réunissant les premiers ministres provinciaux et lui-même.

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(2) The conference convened under subsection (1) shall have included in its agenda an item respecting constitutional matters that directly affect the aboriginal peoples of Canada, including the identification and definition of the rights of those peoples to be included in the Constitution of Canada, and the Prime Minister of Canada shall invite representatives of those peoples to participate in the discussions on that item.

Participation des peuples autochtones

(2) Sont placées à l'ordre du jour de la conférence visée au paragraphe (1) les questions constitutionnelles qui intéressent directement les peuples autochtones du Canada, notamment la détermination et la définition des droits de ces peuples à inscrire dans la Constitution du Canada. Le premier ministre du Canada invite leurs représentants à participer aux travaux relatifs à ces questions.

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tories

(3) The Prime Minister of Canada shall invite elected representatives of the governments of the Yukon Territory and the Northwest Territories to participate in the discussions on any item on the agenda of the conference convened under subsection (1) that, in the opinion of the Prime Minister, directly affects the Yukon Territory and the Northwest Territories.

Participation des territoires

(3) Le premier ministre du Canada invite des représentants élus des gouvernements du territoire du Yukon et des territoires du Nord-Ouest à participer aux travaux relatifs à toute question placée à l'ordre du jour de la conférence visée au paragraphe (1) et qui, selon lui, intéresse directement le territoire du Yukon et les territoires du Nord-Ouest.

PART V

PROCEDURE FOR AMENDING CONSTITUTION OF CANADA

PARTIE V

PROCÉDURE DE MODIFICATION DE LA CONSTITUTION DU CANADA

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38. (1) An amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by

(*a*) resolutions of the Senate and House of Commons; and

(*b*) resolutions of the legislative assemblies of at least two-thirds of the provinces

Procédure normale de modification

38. (1) La Constitution du Canada peut être modifiée par proclamation du gouverneur général sous le grand sceau du Canada, autorisée à la fois :

a) par des résolutions du Sénat et de la Chambre des communes;

b) par des résolutions des assemblées législatives d'au moins deux tiers des provinces dont la population confondue repré-

that have, in the aggregate, according to the then latest general census, at least fifty per cent of the population of all the provinces.

sente, selon le recensement général le plus récent à l'époque, au moins cinquante pour cent de la population de toutes les provinces.

Majority of members

(2) An amendment made under subsection (1) that derogates from the legislative powers, the proprietary rights or any other rights or privileges of the legislature or government of a province shall require a resolution supported by a majority of the members of each of the Senate, the House of Commons and the legislative assemblies required under subsection (1).

(2) Une modification faite conformément au paragraphe (1) mais dérogatoire à la compétence législative, aux droits de propriété ou à tous autres droits ou privilèges d'une législature ou d'un gouvernement provincial exige une résolution adoptée à la majorité des sénateurs, des députés fédéraux et des députés de chacune des assemblées législatives du nombre requis de provinces.

Majorité s

Expression of dissent

(3) An amendment referred to in subsection (2) shall not have effect in a province the legislative assembly of which has expressed its dissent thereto by resolution supported by a majority of its members prior to the issue of the proclamation to which the amendment relates unless that legislative assembly, subsequently, by resolution supported by a majority of its members, revokes its dissent and authorizes the amendment.

(3) La modification visée au paragraphe (2) est sans effet dans une province dont l'assemblée législative a, avant la prise de la proclamation, exprimé son désaccord par une résolution adoptée à la majorité des députés, sauf si cette assemblée, par résolution également adoptée à la majorité, revient sur son désaccord et autorise la modification.

Désaccord

Revocation of dissent

(4) A resolution of dissent made for the purposes of subsection (3) may be revoked at any time before or after the issue of the proclamation to which it relates.

(4) La résolution de désaccord visée au paragraphe (3) peut être révoquée à tout moment, indépendamment de la date de la proclamation à laquelle elle se rapporte.

Levée du désaccord

Restriction on proclamation

39. (1) A proclamation shall not be issued under subsection 38(1) before the expiration of one year from the adoption of the resolution initiating the amendment procedure thereunder, unless the legislative assembly of each province has previously adopted a resolution of assent or dissent.

39. (1) La proclamation visée au paragraphe 38(1) ne peut être prise dans l'année suivant l'adoption de la résolution à l'origine de la procédure de modification que si l'assemblée législative de chaque province a préalablement adopté une résolution d'agrément ou de désaccord.

Restriction

Idem

(2) A proclamation shall not be issued under subsection 38(1) after the expiration of three years from the adoption of the resolution initiating the amendment procedure thereunder.

(2) La proclamation visée au paragraphe 38(1) ne peut être prise que dans les trois ans suivant l'adoption de la résolution à l'origine de la procédure de modification.

Idem

Compensation

40. Where an amendment is made under subsection 38(1) that transfers provincial legislative powers relating to education or other cultural matters from provincial legislatures to Parliament, Canada shall provide reasonable compensation to any province to which the amendment does not apply.

40. Le Canada fournit une juste compensation aux provinces auxquelles ne s'applique pas une modification faite conformément au paragraphe 38(1) et relative, en matière d'éducation ou dans d'autres domaines culturels, à un transfert de compétences législatives provinciales au Parlement.

Compensat

Amendment by unanimous consent

41. An amendment to the Constitution of Canada in relation to the following matters

41. Toute modification de la Constitution du Canada portant sur les questions suivan-

Consentem unanime

may be made by proclamation issued by the Governor General under the Great Seal of Canada only where authorized by resolutions of the Senate and House of Commons and of the legislative assembly of each province:

(*a*) the office of the Queen, the Governor General and the Lieutenant Governor of a province;

(*b*) the right of a province to a number of members in the House of Commons not less than the number of Senators by which the province is entitled to be represented at the time this Part comes into force;

(*c*) subject to section 43, the use of the English or the French language;

(*d*) the composition of the Supreme Court of Canada; and

(*e*) an amendment to this Part.

Amendment by general procedure

42. (1) An amendment to the Constitution of Canada in relation to the following matters may be made only in accordance with subsection 38(1):

(*a*) the principle of proportionate representation of the provinces in the House of Commons prescribed by the Constitution of Canada;

(*b*) the powers of the Senate and the method of selecting Senators;

(*c*) the number of members by which a province is entitled to be represented in the Senate and the residence qualifications of Senators;

(*d*) subject to paragraph 41(*d*), the Supreme Court of Canada;

(*e*) the extension of existing provinces into the territories; and

(*f*) notwithstanding any other law or practice, the establishment of new provinces.

Exception

(2) Subsections 38(2) to (4) do not apply in respect of amendments in relation to matters referred to in subsection (1).

Amendment of provisions relating to some but not all provinces

43. An amendment to the Constitution of Canada in relation to any provision that applies to one or more, but not all, provinces, including

(*a*) any alteration to boundaries between provinces, and

tes se fait par proclamation du gouverneur général sous le grand sceau du Canada, autorisée par des résolutions du Sénat, de la Chambre des communes et de l'assemblée législative de chaque province :

a) la charge de Reine, celle de gouverneur général et celle de lieutenant-gouverneur;

b) le droit d'une province d'avoir à la Chambre des communes un nombre de députés au moins égal à celui des sénateurs par lesquels elle est habilitée à être représentée lors de l'entrée en vigueur de la présente partie;

c) sous réserve de l'article 43, l'usage du français ou de l'anglais;

d) la composition de la Cour suprême du Canada;

e) la modification de la présente partie.

Procédure normale de modification

42. (1) Toute modification de la Constitution du Canada portant sur les questions suivantes se fait conformément au paragraphe 38(1) :

a) le principe de la représentation proportionnelle des provinces à la Chambre des communes prévu par la Constitution du Canada;

b) les pouvoirs du Sénat et le mode de sélection des sénateurs;

c) le nombre des sénateurs par lesquels une province est habilitée à être représentée et les conditions de résidence qu'ils doivent remplir;

d) sous réserve de l'alinéa 41*d*), la Cour suprême du Canada;

e) le rattachement aux provinces existantes de tout ou partie des territoires;

f) par dérogation à toute autre loi ou usage, la création de provinces.

Exception

(2) Les paragraphes 38(2) à (4) ne s'appliquent pas aux questions mentionnées au paragraphe (1).

Modification à l'égard de certaines provinces

43. Les dispositions de la Constitution du Canada applicables à certaines provinces seulement ne peuvent être modifiées que par proclamation du gouverneur général sous le grand sceau du Canada, autorisée par des résolutions du Sénat, de la Chambre des

(*b*) any amendment to any provision that relates to the use of the English or the French language within a province,

may be made by proclamation issued by the Governor General under the Great Seal of Canada only where so authorized by resolutions of the Senate and House of Commons and of the legislative assembly of each province to which the amendment applies.

communes et de l'assemblée législative de chaque province concernée. Le présent article s'applique notamment :

a) aux changements du tracé des frontières interprovinciales;

b) aux modifications des dispositions relatives à l'usage du français ou de l'anglais dans une province.

Amendments by Parliament

44. Subject to sections 41 and 42, Parliament may exclusively make laws amending the Constitution of Canada in relation to the executive government of Canada or the Senate and House of Commons.

44. Sous réserve des articles 41 et 42, le Parlement a compétence exclusive pour modifier les dispositions de la Constitution du Canada relatives au pouvoir exécutif fédéral, au Sénat ou à la Chambre des communes.

Modification par le Parlement

Amendments by provincial legislatures

45. Subject to section 41, the legislature of each province may exclusively make laws amending the constitution of the province.

45. Sous réserve de l'article 41, une législature a compétence exclusive pour modifier la constitution de sa province.

Modification par les législatures

Initiation of amendment procedures

46. (1) The procedures for amendment under sections 38, 41, 42 and 43 may be initiated either by the Senate or the House of Commons or by the legislative assembly of a province.

46. (1) L'initiative des procédures de modification visées aux articles 38, 41, 42 et 43 appartient au Sénat, à la Chambre des communes ou à une assemblée législative.

Initiative des procédures

Revocation of authorization

(2) A resolution of assent made for the purposes of this Part may be revoked at any time before the issue of a proclamation authorized by it.

(2) Une résolution d'agrément adoptée dans le cadre de la présente partie peut être révoquée à tout moment avant la date de la proclamation qu'elle autorise.

Possibilité de révocation

Amendments without Senate resolution

47. (1) An amendment to the Constitution of Canada made by proclamation under section 38, 41, 42 or 43 may be made without a resolution of the Senate authorizing the issue of the proclamation if, within one hundred and eighty days after the adoption by the House of Commons of a resolution authorizing its issue, the Senate has not adopted such a resolution and if, at any time after the expiration of that period, the House of Commons again adopts the resolution.

47. (1) Dans les cas visés à l'article 38, 41, 42 ou 43, il peut être passé outre au défaut d'autorisation du Sénat si celui-ci n'a pas adopté de résolution dans un délai de cent quatre-vingts jours suivant l'adoption de celle de la Chambre des communes et si cette dernière, après l'expiration du délai, adopte une nouvelle résolution dans le même sens.

Modification sans résolution du Sénat

Computation of period

(2) Any period when Parliament is prorogued or dissolved shall not be counted in computing the one hundred and eighty day period referred to in subsection (1).

(2) Dans la computation du délai visé au paragraphe (1), ne sont pas comptées les périodes pendant lesquelles le Parlement est prorogé ou dissous.

Computation du délai

Advice to issue proclamation

48. The Queen's Privy Council for Canada shall advise the Governor General to issue a proclamation under this Part forthwith on the adoption of the resolutions

48. Le Conseil privé de la Reine pour le Canada demande au gouverneur général de prendre, conformément à la présente partie, une proclamation dès l'adoption des résolu-

Demande de proclamation

required for an amendment made by proclamation under this Part.

Constitutional conference

49. A constitutional conference composed of the Prime Minister of Canada and the first ministers of the provinces shall be convened by the Prime Minister of Canada within fifteen years after this Part comes into force to review the provisions of this Part.

PART VI

AMENDMENT TO THE CONSTITUTION ACT, 1867

Amendment to *Constitution Act, 1867*

50. The *Constitution Act, 1867* (formerly named the *British North America Act, 1867*) is amended by adding thereto, immediately after section 92 thereof, the following heading and section:

"*Non-Renewable Natural Resources, Forestry Resources and Electrical Energy*

Laws respecting non-renewable natural resources, forestry resources and electrical energy

92A. (1) In each province, the legislature may exclusively make laws in relation to

(*a*) exploration for non-renewable natural resources in the province;

(*b*) development, conservation and management of non-renewable natural resources and forestry resources in the province, including laws in relation to the rate of primary production therefrom; and

(*c*) development, conservation and management of sites and facilities in the province for the generation and production of electrical energy.

Export from provinces of resources

(2) In each province, the legislature may make laws in relation to the export from the province to another part of Canada of the primary production from non-renewable natural resources and forestry resources in the province and the production from facilities in the province for the generation of electrical energy, but such laws may not authorize or provide for discrimination in prices or in supplies exported to another part of Canada.

tions prévues par cette partie pour une modification par proclamation.

Conférence constitutionnelle

49. Dans les quinze ans suivant l'entrée en vigueur de la présente partie, le premier ministre du Canada convoque une conférence constitutionnelle réunissant les premiers ministres provinciaux et lui-même, en vue du réexamen des dispositions de cette partie.

PARTIE VI

MODIFICATION DE LA LOI CONSTITUTIONNELLE DE 1867

Modification de la *Loi constitutionnelle de 1867*

50. La *Loi constitutionnelle de 1867* (antérieurement désignée sous le titre : *Acte de l'Amérique du Nord britannique, 1867*) est modifiée par insertion, après l'article 92, de la rubrique et de l'article suivants :

«*Ressources naturelles non renouvelables, ressources forestières et énergie électrique*

Compétence provinciale

92A. (1) La législature de chaque province a compétence exclusive pour légiférer dans les domaines suivants :

a) prospection des ressources naturelles non renouvelables de la province;

b) exploitation, conservation et gestion des ressources naturelles non renouvelables et des ressources forestières de la province, y compris leur rythme de production primaire;

c) aménagement, conservation et gestion des emplacements et des installations de la province destinés à la production d'énergie électrique.

Exportation hors des provinces

(2) La législature de chaque province a compétence pour légiférer en ce qui concerne l'exportation, hors de la province, à destination d'une autre partie du Canada, de la production primaire tirée des ressources naturelles non renouvelables et des ressources forestières de la province, ainsi que de la production d'énergie électrique de la province, sous réserve de ne pas adopter de lois autorisant ou prévoyant des disparités de prix ou des disparités dans les exportations destinées à une autre partie du Canada.

Authority of Parliament

(3) Nothing in subsection (2) derogates from the authority of Parliament to enact laws in relation to the matters referred to in that subsection and, where such a law of Parliament and a law of a province conflict, the law of Parliament prevails to the extent of the conflict.

Taxation of resources

(4) In each province, the legislature may make laws in relation to the raising of money by any mode or system of taxation in respect of

(*a*) non-renewable natural resources and forestry resources in the province and the primary production therefrom, and

(*b*) sites and facilities in the province for the generation of electrical energy and the production therefrom,

whether or not such production is exported in whole or in part from the province, but such laws may not authorize or provide for taxation that differentiates between production exported to another part of Canada and production not exported from the province.

"Primary production"

(5) The expression "primary production" has the meaning assigned by the Sixth Schedule.

Existing powers or rights

(6) Nothing in subsections (1) to (5) derogates from any powers or rights that a legislature or government of a province had immediately before the coming into force of this section."

Idem

51. The said Act is further amended by adding thereto the following Schedule:

"THE SIXTH SCHEDULE

Primary Production from Non-Renewable Natural Resources and Forestry Resources

1. For the purposes of section 92A of this Act,

Pouvoir du Parlement

(3) Le paragraphe (2) ne porte pas atteinte au pouvoir du Parlement de légiférer dans les domaines visés à ce paragraphe, les dispositions d'une loi du Parlement adoptée dans ces domaines l'emportant sur les dispositions incompatibles d'une loi provinciale.

Taxation des ressources

(4) La législature de chaque province a compétence pour prélever des sommes d'argent par tout mode ou système de taxation :

a) des ressources naturelles non renouvelables et des ressources forestières de la province, ainsi que de la production primaire qui en est tirée;

b) des emplacements et des installations de la province destinés à la production d'énergie électrique, ainsi que de cette production même.

Cette compétence peut s'exercer indépendamment du fait que la production en cause soit ou non, en totalité ou en partie, exportée hors de la province, mais les lois adoptées dans ces domaines ne peuvent autoriser ou prévoir une taxation qui établisse une distinction entre la production exportée à destination d'une autre partie du Canada et la production non exportée hors de la province.

«Production primaire»

(5) L'expression «production primaire» a le sens qui lui est donné dans la sixième annexe.

Pouvoirs ou droits existants

(6) Les paragraphes (1) à (5) ne portent pas atteinte aux pouvoirs ou droits détenus par la législature ou le gouvernement d'une province lors de l'entrée en vigueur du présent article.»

Idem

51. Ladite loi est en outre modifiée par adjonction de l'annexe suivante :

«SIXIÈME ANNEXE

Production primaire tirée des ressources naturelles non renouvelables et des ressources forestières

1. Pour l'application de l'article 92A :

(*a*) production from a non-renewable natural resource is primary production therefrom if

(i) it is in the form in which it exists upon its recovery or severance from its natural state, or

(ii) it is a product resulting from processing or refining the resource, and is not a manufactured product or a product resulting from refining crude oil, refining upgraded heavy crude oil, refining gases or liquids derived from coal or refining a synthetic equivalent of crude oil; and

(*b*) production from a forestry resource is primary production therefrom if it consists of sawlogs, poles, lumber, wood chips, sawdust or any other primary wood product, or wood pulp, and is not a product manufactured from wood."

a) on entend par production primaire tirée d'une ressource naturelle non renouvelable :

(i) soit le produit qui se présente sous la même forme que lors de son extraction du milieu naturel,

(ii) soit le produit non manufacturé de la transformation, du raffinage ou de l'affinage d'une ressource, à l'exception du produit du raffinage du pétrole brut, du raffinage du pétrole brut lourd amélioré, du raffinage des gaz ou des liquides dérivés du charbon ou du raffinage d'un équivalent synthétique du pétrole brut;

b) on entend par production primaire tirée d'une ressource forestière la production constituée de billots, de poteaux, de bois d'œuvre, de copeaux, de sciure ou d'autre produit primaire du bois, ou de pâte de bois, à l'exception d'un produit manufacturé en bois.»

PART VII

GENERAL

Primacy of Constitution of Canada

52. (1) The Constitution of Canada is the supreme law of Canada, and any law that is inconsistent with the provisions of the Constitution is, to the extent of the inconsistency, of no force or effect.

Constitution of Canada

(2) The Constitution of Canada includes

(*a*) the *Canada Act*, including this Act;

(*b*) the Acts and orders referred to in Schedule I; and

(*c*) any amendment to any Act or order referred to in paragraph (*a*) or (*b*).

Amendments to Constitution of Canada

(3) Amendments to the Constitution of Canada shall be made only in accordance with the authority contained in the Constitution of Canada.

Repeals and new names

53. (1) The enactments referred to in Column I of Schedule I are hereby repealed or amended to the extent indicated in Column II thereof and, unless repealed, shall continue as law in Canada under the names set out in Column III thereof.

PARTIE VII

DISPOSITIONS GÉNÉRALES

Primauté de la Constitution du Canada

52. (1) La Constitution du Canada est la loi suprême du Canada; elle rend inopérantes les dispositions incompatibles de toute autre règle de droit.

Constitution du Canada

(2) La Constitution du Canada comprend :

a) la *Loi sur le Canada*, y compris la présente loi;

b) les textes législatifs et les décrets figurant à l'annexe I;

c) les modifications des textes législatifs et des décrets mentionnés aux alinéas *a*) ou *b*).

Modification

(3) La Constitution du Canada ne peut être modifiée que conformément aux pouvoirs conférés par elle.

Abrogation et nouveaux titres

53. (1) Les textes législatifs et les décrets énumérés à la colonne I de l'annexe I sont abrogés ou modifiés dans la mesure indiquée à la colonne II. Sauf abrogation, ils restent en vigueur en tant que lois du Canada sous les titres mentionnés à la colonne III.

Consequential amendments

(2) Every enactment, except the *Canada Act*, that refers to an enactment referred to in Schedule I by the name in Column I thereof is hereby amended by substituting for that name the corresponding name in Column III thereof, and any British North America Act not referred to in Schedule I may be cited as the *Constitution Act* followed by the year and number, if any, of its enactment.

Modifications corrélatives

(2) Tout texte législatif ou réglementaire, sauf la *Loi sur le Canada,* qui fait mention d'un texte législatif ou décret figurant à l'annexe I par le titre indiqué à la colonne I est modifié par substitution à ce titre du titre correspondant mentionné à la colonne III; tout Acte de l'Amérique du Nord britannique non mentionné à l'annexe I peut être cité sous le titre de *Loi constitutionnelle* suivi de l'indication de l'année de son adoption et éventuellement de son numéro.

Repeal and consequential amendments

54. Part IV is repealed on the day that is one year after this Part comes into force and this section may be repealed and this Act renumbered, consequential upon the repeal of Part IV and this section, by proclamation issued by the Governor General under the Great Seal of Canada.

Abrogation et modifications qui en découlent

54. La partie IV est abrogée un an après l'entrée en vigueur de la présente partie et le gouverneur général peut, par proclamation sous le grand sceau du Canada, abroger le présent article et apporter en conséquence de cette double abrogation les aménagements qui s'imposent à la présente loi.

French version of Constitution of Canada

55. A French version of the portions of the Constitution of Canada referred to in Schedule I shall be prepared by the Minister of Justice of Canada as expeditiously as possible and, when any portion thereof sufficient to warrant action being taken has been so prepared, it shall be put forward for enactment by proclamation issued by the Governor General under the Great Seal of Canada pursuant to the procedure then applicable to an amendment of the same provisions of the Constitution of Canada.

Version française de certains textes constitutionnels

55. Le ministre de la Justice du Canada est chargé de rédiger, dans les meilleurs délais, la version française des parties de la Constitution du Canada qui figurent à l'annexe I; toute partie suffisamment importante est, dès qu'elle est prête, déposée pour adoption par proclamation du gouverneur général sous le grand sceau du Canada, conformément à la procédure applicable à l'époque à la modification des dispositions constitutionnelles qu'elle contient.

English and French versions of certain constitutional texts

56. Where any portion of the Constitution of Canada has been or is enacted in English and French or where a French version of any portion of the Constitution is enacted pursuant to section 55, the English and French versions of that portion of the Constitution are equally authoritative.

Versions française et anglaise de certains textes constitutionnels

56. Les versions française et anglaise des parties de la Constitution du Canada adoptées dans ces deux langues ont également force de loi. En outre, ont également force de loi, dès l'adoption, dans le cadre de l'article 55, d'une partie de la version française de la Constitution, cette partie et la version anglaise correspondante.

English and French versions of this Act

57. The English and French versions of this Act are equally authoritative.

Versions française et anglaise de la présente loi

57. Les versions française et anglaise de la présente loi ont également force de loi.

Commencement

58. Subject to section 59, this Act shall come into force on a day to be fixed by proclamation issued by the Queen or the Governor General under the Great Seal of Canada.

Entrée en vigueur

58. Sous réserve de l'article 59, la présente loi entre en vigueur à la date fixée par proclamation de la Reine ou du gouverneur général sous le grand sceau du Canada.

Commencement of paragraph 23(1)(*a*) in respect of Quebec

59. (1) Paragraph 23(1)(*a*) shall come into force in respect of Quebec on a day to be

Entrée en vigueur de l'alinéa 23(1)*a*) pour le Québec

59. (1) L'alinéa 23(1)*a*) entre en vigueur pour le Québec à la date fixée par proclama-

fixed by proclamation issued by the Queen or the Governor General under the Great Seal of Canada.

Authorization of Quebec

(2) A proclamation under subsection (1) shall be issued only where authorized by the legislative assembly or government of Quebec.

Repeal of this section

(3) This section may be repealed on the day paragraph 23(1)(*a*) comes into force in respect of Quebec and this Act amended and renumbered, consequential upon the repeal of this section, by proclamation issued by the Queen or the Governor General under the Great Seal of Canada.

Short title and citations

60. This Act may be cited as the *Constitution Act, 1981*, and the Constitution Acts 1867 to 1975 (No. 2) and this Act may be cited together as the *Constitution Acts, 1867 to 1981*.

tion de la Reine ou du gouverneur général sous le grand sceau du Canada.

Autorisation du Québec

(2) La proclamation visée au paragraphe 23(1) ne peut être prise qu'après autorisation de l'assemblée législative ou du gouvernement du Québec.

Abrogation du présent article

(3) Le présent article peut être abrogé à la date d'entrée en vigueur de l'alinéa 23(1)*a*) pour le Québec, et la présente loi faire l'objet, dès cette abrogation, des modifications et changements de numérotation qui en découlent, par proclamation de la Reine ou du gouverneur général sous le grand sceau du Canada.

Titres

60. Titre abrégé de la présente annexe : *Loi constitutionnelle de 1981*; titre commun des lois constitutionnelles de 1867 à 1975 (nº 2) et de la présente loi : *Lois constitutionnelles de 1867 à 1981*.

SCHEDULE I

to the

CONSTITUTION ACT, 1981

MODERNIZATION OF THE CONSTITUTION

Item	Column I Act Affected	Column II Amendment	Column III New Name
1.	British North America Act, 1867, 30-31 Vict., c. 3 (U.K.)	(1) Section 1 is repealed and the following substituted therefor: "1. This Act may be cited as the *Constitution Act, 1867*." (2) Section 20 is repealed. (3) Class 1 of section 91 is repealed. (4) Class 1 of section 92 is repealed.	Constitution Act, 1867
2.	An Act to amend and continue the Act 32-33 Victoria chapter 3; and to establish and provide for the Government of the Province of Manitoba, 1870, 33 Vict., c. 3 (Can.)	(1) The long title is repealed and the following substituted therefor: "*Manitoba Act, 1870*." (2) Section 20 is repealed.	Manitoba Act, 1870
3.	Order of Her Majesty in Council admitting Rupert's Land and the North-Western Territory into the union, dated the 23rd day of June, 1870		Rupert's Land and North-Western Territory Order
4.	Order of Her Majesty in Council admitting British Columbia into the Union, dated the 16th day of May, 1871		British Columbia Terms of Union
5.	British North America Act, 1871, 34-35 Vict., c. 28 (U.K.)	Section 1 is repealed and the following substituted therefor: "1. This Act may be cited as the *Constitution Act, 1871*."	Constitution Act, 1871
6.	Order of Her Majesty in Council admitting Prince Edward Island into the Union, dated the 26th day of June, 1873		Prince Edward Island Terms of Union
7.	Parliament of Canada Act, 1875, 38-39 Vict., c. 38 (U.K.)		Parliament of Canada Act, 1875
8.	Order of Her Majesty in Council admitting all British possessions and Territories in North America and islands adjacent thereto into the Union, dated the 31st day of July, 1880		Adjacent Territories Order

ANNEXE I

LOI CONSTITUTIONNELLE DE 1981

ACTUALISATION DE LA CONSTITUTION

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
1.	Acte de l'Amérique du Nord britannique, 1867, 30-31 Vict., c. 3 (R.-U.)	(1) L'article 1 est abrogé et remplacé par ce qui suit : «1. Titre abrégé : *Loi constitutionnelle de 1867.*» (2) L'article 20 est abrogé. (3) La catégorie 1 de l'article 91 est abrogée. (4) La catégorie 1 de l'article 92 est abrogée.	Loi constitutionnelle de 1867
2.	Acte pour amender et continuer l'acte trente-deux et trente-trois Victoria, chapitre trois, et pour établir et constituer le gouvernement de la province de Manitoba, 1870, 33 Vict., c. 3 (Canada)	(1) Le titre complet est abrogé et remplacé par ce qui suit : «*Loi de 1870 sur le Manitoba.*» (2) L'article 20 est abrogé.	Loi de 1870 sur le Manitoba
3.	Arrêté en conseil de Sa Majesté admettant la Terre de Rupert et le Territoire du Nord-Ouest, en date du 23 juin 1870		Décret en conseil sur la terre de Rupert et le territoire du Nord-Ouest
4.	Arrêté en conseil de Sa Majesté admettant la Colombie-Britannique, en date du 16 mai 1871		Conditions de l'adhésion de la Colombie-Britannique
5.	Acte de l'Amérique du Nord britannique, 1871, 34-35 Vict., c. 28 (R.-U.)	L'article 1 est abrogé et remplacé par ce qui suit : «1. Titre abrégé : *Loi constitutionnelle de 1871.*»	Loi constitutionnelle de 1871
6.	Arrêté en conseil de Sa Majesté admettant l'Île-du-Prince-Édouard, en date du 26 juin 1873		Conditions de l'adhésion de l'Île-du-Prince-Édouard
7.	Acte du Parlement du Canada, 1875, 38-39 Vict., c. 38 (R.-U.)		Loi de 1875 sur le Parlement du Canada
8.	Arrêté en conseil de Sa Majesté admettant dans l'Union tous les territoires et possessions britanniques dans l'Amérique du Nord, et les îles adjacentes à ces territoires et possessions, en date du 31 juillet 1880		Décret en conseil sur les territoires adjacents

SCHEDULE I

to the

CONSTITUTION ACT, 1981—*Continued*

Item	Column I Act Affected	Column II Amendment	Column III New Name
9.	British North America Act, 1886, 49-50 Vict., c. 35 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act, 1886*."	Constitution Act, 1886
10.	Canada (Ontario Boundary) Act, 1889, 52-53 Vict., c. 28 (U.K.)		Canada (Ontario Boundary) Act, 1889
11.	Canadian Speaker (Appointment of Deputy) Act, 1895, 2nd Sess., 59 Vict., c. 3 (U.K.)	The Act is repealed.	
12.	The Alberta Act, 1905, 4-5 Edw. VII, c. 3 (Can.)		Alberta Act
13.	The Saskatchewan Act, 1905, 4-5 Edw. VII, c. 42 (Can.)		Saskatchewan Act
14.	British North America Act, 1907, 7 Edw. VII, c. 11 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1907*."	Constitution Act, 1907
15.	British North America Act, 1915, 5-6 Geo. V, c. 45 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act, 1915*."	Constitution Act, 1915
16.	British North America Act, 1930, 20-21 Geo. V, c. 26 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act, 1930*."	Constitution Act, 1930
17.	Statute of Westminster, 1931, 22 Geo. V, c. 4 (U.K.)	In so far as they apply to Canada, (*a*) section 4 is repealed; and (*b*) subsection 7(1) is repealed.	Statute of Westminster, 1931
18.	British North America Act, 1940, 3-4 Geo. VI, c. 36 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1940*."	Constitution Act, 1940
19.	British North America Act, 1943, 6-7 Geo. VI, c. 30 (U.K.)	The Act is repealed.	

ANNEXE I (*suite*)

LOI CONSTITUTIONNELLE DE 1981

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
9.	Acte de l'Amérique du Nord britannique, 1886, 49-50 Vict., c. 35 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle de 1886.*»	Loi constitutionnelle de 1886
10.	Acte du Canada (limites d'Ontario) 1889, 52-53 Vict., c. 28 (R.-U.)		Loi de 1889 sur le Canada (frontières de l'Ontario)
11.	Acte concernant l'Orateur canadien (nomination d'un suppléant) 1895, 2e session, 59 Vict., c. 3 (R.-U.)	La loi est abrogée.	
12.	Acte de l'Alberta, 1905, 4-5 Ed. VII, c. 3 (Canada)		Loi sur l'Alberta
13.	Acte de la Saskatchewan, 1905, 4-5 Ed. VII, c. 42 (Canada)		Loi sur la Saskatchewan
14.	Acte de l'Amérique du Nord britannique, 1907, 7 Ed. VII, c. 11 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1907.*»	Loi constitutionnelle de 1907
15.	Acte de l'Amérique du Nord britannique, 1915, 5-6 Geo. V, c. 45 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle de 1915.*»	Loi constitutionnelle de 1915
16.	Acte de l'Amérique du Nord britannique, 1930, 20-21 Geo. V, c. 26 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle de 1930.*»	Loi constitutionnelle de 1930
17.	Statut de Westminster, 1931, 22 Geo. V, c. 4 (R.-U.)	Dans la mesure où ils s'appliquent au Canada : *a*) l'article 4 est abrogé; *b*) le paragraphe 7(1) est abrogé.	Statut de Westminster de 1931
18.	Acte de l'Amérique du Nord britannique, 1940, 3-4 Geo. VI, c. 36 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1940.*»	Loi constitutionnelle de 1940
19.	Acte de l'Amérique du Nord britannique, 1943, 6-7 Geo. VI, c. 30 (R.-U.)	La loi est abrogée.	

SCHEDULE I

to the

CONSTITUTION ACT, 1981—*Continued*

Item	Column I Act Affected	Column II Amendment	Column III New Name
20.	British North America Act, 1946, 9-10 Geo. VI, c. 63 (U.K.)	The Act is repealed.	
21.	British North America Act, 1949, 12-13 Geo. VI, c. 22 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Newfoundland Act*."	Newfoundland Act
22.	British North America (No. 2) Act, 1949, 13 Geo. VI, c. 81 (U.K.)	The Act is repealed.	
23.	British North America Act, 1951, 14-15 Geo. VI, c. 32 (U.K.)	The Act is repealed.	
24.	British North America Act, 1952, 1 Eliz. II, c. 15 (Can.)	The Act is repealed.	
25.	British North America Act, 1960, 9 Eliz. II, c. 2 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1960*."	Constitution Act, 1960
26.	British North America Act, 1964, 12-13 Eliz. II, c. 73 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1964*."	Constitution Act, 1964
27.	British North America Act, 1965, 14 Eliz. II, c. 4, Part I (Can.)	Section 2 is repealed and the following substituted therefor: "2. This Part may be cited as the *Constitution Act, 1965*."	Constitution Act, 1965
28.	British North America Act, 1974, 23 Eliz. II, c. 13, Part I (Can.)	Section 3, as amended by 25-26 Eliz. II, c. 28, s. 38(1) (Can.), is repealed and the following substituted therefor: "3. This Part may be cited as the *Constitution Act, 1974*."	Constitution Act, 1974

ANNEXE I (*suite*)

LOI CONSTITUTIONNELLE DE 1981

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
20.	Acte de l'Amérique du Nord britannique, 1946, 9-10 Geo. VI, c. 63 (R.-U.)	La loi est abrogée.	
21.	Acte de l'Amérique du Nord britannique, 1949, 12-13 Geo. VI, c. 22 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi sur Terre-Neuve.*»	Loi sur Terre-Neuve
22.	Acte de l'Amérique du Nord britannique (N° 2), 1949, 13 Geo. VI, c. 81 (R.-U.)	La loi est abrogée.	
23.	Acte de l'Amérique du Nord britannique, 1951, 14-15 Geo. VI, c. 32 (R.-U.)	La loi est abrogée.	
24.	Acte de l'Amérique du Nord britannique, 1952, 1 Eliz. II, c. 15 (Canada)	La loi est abrogée.	
25.	Acte de l'Amérique du Nord britannique, 1960, 9 Eliz. II, c. 2 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1960.*»	Loi constitutionnelle de 1960
26.	Acte de l'Amérique du Nord britannique, 1964, 12-13 Eliz. II, c. 73 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1964.*»	Loi constitutionnelle de 1964
27.	Acte de l'Amérique du Nord britannique, 1965, 14 Eliz. II, c. 4, Partie I (Canada)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé de la présente partie : *Loi constitutionnelle de 1965.*»	Loi constitutionnelle de 1965
28.	Acte de l'Amérique du Nord britannique, 1974, 23 Eliz. II, c. 13, Partie I (Canada)	L'article 3, modifié par le paragraphe 38(1) de la loi 25-26 Elizabeth II, c. 28 (Canada), est abrogé et remplacé par ce qui suit : «3. Titre abrégé de la présente partie : *Loi constitutionnelle de 1974.*»	Loi constitutionnelle de 1974

SCHEDULE I

to the

CONSTITUTION ACT, 1981—*Concluded*

Item	Column I Act Affected	Column II Amendment	Column III New Name
29.	British North America Act, 1975, 23-24 Eliz. II, c. 28, Part I (Can.)	Section 3, as amended by 25-26 Eliz. II, c. 28, s. 31 (Can.), is repealed and the following substituted therefor: "3. This Part may be cited as the *Constitution Act (No. 1), 1975*."	Constitution Act (No. 1), 1975
30.	British North America Act (No. 2), 1975, 23-24 Eliz. II, c. 53 (Can.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act (No. 2), 1975*."	Constitution Act (No. 2), 1975

ANNEXE I (*fin*)

LOI CONSTITUTIONNELLE DE 1981

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
29.	Acte de l'Amérique du Nord britannique, 1975, 23-24 Eliz. II, c. 28, Partie I (Canada)	L'article 3, modifié par l'article 31 de la loi 25-26 Elizabeth II, c. 28 (Canada), est abrogé et remplacé par ce qui suit : «3. Titre abrégé de la présente partie : *Loi constitutionnelle nº 1 de 1975*.»	Loi constitutionnelle nº 1 de 1975
30.	Acte de l'Amérique du Nord britannique nº 2, 1975, 23-24 Eliz. II, c. 53 (Canada)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle nº 2 de 1975*.»	Loi constitutionnelle nº 2 de 1975

He said: Honourable senators, it is with a feeling of great privilege that I rise in my place to ask you to support the last political action required in Canada to bring about the patriation of our Constitution and the entrenchment of a Canadian Charter of Rights and Freedoms. This process will complete the general removal of Canada from British legislative authority, a process that began at the Imperial Conference of 1926, 55 years ago, and was partially completed upon the occasion of the Proclamation of the Statute of Westminster on December 11, 1931, 50 years ago.

It has been a long and often arduous process. There have been periods of great hope. Honourable senators will recall the hope which soared in 1965, and the hope of 1971. Both were subsequently dashed. Finally, in a manner which can only be described as quintessentially Canadian, a consensus involving the federal government and nine provinces—and hopefully, at some point in time, all the provinces—was reached on a resolution. That required a great deal of compromise and accommodation while protecting the fundamental national interests of Canada.

This is not a time for recrimination; not a time to review what might have been; and not a time to review past speeches where words may have been uttered in anger. The time has arrived for us to consider this consensus to determine whether the Address that we send to Westminster shall be in the best possible form at least for the times in which we live in the year 1981, because further changes and amendments may be required and may be proposed in future years. The processes set forth in this constitutional consensus establish an amending formula which will permit constitutional change and change in a number of directions.

• (1440)

This is no mean achievement, and all those who assisted in this process, regardless of party, deserve a measure of the credit. The members of the parties in the other place, who yesterday overwhelmingly supported the resolution, and the provincial premiers who, in the process, had to be conciliatory and co-operative and who demonstrated flexibility—they too deserve a measure of commendation. Also the many officials behind the scene, whose names will never be known—those who serve us so well in Parliament, and those who serve provincial governments in various capacities. All of those who assisted in the process deserve congratulations—not the least of whom is the Right Honourable the Prime Minister of Canada.

Some Hon. Senators: Hear, hear.

Senator Perrault: Without the Prime Minister's great tenacity, where weaker hearts would have failed; without his dedication to a strong nation and to the national interest; without his dedication to the strengthening of Canada—yes, and without his flexibility—

Senator Flynn: Oh, oh! You were doing all right up to now, but don't start joking.

Senator Perrault: Already I hear the cynical laughter of the Leader of the Opposition—

Senator Flynn: Certainly, and you are going to hear it again.

Senator Perrault: —who has predicted so many times in the past that the Prime Minister was utterly inflexible, that he would not be moved, that this was an attempt by him to "ram through" a measure contrary to the interest of the nation. How many times have we heard that from the Leader of the Opposition? But even the Leader of the Opposition and his supporters must concede the flexibility shown by the Prime Minister.

Senator Flynn: With regard to Quebec too, I suppose.

Senator Perrault: None of us would be in a position to complete this historic debate had it not been for the position taken by the Prime Minister, in co-operation with many other Canadians from coast to coast.

Senator Flynn: Probably it would have been much better had he not done that.

Senator Perrault: We should also pay tribute to the role played by one of my cabinet colleagues, namely, the Minister of Justice, the Honourable Jean Chrétien, and also by the members of the special joint committee of the Senate and the House of Commons who laboured hard and long last winter—and how they laboured. Let us remind ourselves of the extent of their work. Fifty-one members of this chamber served on the committee at one time or another and made a significant contribution to the final result. There were 323 groups and 639 individuals who made written submissions, for a total of 962. Of the 323 groups, 163 groups submitted briefs, and the submissions of the remaining 160 groups were in the form of telegrams, letters, and so on.

Never in the history of this nation has any one issue been debated at such length and so completely by parliamentarians, and deservedly so. Those members of both houses and officials who spent such long hours in those committee meetings, and listened patiently and earnestly to the submissions made by organizations and individuals, also deserve congratulations.

Honourable senators can be proud of the active role senators played on that committee. The Charter of Rights and Freedoms, which it is hoped will be entrenched in the Canadian Constitution, has been described by many observers as being the very best in the world. It is not perfection, because it can be improved, and hopefully it will be improved in the future.

But if we are to have this so-called "best Charter of Rights and Freedoms in the world," now, then it is due in part to the work of honourable senators in honing and refining the original proposal.

And, again, honourable senators, I would be remiss if I did not offer congratulations to the provincial premiers, who also demonstrated their determination to patriate the Constitution for Canadians.

[*Translation*]

Honourable senators, in that number I would include the Premier of the Province of Quebec who, unfortunately, could not bring himself to join with the Prime Minister and the other nine provincial premiers to sign this historic agreement. Personally, and on behalf of the government, I hope that Quebec and the rest of the country will eventually see eye to eye and accept this new agreement which affords improved protection to the French-speaking people of this country.

Senator Flynn: When?

Senator Perrault: Honourable senators, from the bottom of my heart I wish Quebec would acknowledge that its rights are better protected by this document at this time than at any other time in the history of Canada.

Senator Flynn: Are you kidding? Are you serious?

Senator Perrault: Our cards are on the table. Any sensible person will agree that the Prime Minister was most flexible with Quebec, if we keep in mind his remarks to Quebec November 7 last.

[*English*]

The resolution before us today will be familiar to all honourable senators. The provisions respecting equalization and resources are the same as those that were before us on April 24. The Charter also provides for the same rights and freedoms that were before us on that date. Due in no small measure to my cabinet colleague, the Minister of Indian Affairs and Northern Development—and assisted by one of our colleagues, the Honourable Jack Austin, now Minister of State with special responsibilities in connection with Indian Affairs and Northern Development—the provisions respecting the rights of the aboriginal peoples have been restored in the resolution essentially in the same form accepted by this house last spring.

Honourable senators will welcome the fact that the provinces have agreed to remove the *non obstante* clause from section 28. It is a victory for the women of this country, and the first legal move toward a non-sexist society of the future.

The purpose of section 28 is to place beyond doubt that the rights and freedoms in this Charter are to apply equally to men and women. Thus it will not permit provisions of the Charter to be construed as permitting discriminatory practices against either men or women in this country.

Senator Flynn: So you say.

Senator Perrault: Turning to the Charter of Rights, it should be emphasized that the entire Charter will be entrenched in the Constitution and no province will be able to opt out of any of its provisions. The agreement signed by the Right Honourable the Prime Minister and the nine premiers does not emasculate the Charter—that word was used by some observers—but democratic rights and fundamental freedoms, mobility rights, legal rights, equality rights, and the use of the two official languages in federal institutions will apply across the country, and they are in the Constitution.

Minority language education rights will also be entrenched across Canada, with the application of those rights within the Province of Quebec slightly modified to accommodate the special circumstances that prevail in that province.

It is true that certain sections of the Charter will be subject to an override clause, and that has caused concern in some quarters. But, as the Minister of Justice has noted, what the premiers and the Prime Minister agreed to could best be described as a safety valve—a safety valve unlikely ever to be used except in non-controversial circumstances by Parliament or the legislatures to override certain sections of the Charter.

• (1450)

The purpose of the override clause is to provide a degree of flexibility, and from the outset the premiers of the provinces and many other people have sought that flexibility to ensure that legislatures rather than judges have the final say on important matters of public policy. The override clause in respect of this Charter of Rights will require a law to state specifically that part or all of it applies notwithstanding a particular section of the Charter, with such an override automatically expiring after five years unless specifically renewed by a legislature.

The first effect of this provision would be to make it politically difficult for a government, without very good reason, to introduce a measure that would apply notwithstanding the Charter of Rights. It would be a brave and foolhardy government, indeed, that would invoke this clause in the face of an obvious human need and in the face of an opposition vigorously pursuing its traditional role.

Senator Flynn: Not always efficiently.

Senator Perrault: Second, the sunset provision of five years in the proposal before us provides a degree of control over the use of an override clause and allows public debate as to its desirability.

The sunset clause, if you wish to refer to it, honourable senators, is clause 33. Subclause 33(3) reads as follows:

> A declaration made under subsection (1) shall cease to have effect five years after it comes into force or on such earlier date as may be specified in the declaration.

It is important to note that the concept of an override clause is not unique; it is not exotic; it is not without precedent in our country. Experience has demonstrated that such a clause is rarely used, and when used its use is usually not controversial.

The 1960 Canadian Bill of Rights, supported by the Leader of the Opposition when it was enacted in 1960, also contains an override provision.

Senator Flynn: Which Leader of the Opposition do you mean? The Liberal Opposition?

Senator Perrault: I am talking about the distinguished Leader of the Opposition in the Senate today.

Senator Flynn: I was Deputy Speaker at that time.

Senator Perrault: I remind him that the late great John Diefenbaker placed an override provision in the 1960 Canadian Bill of Rights. I refer to that document which, in section 2, states:

> Every law of Canada shall, unless it is expressly declared by an Act of the Parliament of Canada that it shall operate notwithstanding the *Canadian Bill of Rights*, be so construed and applied as not to abrogate, abridge or infringe or to authorize the abrogation, abridgement or infringement of any of the rights or freedoms—

and so on, "in the Canadian bill of Rights."

Those who often portray Mr. Diefenbaker as one of the zealous protectors of the rights of Canadians—and he was!—surely must be reassured to know that Mr. Diefenbaker supported the "override provision."

When the Province of Alberta enacted its Bill of Rights in 1972 an override clause was included. Section 2 of the act reads as follows:

> Every law of Alberta shall, unless it is expressly declared by an Act of the Legislature that it operates notwithstanding The Alberta Bill of Rights, be so construed and applied as not to abrogate, abridge or infringe—

and so on.

In 1979 the NDP-dominated legislature of Saskatchewan enacted the Human Rights Code. Section 44 of that Code reads as follows:

> Every law of Saskatchewan is inoperative to the extent that it authorizes or requires the doing of anything prohibited by this Act unless it falls within an exemption provided by this Act or unless it is expressly declared by an Act of the Legislature to operate notwithstanding this Act.

Thus we see, honourable senators, that governments formed by political parties of various persuasions have supported the concept of the override clause. The concept, then, is not new in Canada.

The Government of Canada has used the "notwithstanding" clause on one occasion. The Public Order (Temporary Measures) Act, 1970, which expired on April 30, 1971, contained a *non obstante* clause, as required by section 2 of the Canadian Bill of Rights. However, the *non obstante* clause was restricted to certain legal rights of the Canadian Bill of Rights, namely, those provisions dealing with arbitrary detention or imprisonment and denial of bail without just cause—despite the fact that under the provisions of the War Measures Act all the rights in the Canadian Bill of Rights were subject to the override clause.

The Quebec Charter of Rights and Freedoms enacted in 1975 contains an override clause that has been used several times. However, it has never successfully been used in a controversial manner. Quebec has used the "notwithstanding" provision on several occasions. Most limitations imposed by the Quebec government perhaps stem from the fact that the Quebec Charter contains no specific so-called "reasonable limits" clause, and it seems obvious that the government was therefore fearful that without the override the courts might construe the Charter provisions as being without any limits.

Under the Canadian Charter it is felt that "overrides" similar to those enacted by the Quebec government would be unnecessary since section 1 would permit these types of limits. Also, in some cases, the Quebec "overrides" deal with rights not included in the Canadian Charter of Rights and Freedoms, such as protection for the doctor-patient relationship, lawyers in small claims courts, and so on.

● (1500)

Let me give you a review of its use in Quebec measures. I have a brief summary of some of the applications of it. There is la Loi sur les jurés, 1976, concerning qualifications of jurors in respect of citizenship and unilingual juries. There is la Loi concernant les services de santé dans certains établissements, 1976, which allows a back-to-work order to get around provisions of the Charter. A third use is in la Loi sur la protection de la jeunesse, 1977, allowing juvenile courts to hold *in camera* sessions. A fourth use is in la Loi sur la libération conditionnelle des détenus, 1978, allowing the granting of, suspension and revocation of release without an independent tribunal, as stipulated in the Charter of Rights. A fifth use is with regard to le Code de procédure civile, 1977—notwithstanding the Charter, a lawyer may not represent a client before small claims court. A sixth use is in le Code de la sécurité routière, 1981—a doctor must report the names of all people unable to drive a motor vehicle, notwithstanding the article in the Charter protecting privileged communication involving professionals. A seventh use is to amend la Loi sur la protection de la jeunesse, 1981—notwithstanding the respect of privileged professional communication in the Charter, professionals must bring forward cases of children needing assistance. These are but a few of the applications of the "override" in the province of Quebec.

It is because of the history of the use of the "override" clause and because of the need for a safety valve to meet absurd situations, for example, without the arduous process of going through the matter of obtaining constitutional amendments, that leading civil libertarians have welcomed its inclusion in the Charter of Rights. One of them, Allan Borovoy, General Counsel to the Canadian Civil Liberties Association, was quoted in the Montreal *Gazette* of November 7 as saying:

> Our reaction is one of great relief. They did not emasculate the Charter.

He went on to say:

> The process is a rather ingenious marriage of a bill of rights notion and a parliamentary democracy. The result

is a strong charter with an escape valve for the legislatures. The "notwithstanding" clause will be a red flag for opposition parties and the press. That will make it politically difficult for a government to over-ride the Charter. Political difficulty is a reasonable safeguard for the Charter.

The major difference between the original resolution we examined and the one now before us is that Canada will have an amending formula forthwith rather than being faced with two more years of negotiation on an amending procedure. This can only be described as a major achievement. It will mean that Parliament and the legislatures may pursue constitutional change, as the need arises, after patriation without the requirement of unanimous consent and without the probability of consent to changes being contingent upon agreement on an amending formula. The all-or-nothing package approach that led repeatedly to a deadlock among governments in recent years will now be a thing of the past.

Now, what about the Senate? I see some senators listening with interest!

Senator Flynn: It is too bad that Senator Steuart is not present.

Senator Perrault: The Senate will have a key role to play in the amending process. Constitutional amendments can be initiated in this chamber. I know that honourable senators have proposed many very useful ideas in the area of constitutional change and reform, and the subcommittee of the Standing Senate Committee on Legal and Constitutional Affairs made some very valuable suggestions. Also, the consent of the Senate will normally be required for future constitutional amendments.

It is true that the views of the Senate will be subject to being overridden by the House of Commons if, after 180 days have elapsed while Parliament is sitting since adoption of a resolution for constitutional change by the Commons, the Senate has not adopted the resolution. Honourable senators will recall, however, that many members of this chamber have recommended that the Senate have a suspensive veto, rather than an absolute veto, which has been in place since Confederation and very rarely used.

However, to override the Senate, the House of Commons will have to pass its resolution again after the expiry of 180 days. It will not be possible for the Senate to be overridden by executive fiat. There must be a second debate in the Commons and the members of the other place will have before them the views of the Senate and the Senate's reasons for refusing to accede to the proposed amendment. In seeking to override the Senate, the Commons will have to justify, before the people of Canada, its reasons for not accepting the views of the Senate.

Senator Flynn: Do you say that seriously?

Senator Perrault: This procedure safeguards an historic function of the Senate which has been used a countless number of times to the benefit of the Senate: the process of sober second thought. Only senators are totally aware of the value of that sober second thought in our parliamentary system.

Senator Flynn: You can say that again.

Senator Perrault: How many times have proposals come before Parliament, been passed in the other chamber and come to the Senate where we, in our usual quiet fashion, point out the defects to the other chamber?

Hon. Jack Marshall: And they pay no attention.

Senator Perrault: The legislation which emerges is infinitely better than many of the measures passed in their original form in the other place. That "sober second thought" proposal continues.

In the last analysis, the views of the Commons will prevail as an elected chamber, but action cannot be taken lightly or precipitously.

The Senate will have a suspensive veto of six months and, in their seeking to override that veto, the Commons will have to address the concerns raised in this chamber. This, honourable senators, is, in my view, reasonable protection for the role of the Senate in the amending process.

Hon. Jean-Paul Deschatelets: May I ask a question of the Leader of the Government on the precise point of the veto?

Senator Perrault: Yes.

Senator Deschatelets: In the past the Senate has never abused, on any occasion, its unlimited veto. Can the Leader of the Government give us the philosophy or the reasoning, if any, as to why clause 47 has been re-introduced? I can perhaps understand a suspensive veto on economic matters, but since we have a function to represent our regions, I think that the absolute veto is necessary, particularly on questions of a constitutional nature. Can the Leader of the Government explain that?

Senator Perrault: Honourable senators, I know we all look forward to Senator Deschatelets' contribution to the debate, and he has asked a valid question. I can say that this factor formed part of the negotiations between the federal government and the provinces, that the nine premiers also purport to represent the regions of Canada in their own way. The negotiation which resulted in the consensus included this reference to the Senate.

• (1510)

I know other honourable senators may wish to discuss the point raised by Senator Deschatelets. He has stated that the Senate, in its long period of existence has rarely, if ever, used its veto power. Therefore, it may be asked, "Why keep the veto if it is never used?" I wonder at times whether the Senate has hesitated to use the full strength of its veto power, and because of that, measures which might have been improved have been passed instead of being delayed for redrafting, amending and improving by Parliament. Perhaps having only a suspensive veto might result in greater and more beneficial use of the Senate veto. I know that honourable senators will wish to speak to this point in the course of the debate because Senator Deschatelets has asked a very pertinent question.

I should like to turn once again to the Charter. While patriation with an amending formula is no mean achievement, it is the Charter that gives special meaning to the historic decision that we are now called upon to make. The Charter will enshrine in our Constitution what can be described as the Canadian community of values. It will give substance to the notion of Canadian citizenship. The Constitution Act will establish the status quo of our two official languages. It will recognize the rights of our aboriginal peoples, and it will recognize, as well, our multicultural heritage and preserve it. It will enable our people to move throughout the length and breadth of Canada, and it will enshrine our commitment to promote equal opportunities for the well-being of Canadians.

Surely, it should be our honest hope, honourable senators, that future generations will say of us, whether we serve in this chamber or the other place, as they look back on the process in which we are now engaged, that we built better than we knew.

Hon. Daniel A. Lang: Honourable senators, may I ask the Leader of the Government a question? Perhaps it is a technical question, or one that arises out of relative drafting incompetence in some of the machinery of government. The leader raised the question with respect to the suspensive veto being imposed on the Senate. In section 42(1) the word "only" appears. That section reads as follows:

> An amendment to the Constitution of Canada in relation to the following matters may be made only in accordance with subsection 38(1):

I do not understand why "only" is in that section unless by implication it excludes the operation of section 47(1), being the suspensive veto.

In normal legislative interpretation, I believe the courts tend to interpret these matters to the effect that if a word is in there, it is in there for a purpose. With my limited experience I cannot reconcile the wording in section 42(1) including the word "only" with the suspensive veto in section 47(1). The leader might take this on notice and refer to some of the erudite legal advisers who, I believe, are hidden somewhere in the Department of Justice, the PCO or the PMO.

Senator Perrault: Honourable senators, when I, as the mover of this motion, close the debate, I will be most pleased to answer any questions which honourable senators may believe have not been answered adequately before that time. The question will be taken as notice. It is a rather technical question, and we will attempt to find an explanation which will meet Senator Lang's needs.

Senator Flynn: Honourable senators, I have a supplementary question. The Leader of the Government agrees that this is a technical matter, and there may be many others. Will he agree to send the resolution to the Standing Senate Committee on Legal and Constitutional Affairs for it to deal with this technical point?

Senator Marshall: That is a good idea.

Senator Perrault: Honourable senators, I hardly think it necessary. I know that his finely-honed sense of humour, once again, has inspired some of Senator Flynn's remarks. The measure before us has been exhaustively examined by supporters of his party in the other place. It has been debated at great length in this chamber. We will welcome the speech that the Leader of the Opposition will give to expand his views.

Senator Flynn: My sense of humour is certainly not equal to that of the Leader of the Government, since he has suggested that when he replies he is going to solve all problems.

Senator Perrault: I did not say I would solve them all.

[*Translation*]

MOTION TO ADJOURN DEBATE

Hon. Jacques Flynn (Leader of the Opposition): I am not rising to take part in the debate but to move the following motion:

> Whereas the National Assembly of Quebec, yesterday, decided unanimously to suspend its sitting as a form of protest against the adoption by the House of Commons of a constitutional resolution which has not the approval of the Province of Quebec;
>
> Whereas the Leader of the Opposition in the National Assembly and Leader of the Liberal Party of Quebec stated yesterday that he "profoundly regrets the fact that important decisions are taken in Ottawa that have not the support of the Province of Quebec";
>
> Whereas it is of extreme importance, as much for Canada as for the Province of Quebec, that an ultimate effort be made to secure the support of the government of the Province of Quebec, and that, at the very least, the federal government agree to amend the constitutional resolution in such a way as to meet the most fundamental objections of the Province of Quebec;
>
> Whereas in an effort to achieve this end, it would be in the national interest to adjourn consideration of the resolution before us, I move, seconded by Senator Murray, that the debate be adjourned to December 14, 1981 at 2:00 o'clock in the afternoon.

The Hon. the Speaker: Will you allow me to dispense with the preamble?

Some Hon. Senators: Agreed.

The Hon. the Speaker: It is moved by Senator Flynn, seconded by Senator Murray, that consideration of the present resolution be adjourned and that accordingly the debate be adjourned to December 14, 1981, at 2 o'clock in the afternoon.

Senator Flynn: Honourable senators, the motion is self-explanatory, but I would like to add the following:

Hon. Royce Frith (Deputy Leader of the Government): It's not debatable.

Senator Flynn: There is nothing in the Standing Orders about a motion for a specific date. It is not a matter of adjournment. But if you raise a point of order, I have no objection.

[*English*]

Senator Frith: Honourable senators, I rise on a point of order. As I understand it, a motion to adjourn the debate is not

debatable and is to be put and voted on, and if Senator Flynn wishes to give a short explanation, that is fine, but I wish to avoid a debate. Therefore, I reserve the objection on that basis.

[*Translation*]

Senator Flynn: I do not intend to debate this matter all afternoon. If there is a formal objection, I would like the Deputy Leader to tell us the basis for such an objection. I am aware that adjournment alone is not debatable. In this case, we have a motion to adjourn to a specific date, supported by specific reasons regarding the choice of that date. It is not quite the same, and that is why I would have liked to give my grounds for the motion. Does the Deputy Leader of the Government insist on having a ruling on whether or not the motion is debatable? If he insists, of course, the matter may be discussed. We shall see what the Honourable the Speaker and, subsequently, the Senate itself will decide.

• (1520)

[*English*]

Senator Frith: Honourable senators, very well, I quote *Bourinot*, at page 346, as follows:

> It is usual for a member who wishes to have the floor on a future day to move the adjournment of debate, and to give him the priority when it is resumed. The house also frequently agrees to adjourn the debate in order to allow an opportunity to a member to continue his speech on a future occasion.

Bourinot also states categorically at page 350 that "a motion for the adjournment of debate is not debatable nor can it be amended."

[*Translation*]

Senator Flynn: That is completely irrelevant. It is a good thing for you to quote this passage. However, I did not move adjournment of the debate because I wanted to speak next week. I moved adjournment of the debate because of the events of yesterday and today. I beg your pardon? Is Senator Godfrey laughing?

[*English*]

What did the honourable senator say?

Hon. John M. Godfrey: I was just laughing.

Senator Flynn: But even your laugh is not always very intelligent.

[*Translation*]

I suggest, Mr. Speaker, that nothing in the Standing Orders or in what the Deputy Leader of the Government has just quoted prevents us from having a debate. I am not saying that it should be a very long debate. However, I believe that what occurred yesterday and today was important, and I would like to speak about those events, including the effect that passage of the constitutional resolution has had on the population of Quebec.

[*English*]

Senator Frith: Honourable senators, on a point of order, do I understand that Senator Flynn is now proceeding with the invitation to say a word or two about this, on the assumption that I am incorrect, or that I have withdrawn my opposition? It is clear that such a motion is not debatable, and that it does not matter whether the motion names a date or not? *Bourinot* simply refers to a motion for an adjournment, whether to a special date, or to the next sitting, or to any other time.

Some Hon. Senators: Question!

The Hon. the Speaker: Honourable senators, if there is agreement between the leaders I am not going to object, but if there is not, of course you know very well that the motion is not debatable.

Senator Flynn: I do not know very well that it cannot be debated, Your Honour, but if that is your decision, of course, we are going to appeal it.

Hon. Senators: Question!

The Hon. the Speaker: Do you appeal my decision?

Senator Flynn: What is your decision, Your Honour?

The Hon. the Speaker: That I do not think such a motion is in order.

Senator Flynn: Then, Your Honour, very respectfully, we appeal.

Hon. Senators: Question on the motion!

[*Translation*]

The Hon. the Speaker: My opinion is that the motion of the honourable Leader of the Opposition is not debatable and that we must proceed with the vote on this motion.

Senator Flynn: I object to this decision. I maintain that this type of motion is debatable.

Hon. Louis-J. Robichaud: Question!

Senator Flynn: The apathetic Louis Robichaud!

[*English*]

Hon. Allister Grosart: Honourable senators, I rise to speak on the point of order. I can speak to it, and have every right to, as I am sure the Leader of the Government and the deputy leader would agree. Perhaps that will satisfy those who were muttering about the motion not being debatable.

I rose in the hope that we might have an amicable solution of the situation. I am quite sure—or rather, I think I am sure—that the Leader of the Government and the deputy leader do not at this time wish to prevent the Leader of the Opposition from making a short statement, if that is his wish, as to why he has moved this particular motion. If that is so, I would suggest that the objection, as a point of order, be withheld or postponed, so that we may have a decision as to whether the senators representing the government party are prepared at this time to let the Leader of the Opposition explain his reasons for making this very important and, I would say, unusual motion.

I would just add this, and I think every senator will agree, that it has been the custom of the Senate to allow discussion and debate on motions to adjourn. It happens over and over

again. I would say that it happens every week. I would suggest that this is a time for a little compromise, and that it would be in the interests of all of us to hear the Leader of the Opposition tell us why he has made this unusual motion at this time.

Senator Frith: Honourable senators, speaking to the point of order of the Honourable Senator Grosart, I did try to make it clear that while reserving what I felt was a proper point of order, namely, that a motion to adjourn is not debatable, it would seem to be appropriate to avoid debate but at the same time give the mover of the motion an opportunity to explain. If we are talking about an opportunity to explain in what I hope would be a non-adversarial way, then I suggest that I and all of us remain non-adversarial in our approach to the matter. I would like to avoid debate, but I think it would be courteous to the Leader of the Opposition to give him an opportunity to explain shortly why he has made this motion. I hope that the Leader of the Opposition will make his remarks in such a way that none of us will have to intervene, but I reserve my point of order.

Senator Flynn: Given the circumstances, I would say that I shall speak for only about three minutes. If the deputy leader wants to reply, we can then have a decision of the Senate.

The facts on which my motion is based are well known. There is no doubt in my mind that the reaction in Quebec, and especially in the National Assembly, to the decision taken by the House of Commons yesterday, has produced quite a commotion. In fact, a poll conducted in Montreal shows this morning that there is now a definite majority favouring the option of the separatist government of Quebec. That is the result, I think, of insisting upon this resolution without the accord of Quebec, and without having met the main objections of Quebec to the resolution.

The purpose of my motion is to enable the Government of Quebec and the government at Ottawa to achieve an accommodation of some kind, rather than continue with this confrontation. If Mr. Lévesque does not want to sign anything, very well; but at least the federal government would have time to consider whether it can make the main concessions to meet the essential objections of Quebec.

For instance, we know that the main objections, with regard to the amending formula, are fiscal compensation for opting out and linguistic rights, which probably could be made subject to an opting-in, as was provided in the agreement with Manitoba, for instance.

As I say, it is very important to have a cooling-off period after the decision of the House of Commons. Certainly, continuing the debate and forcing the passage of the resolution in the Senate would not be conducive to an agreement or a solution. A cooling-off period might even make it possible for Mr. Ryan to convince Mr. Trudeau—whose flexibility the Leader of the Government has just boasted about—to do something significant to avoid the very dangerous consequences of the decision made in the House.

Senator Perrault: Honourable senators, on behalf of the government, may I say that the time for negotiations on the fundamentals of the agreement with the provinces was at the constitutional conference in Ottawa. The PQ was not able to take part and to act in good faith at that Ottawa meeting.

[Senator Grosart.]

● (1530)

Senator Flynn: What about women's rights and aboriginal rights?

Senator Perrault: Negotiations have not been successful since that time. The nature of its current proposals and statements suggests that it is still not acting sincerely and only wishes to ensure that the process of constitutional change and reform bogs down and that there are further delays. We do not believe that a delay in the debate in this chamber is at all appropriate, when so many senators have shown their willingness to participate in the debate and, indeed, have asked for the opportunity to speak. Under those circumstances, we cannot accept the suggestion made by the Leader of the Opposition.

The Prime Minister has made this statement in Quebec City:

> The kind of compromise I am proposing, if it can be accepted in the next few days, well and good. But if it can't, you know, the offer will still be there in the weeks and months to come. And some day when the Government of Quebec is once again in the hands of a party that believes in Canada, then we can do it at that point.

Just as members of the other chamber were given an opportunity to debate this issue, we wish to give senators the opportunity they have requested. The senators waiting to speak today and tomorrow afternoon wish to contribute to this historic debate. The suggestion made by the Leader of the Opposition that we postpone the debate for another two weeks is really not worthy of the great party he represents.

Senator Flynn: That is the most stupid argument I have ever heard.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Flynn, seconded by the Honourable Senator Murray, that the debate be adjourned until December 14.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

• (1540)

Motion of Senator Flynn negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Beaubien	Macdonald
Bélisle	Marshall
Bielish	Murray
Charbonneau	Nurgitz
Deschatelets	Phillips
Doody	Roblin
Flynn	Smith
Fournier	Sullivan
Grosart	Tremblay
Lafond	Walker—20.

NAYS

THE HONOURABLE SENATORS

Anderson	Leblanc
Argue	Lewis
Austin	Lucier
Bird	Manning
Bonnell	McElman
Cameron	McGrand
Cook	McIlraith
Cottreau	Molgat
Croll	Molson
Davey	Neiman
Denis	Olson
Everett	Perrault
Frith	Petten
Godfrey	Riel
Goldenberg	Rizzuto
Graham	Robichaud
Guay	Rousseau
Haidasz	Rowe
Hastings	Sparrow
Hicks	Thériault
Langlois	Williams
Lapointe	Wood—44.

[*Translation*]

The Hon. the Speaker: I declare the motion of Senator Flynn lost.

[*English*]

Senator Flynn: Quebec is really isolated by both sides, Alberta and Newfoundland; there is no doubt about that.

Senator Perrault: Come off it!

Senator Austin: It is only the PQ that is isolated.

Senator Perrault: Make sure you pour lots of gasoline on it.

Senator Flynn: Who said something about the PQ? You know nothing of what you say.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, now that we have returned to the motion before us, I hope it will be permissible, in dealing with constitutional matters of this kind, to make use of an antique phrase and say that the annals of the high court of Parliament, of which we are a portion, will record as historic and to be remembered the debates of December 1981, when this Parliament and the country were engaged in re-working its Constitution. Whether these efforts will be for good or for ill only the light of history will show. I hope that we can be happy with what we do. But this chamber of second thought is the last link in the Canadian process by which this great measure will be authorized. If we rise to our opportunities and recognize our responsibilities, this last link may by no means be an anti-climax in the process, nor will it indicate that the Senate is a body without power or influence. And as I reflect upon these attitudes, which I hope the Senate will adopt with respect to this problem, I present some personal thoughts on the matter that lies before us.

• (1550)

Let us look at the good things. There is one thing I am sure about. It is that this is not the same resolution that was offered to us 12 months ago, because in the interval it has suffered a startling sea change into something quite different both in character and inspiration; and this time, with one lamentable exception, it bears the stamp of constitutional legitimacy, which was totally lacking the first time it was presented to us.

Twelve months ago it seemed that, conforming to an odious, secret federal battle plan leaked to Canada in October 1980, a ruthless unilateralism was indeed in the saddle; that the canons of the Canadian Confederation, established over 114 years, were to be set at naught; that the provinces were to be coerced and that the Supreme Court was to be circumvented. Ends were invoked to justify the means—which, of course, they never do. It did not work. In the interval the patient merit of the stand taken by members of this party, led by its leader, Joe Clark, the stern admonition that was administered by the Supreme Court, the consensus of the provinces, and, above all, the public understanding of the process, broke that untrammeled torrent and returned the powerful waters of Canadian national feeling into the trusted channels of consensus and consultation—a 180-degree turn which quite transformed the nature of the document that is now before us.

The Supreme Court played a memorable part in what went on. The initiative of the Provinces of Manitoba, Newfoundland and Quebec, dragging Ottawa willy nilly with them, brought this matter to the court, and I pay my tribute of appreciation, for whatever it may be worth, to the public service that was rendered our country in the judgment of that court when it re-established the landmarks of our Constitution.

Some Hon. Senators: Hear, hear.

Senator Roblin: It underlined the dominant principle of Canadian constitutional law—the principle of federalism—and it condemned the principle of unilateralism. It described the spacious limits of the Canadian Constitution, consisting not of any single document like the British North America Act, but the broad conventions of the Constitution, some written and some unwritten, but all recognized. From this flowed the doctrine that some conventions may indeed be more important than law, and that Canadian conventions required that there should be a substantial consensus between the federal government and the provinces of this country if we were to have a constitutional change that was legitimate in the constitutional sense.

● (1600)

The Supreme Court made it clear that the system of unilateralism was constitutionally illegitimate. As a result, following that precept, we have returned to the federal principle in our country. That is the first and basic modification to the resolution we have before us, that it is based on consensus and that unilateralism has been rejected.

There is a second change to which I wish to draw your attention because it goes to the very heart of the federal Constitution. The second change I would like you to notice is the sea change that has taken place in the way in which we are now to amend the Constitution of Canada in the future.

Through the long debates on the Constitution—and heaven knows I had the privilege of listening to them both in this house and in the joint committee of both houses—through the long debates, in spite of argument, the government clung to the formula which allowed two provinces to exercise a veto on the Constitution of our country, and which allowed sundry regions to exercise veto powers as well, creating different classes of constitutional rights by province and by citizenship.

This endeavour to enshrine a paramount power in the central provinces of the country, in Ontario and Quebec, was wrong in theory and it was wrong in application. There is a world of difference between giving Quebec and Ontario, or any region, a national veto permitting them to block progress for everybody in the Constitution and a local veto, as provided in the Accord reached by the eight provinces in April 1981, on the opting-out principle, where the power of one province was limited to blocking the change insofar as it applied to itself.

That matter of the amending formula for our country was again one of those problems which yielded to successful consultation—and a modification, a drastic modification, of the federal insistence on what was seen by all in the end to be an unacceptable amending formula—and the introduction and acceptance of one more consonant with the principle of federalism, one which was developed and espoused by the eight provinces when they met in April of this year. This is a key provision that has drastically altered the nature of the document before us.

There is another key provision, which I am glad to see has been eliminated, and that is the use of referenda as an amending tool. That was enshrined in the original document we had before us, but is now completely gone.

The history of referenda in Canada is scarcely a happy one. Instead of underlining democratic decision-making, as some people would hold, it has in fact crystalized on more occasions than one the differences that divide rather than the principles that unite. In a federal nation of the character of ours, with its distinct regions and its two great national tongues, referenda run the risk of setting region against region to no national advantage. I for one am glad to see that it has been abandoned as a constitutional amending mechanism enshrined in the Constitution of the land.

Hon. Charles McElman: Hear, hear.

Senator Roblin: I hope you will be as agreeable about some of the other things I have to say, but I thank you for that intervention.

Senator McElman: I shall wait for your further observations.

Senator Roblin: Very good.

There has been concern about the Charter of Rights. That was mentioned in the speech earlier this afternoon and that surely is a highly emotional issue. The Charter of Rights appeared to us in the first instance surrounded by a policy of full and absolute entrenchment. That was the settled policy of the administration.

I was interested today to hear that they have seen the light on the road—wherever they were going and from wherever they were coming—and have now found that this policy of full and absolute entrenchment can well be modified in the public interest. Because here again consensus and consultation, the federal system, the Canadian way, yielded better solutions than the unilateral document we were asked to subscribe to in the first instance.

Because, honourable senators, rights we will have! The Constitution as we have it now, the Charter as we have it now, provides explicit standards against which the conduct of governments or bureaucrats or just plain people can be measured in the time to come.

This system of a Charter of Rights in the document before us gives these rights a paramountcy which they never had before, and there is an appeal to the courts so that we may have some satisfaction that abuses will be checked. Our basic set of values as a society has indeed been established by the Charter in our Constitution, and it will be maintained by the courts.

Yet at the same time, honourable senators, the override clause, that particularly typical Canadian solution of a difficult problem, leaves the elected, and I trust responsible, representatives of the people the ultimate arbiters of what these basic values are. But if there is to be any change in the basic values enunciated in the Charter by the use of this override provision, it will only be exercised under a public scrutiny which I think will be effective in retaining it within the bounds that the citizens of this country require.

Standards will change; standards will broaden out; and there is a means by which we may respond to the changing requirements of our society as time goes on.

There was never anything by the wit of man so well devised, or so sure established, which in the continuance of time hath not been corrupted.

That is true, senators, even of entrenched charters and entrenched constitutions. We recognize that fact in providing for the ultimate supremacy of Parliament, and we have indeed succeeded in blending an entrenched system of rights with parliamentary democracy. That is an achievement of consultation and consensus and it, too, has altered in a fundamental and important character the nature of the proposals we have before us.

So far, so good. We have seen these happy developments that have altered entirely the frame upon which these proposals hang. We have seen the process of federalism recognized. We have seen an amending formula which meets the needs of this nation, and we have seen the recognition of the supremacy of Parliament, while at the same time taking nothing away from the Charter of Rights for which our people have expressed their support.

Canadian federalism, as far as I have now proceeded, has indeed been restored. For that I am happy and I am willing to include in the circle of my congratulations anyone who had anything constructive to do with that. I am willing to include in my felicitations everyone from the Right Honourable the Prime Minister of this country down to the hundreds of people who wrote letters to members of this chamber, as they did to me, because they all had their part to play. Although at times the going seemed tough and the resistance to be stiff, it turned out that in the balance we found that degree of compromise and consensus and consultation which could lead, and which only can lead, to a happy issue of these great events.

So far, so good. The sea change that I have mentioned is indeed real. This is not the same resolution that we first debated in this house, and as you may have gathered I am happy that that is so. But there is something else to do before the work is perfected,and I express my object in this respect in a single phrase, and that phrase is the "Province of Quebec". Quebec, viewed by some as excluded from the consensus, but viewed by others as excluding herself from the consensus—whatever the case may be—has now placed us in a situation of uncertainty and of strain which must cause concern for all who love their country.

• (1610)

What is the Province of Quebec? Is it one province like the rest in normative constitutional terms? Perhaps one can answer yes. But in the social and human sense and even in the constitutional perspective, one is compelled to answer no. The Province of Quebec since 1867 has enjoyed special recognitions, and I refer merely to the differences of language and law to underline my point. And within Canada it is the home of our unique French-speaking community with its own cultures and its own perceptions, and to deny these attributes is to deny reason and fact.

Indeed, the reconciliation of the French fact within the broader Canadian federalism has been the perpetual challenge to Canadian statesmanship ever since our country first took form. The French fact is a unique ingredient of our Canadian personality, and that consideration has always been central to our constitutional development in the years gone by. We did not do a very good job in dealing with it in 1840, as members of this chamber will recall. We bungled it, but the great triumph of the constitutional development of 1867 was that it provided the answer to that question in the terms of those days. I think perhaps that 1867 is reflected in large measure in 1981, because it is a sad and tragic irony that the present situation, and I would even go so far as to say the whole question of constitutional reform as presented to us by the Prime Minister of Canada, is based on the assertion that it is the response of Canada and Canadians to the referendum on sovereignty association of last year.

The Canadian response to the referendum of last year lies at the base of the whole constitutional exercise, and we are told that what we do is grounded on our sacred responsibility to reconcile the people of Quebec to the system of Canadian federalism. We were told, or it has been implied that these undertakings had to be pursued in order to discharge our obligation to those who voted "No" in that great referendum. Yet, in spite of that fact—and what word better than "irony" fits the situation—with a francophone Prime Minister and a majority of 70-odd francophones from Quebec in support of the Prime Minister, the opinion in the Province of Quebec today is one that is very difficult to ignore, one that has been expressed by the united voice of the National Assembly as recently as last night, which expressed serious reservations about what we do here.

There are two points that stand out in this difficulty. The first point has to do with language, and I will let others, if they wish, speak on that subject. The other point has to do with the so-called Quebec veto, and I intend to address myself to this topic. Whether the question with respect to these two matters is one of reality or one of perception—and one can argue it both ways—the emotional weight cannot be discounted, no matter how we do it. To Quebecers, the question of the Quebec veto boils down to a situation where they see a majority imposing a change on an unwilling minority.

That central question was, indeed, the one that was addressed by the provinces when they reached their agreement in April 1981. Eight provinces, including the Province of Quebec, were able to conclude an Accord which had as one of its main features the amending formula that would be applied to this country in the future.

It seems to me that in that statesman-like measure, the idea of provincial vetoes was surrendered because if one province like Quebec, or any other province with the same power, could impose its constitutional view on the rest, that would be a blocking veto. The provinces decided, I think with wisdom, to abandon the concept of a blocking veto and, instead, to adopt a

principle of opting out, which would have the effect that no province is compelled to accept a constitutional amendment that affects its provincial powers if it thinks that that amendment is against its best interests.

However, in order to guard against force majeure or the power of the purse, the province opting out of a constitutional amendment was to receive full financial compensation if the circumstances reasonably required it.

All eight provinces, including the Province of Quebec, agreed. Thus it was thought that the legitimate special interests of a province could be protected in a Canadian constitutional amending formula consistent with the long-held practices of Canadian federalism. But somewhere along the way from April to now there was dropped from the federal-provincial Accord, which is enshrined in the resolution before us, the provision for full financial compensation on opting out.

In April of this year, eight provinces agreed on full fiscal compensation. To my knowledge none of the eight provinces since then—and I think I could include the other two—have sought to abandon this concept of fiscal compensation. One can only speculate as to why what was good in April came to be torpedoed in December.

The arguments for opposing fiscal compensation have been freely articulated, and I want to deal with them. They are four in number. First, it would lead to a constitutional checkerboard.

Senator Frith: Through opposing fiscal compensation?

Senator Roblin: I am coming to that.

Senator Frith: I just want to be sure of what you are saying. You are now giving your reasons against any compensation, are you not?

Senator Roblin: I am giving the arguments against full fiscal compensation. We will deal with the cultural and educational matters in due course, because I would not want the honourable senator to accuse me of having overlooked that very important matter.

To get back to what I was saying, the second argument is that the rich provinces would somehow reap an undue advantage; third, that it is too late to do anything now; and, fourth, that it would break the Accord. In my submission, none of these objections will stand serious analysis. I want to be clear about the point at issue. I am speaking about amendments to the Constitution which transfer power from the provinces to the federal government. In the entire history of our 114 years, I know of only two amendments of that nature of any significance. One is the Old Age Security Act and the other is the Unemployment Insurance Act. Both were constitutional amendments and both were settled by agreement.

However, some will say to me, "What about medicare, hospital insurance and educational grants?" The plain fact of the matter is that as important and vital as those measures are, none of them involved a constitutional amendment. All were brought in without the transfer of constitutional powers. They operate solely by administrative arrangements outside the Constitution, and none of those subjects would fall within the orbit of the opting out clause with full fiscal compensation which we are discussing.

This argument presented very eloquently by, I think, the Prime Minister himself, and certainly by Mr. Broadbent, that there would be a fear of checkerboarding or undue financial advantage, certainly could not arise because of the measures contained in the amendment that I propose to put to this house to restore full financial compensation in respect of opting out of amendments to the Constitution which affect provincial powers.

Checkerboarding and undue financial gain might arise if new administrative changes of the kind that I have mentioned, such as medicare, hospital insurance and educational funds, were brought in. They could be brought in without any reference to the Constitution at all under federal spending power. This power gives the Government of Canada full control as to whether a checkerboard could arise from these matters, and as to whether a rich province could opt out of that particular administrative arrangement to its own financial advantage.

So it seems to me that we could very well afford to adopt a generous policy on full financial compensation where constitutional amendments are concerned, because our history shows that they have not been the point of difficulty or trouble where problems have arisen. They are in another area entirely, and in an area entirely under the full control of the federal government. The federal government does not want to do it. It does not have to. The federal government, of course, really does not believe that full financial compensation is a bad thing. They do not believe that at all. They have blown their cover, and I commend them for it. They decided to modify the financial compensation clause but limit it to education and other cultural matters. On these, compensation is agreed.

● (1620)

In the debate in the other place, the Honourable Serge Joyal, when speaking to this matter—to the very amendment which I propose to introduce in a few moments—stated that the government did not reject the principle of full financial compensation, and that they would certainly give it consideration, but, he said, only after patriation. I suggest that that is an implication of approval. It seems to me that if that is the position of the Government of Canada, and, if it is good, the time to do it is now. But we are told there is not time to do it now. There was time to look after the question of women's rights, was there not? There was time to look after the question of aboriginal rights, was there not? Why is there not time to take care of this matter in connection with the Province of Quebec? It has been observed that if we did it we would be breaking the Accord. Where was the Accord on women's rights when it started? Where was the Accord on aboriginal policy when it started? Nowhere. But they achieved the Accord.

Today we have eight provinces which, as of last April, agreed with the proposals I am putting forward now, and it seems to me there would be no difficulty in having them agree again. There would be a consensus for full financial compensa-

tion if only the federal government would come in. To delay now seems to be, in my opinion, reprehensible.

The events of the last few days must certainly give us cause to ponder the wisdom of the course we are following. To delay now is damaging to Canadian unity. We are not dealing with a new theory. Before the constitutional resolution was ever thought of, the idea of fiscal compensation was a well understood and accepted practice in federal-provincial relations, even though constitutional amendments were not involved but merely institutional arrangements. Why do we now refuse when, by conceding to this change, we will make a significant step, I think, to bring Quebec within the Canadian consensus.

It is in harmony with the Accord of the provinces in April. It sets no new precedent. There is time and there can be a consensus. It does give the reassurance that all parties in Quebec have been asking for if we bring this amendment in. Considerations of national unity—perhaps I might even go so far as to say good faith—are the best advocates that could be brought to support the proposition that I wish to put before you.

Some will say to me, "Why bother? You could never reconcile separatism with federalism." That is not my objective. I am not concerned with reconciling the irreconcilable. I am not concerned with catering to separatists in the province of Quebec. I am concerned with reconciling the federalists in the province of Quebec to what we are doing here in this house. Thus, in the closing days of this constitutional reform process, it seems to me that the Senate of Canada has a unique opportunity to justify its creation. We can insist now on sober second thoughts. We can defend a reasoned and reasonable provincial interest. We can make a substantial contribution toward bringing Quebec back into the consensus.

I am not at all satisfied that if you adopt my motion this afternoon that all problems will disappear, or the world will be sweetness and light. We know that is not so. We know that in all probability if one problem is solved others may be presented that have not been thought of before by people who are not really looking for a solution in any event.

That is not the question which we should concern ourselves with. Our concern ought to be to represent the posture of the people of Canada and the Parliament of Canada to the Province of Quebec in such a way that the federalist citizens of that province, the people who voted "No" in the referendum, will regard us as their understanding friends in the necessity of reconciling the French fact within the ambit of the Canadian federation.

Honourable senators, this is the final hour. There is really no place to hide. The Constitution gives the power to the Senate to do what I suggest. The imperatives of Canadian federalism gives us the right, in my opinion, to do what I suggest. All we need is the will to do it.

From ocean to ocean most Canadians believe that they are members of a great, sensible and potentially prosperous nation. We believe that Canada is greater than the sum of its parts, but we also believe that each province has its place in the national structure. If one province feels it is being excluded from that circle, we cannot be content.

To leave something undone that might assure a greater degree of adherence to the consensus in Quebec, which would indicate a proper respect to that province as part of our federation, is something that should not be left to our charge. Let us make sure that our reformed Constitution reflects the grave concerns which animated the Fathers of Confederation in 1867 and, I know, animate many Canadians today. Consensus without Quebec opens some deep and unchartered waters which must make us all very uneasy.

The way is open for the federalists in Quebec to accept the Canadian consensus if they see the Parliament of this country dealing with their two concerns of language and of the amending formula.

The amendment which I now intend to move, I suggest, is a step along the right path. It deserves support. It will widen the consensus, and it will justify the institutions which we protest we serve.

MOTION IN AMENDMENT

Senator Roblin: Honourable senators, I move, seconded by the Honourable Senator Tremblay:

> That the proposed Constitution Act, 1981 be amended by striking out Section 40 and substituting the following therefore:
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> "40. In the event that a province dissents from an amendment conferring legislative jurisdiction on Parliament, the Government of Canada shall provide reasonable compensation to the government of that province, taking into account the *per capita* costs to exercise that jurisdiction in the provinces which have approved the amendment."

Hon. Jack Austin: Honourable senators, I should like to direct a question to Senator Roblin with respect to the substantive part of his motion to amend.

If I understand correctly, the purpose is to provide that any province would obtain full compensation if it sought to opt out of a constitutional amendment in the case where there are seven consenting provinces. The practical effect of what you are suggesting is that, in cases where claims for compensation could be laid, the rule of unanimity be put back into the Constitution. You were talking a few minutes ago of a substantial number of the provinces being necessary, and you were defending the integrity of the majority of the provinces in what they wanted and agreed to, which does not offer compensation to Quebec.

My question is: Are you saying you are for what nine provinces want, which is substantial agreement, but you also wish the rule of unanimity to apply?

Senator Roblin: I am afraid I do not see the force of that argument. I do not think it follows in the slightest from what I have been proposing. I am saying that when the Constitution of Canada is amended, in such a way that it affects provincial

rights, by seven provinces with 50 per cent of the population and the federal government, if one of the three provinces does not agree with that, it has the right on its own behalf to contract out. I do not see any principle of complete unanimity in that.

Senator Austin: I should like to press the point for just a moment and say that if we are providing full compensation to one, two or three provinces, then, indeed, it leads all provinces to wish to be treated equally.

● (1630)

In that case, each province is in a negotiating position with regard to the compensation it seeks, so that even if you had five or six provinces that were willing to accept a constitutional amendment, or perhaps seven, if the rules applied equally to all, you would not obtain that. Senator Roblin has been premier of Manitoba, and I believe that what he is saying has the practical negotiating effect of introducing the concept of the rule of unanimity. I also believe that Premier Lévesque consented to opting out, but with full compensation, because he realized, in practical terms, that it required unanimity.

Senator Roblin: I guess my honourable friend is telling me what I told him, so I guess I did not tell him very well in the first place.

What I was trying to tell him is that on this question of full compensation it enabled a province to exercise a local veto—that is, a veto with respect to its own activities—but one that would not affect the other provinces in the way that the old veto proposals certainly would. While I hear what my honourable friends says to me about unanimity being introduced by the back door, I just do not concede that as a probability.

Senator Austin: Honourable senators, I merely see it as a problem of a convoy, and the convoy proceeding at the speed of the slowest ship.

Senator Roblin: I do not think that is true at all. I think that what this thing does is to release us from the veto of Ontario and Quebec, that could slow the speed of the whole convoy down to nothing. This system allows the convoy to proceed, even if one of the ships wants to flag off in another direction.

Senator Frith: Honourable senators, we are at this moment in a position that we did not deal with, although we anticipated it. We did not deal with exactly how we were going to handle debates on amendments. We have agreed—and this is in an order of the chamber—that we will postpone votes until the end, vote on all the amendments together, and then vote on the main motion.

With regard to how we deal with speaking to an amendment, I suggest that His Honour should now ask for any speakers on the amendment. Then, when they have spoken, deferred votes will automatically follow. We will not have to move anything further in this connection, because once it is declared that there are no more speakers on the amendment, it will automatically be deferred for a vote.

Hon. G. I. Smith: Honourable senators, there seems to me to be a problem with that. I hope it is not a real one, but I want to draw it to your attention anyway.

[Senator Roblin.]

If His Honour calls for all speakers who wish to speak to the amendment, and they do—and they should be relevant, of course, and speak only to the amendment—what happens when the turn of that same speaker comes around, if he so desires, to speak to the main motion? Is he excluded from dealing with matters he spoke about on the amendment?

Senator Frith: As I recall it, that was one thing we did agree upon. I thought Senator Flynn and I agreed that the answer to that question would be that such a speaker would not be so limited. He could at any time be told that he was not speaking in a manner relevant to the amendment, but as long as he sticks to the amendment he is not losing his place on the main motion.

There are other ways of doing it. We could do it on the basis that whenever anyone rises to speak on the amendment they could be taken as speaking to the main motion, but that then they would be giving up the right to speak on subsequent amendments. I really do not think that there is any way of handling this question other than to exhaust all the speakers on the amendment as long as what they are saying is relevant to the amendment. They have not given up their right to speak on the main motion.

If there is another way of dealing with the matter, I should be glad to hear about it.

Senator Smith: Honourable senators, I am not suggesting another way. Really, all I wanted to do was make sure this problem would not arise as we went along. I do recall, as a matter of fact, now that the honourable senator mentions it, that the agreement was of the kind he has just described. That, however, was not the way he expressed the problem a moment ago, and I suppose that was because he thought we would all recall what had been previously agreed.

Senator Frith: Actually, we did not make an agreement on this earlier. We said we would defer votes, and see how we wanted to handle an amendment when one was moved. In any event, unless I hear to the contrary, I take it we agree on this.

Hon. John M. Godfrey: Honourable senators, I have prepared a speech which deals not only with what Senator Roblin has raised, but other things as well. Everything is meshed in with everything else. I do not see why we have to have separate debates on the two things. We can deal with them both at the same time. If we did it in any other way I would have to rewrite my speech, and I do not want to do that.

Senator Frith: We anticipated that we would have to clarify this. I am not suggesting that you are limited. Certainly any senator can rise and say, "I wish to speak to the amendment," and then say, "I am now going to go on with my main speech." In that case he is in effect saying that he is prepared to deal with both matters. That will be his turn at speaking. I just do not think that anyone who wants to make a short intervention only on the amendment should not be permitted to do so.

Senator Grosart: Honourable senators, I would just like to make a comment. I am thoroughly confused. Has the question been proposed?

Senator Frith: I believe it has.

Senator Grosart: The question has not been proposed. The deputy leader was giving us a lecture a little while ago on obeying the rules, but I cannot think of anyone more in breach of the rules in speaking for several minutes as he when there is no question before the house. If we are going to be as precise as he suggests, let us start now.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Flynn, P.C.:

> That the proposed Constitution Act, 1981 be amended by striking out Section 40 and substituting the following therefor:
>
> "40. In the event that a province dissents from an amendment conferring legislative jurisdiction on Parliament, the Government of Canada shall provide reasonable compensation to the government of that province, taking into account the *per capita* costs to exercise that jurisdiction in the provinces which have approved the amendment."

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

Senator Flynn: Honourable senators, on the point of order, now that the question has been proposed, I want to say that I have no quarrel with the deputy leader as to how this should be done, but there may be another way of doing it that might meet the problem raised by Senator Godfrey, and perhaps also the one that Senator Manning was about to raise.

I would suggest that if someone wants to speak to the main motion, but not to the amendment, he should say so. He would then be allowed to make whatever speech he wants. If, however, he wants to speak on the amendment itself, and not forego his right to speak on the main motion, he should say that also, and make sure that what he says is relevant. I think in this manner we could probably solve both problems. As far as I am concerned, I have no objection to doing that.

It has been understood, in any event, that the vote would take place at the end. We can do it this way, or we can do it in some other way, but if Senator Godfrey is satisfied with that we can at least try it at this time.

Hon. Ernest C. Manning: Honourable senators, perhaps I might offer a suggestion. It seems to me that there is a simple way of dealing with this procedure. It might not be provided for specifically in our rules, but certainly it could be done with the consent of the Senate.

Why could we not regard this amendment, and others that may be made, as simply alternative clauses to the ones which they purport to replace, and not place any restriction on any honourable senator's freedom to discuss the alternative proposal, or the one which is now before the house. In that way we do not have to deal with debates on the amendments separately from the debate on the resolution.

● (1640)

At the end, the votes can be taken in order, as has already been agreed to. It seems to me that if we try to draw a distinction between debate on the amendments and debate on the main resolution, we will only be complicating our procedures. This amendment contains a suggested alternative to what the resolution now proposes. Surely, in debating the main resolution it is quite appropriate for some honourable senators to refer to the alternative proposal, if he or she wants to. It saves two lines of debate proceeding at one time.

Senator Frith: Honourable senators, I think the suggestion of Senator Manning is an excellent one, as long as we understand the reason for the alternative rule, which is to give a senator an opportunity to speak on an amendment without foregoing his right to speak on the main motion as well. That is the only reason for the other rule. Otherwise, it is a cumbersome procedure. The suggestion of Senator Manning is much more reasonable.

Therefore, as long as we understand each other on that point, I do not see why we should not proceed in the manner suggested by Senator Manning.

We have deferred the vote on all amendments. Any speaker can speak on whatever there is as an amendment. If somebody says, "Oh, there was an amendment which I really wanted to speak to, but it came up after my speech," why not deal with such a situation as it arises? If that is satisfactory to everyone, we will so proceed.

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

Hon. Senators: Agreed.

The Hon. the Speaker: Please remember, honourable senators, that, pursuant to the order adopted on December 2, 1981, a recorded division is deferred. That means that we can have a debate on the amendments, but the vote is deferred.

Senator Flynn: Yes, the question will be put at the end of the debate.

Senator Godfrey: Honourable senators, the first thing I would like to say is that whether or not one agrees with Senator Roblin, I thought he gave an excellent speech, one well worthy of the occasion.

Hon. Senators: Hear, hear.

Senator Godfrey: Honourable senators, I do not intend to make a long speech today. I have already spoken twice on the Constitution—on January 23, 1979, and on March 11, 1981.

One of my reasons for speaking today is to register my delight at the final outcome and to announce that, unlike the last resolution, I will not have to hold my nose when I vote for this one.

I wish that, like so many of my fellow senators who, as Senator Perrault pointed out in his speech today, worked long and hard on the joint committee of the Senate and House of Commons considering this resolution, I could lay some claim to having contributed to the improvement in the drafting of the resolution laid before both houses and to this successful outcome. There were some 10 senators appointed originally to represent the Senate on this committee. I was not one of them. There were some 41 senators who substituted for the regular

members of the committee. Again, I was not one of those either. It was not because I did not want to take part in those proceedings. The simple fact is that I was never asked, and I would say with good reason.

I have always been interested in constitutional and Senate reform. When the special Senate committee was formed back in 1978 to consider Bill C-60 on constitutional reform, I faithfully attended the meetings. Practically all of those meetings took place when the Senate was adjourned. During those meetings I frequently found myself in disagreement with what I would call "the establishment" in the Senate.

If that was not bad enough, the speech I gave in this chamber in January 1979 put me in the minority as far as my party was concerned. May I remind honourable senators that, in that speech, I said that in the hearings of the Constitution committee I was particularly impressed with the evidence of two persons: the Honourable J. C. McRuer, formerly Chief Justice of the High Court of Ontario, who had headed up a royal commission inquiring into civil rights in Ontario in 1964; and Professor Walter Tarnopolsky, an internationally recognized authority on civil rights, who was then president of the Canadian Civil Liberties Association. Professor Tarnopolsky has, apparently, gained recent respectability with the government, because the Leader of the Government in the Senate recently quoted his approving words about the new resolution.

As I pointed out in that speech, I have long regarded entrenchment of a bill of rights as the equivalent of motherhood. In fact, I voted in the committee for an entrenched bill of rights.

Professor Tarnopolsky had convinced me that it is not so important to have a bill of rights entrenched in the Constitution as it is simply to have it in the Constitution. The mere fact that it is in the Constitution gives it an overriding effect on other legislation, particularly so in the case of subsequent legislation, which it might not have if it were not in the Constitution. Mr. McRuer stated:

> It has been the history of entrenched bills of rights that the courts have distorted the language of such a bill to give it entirely different meanings . . . I do not think that judges are the best interpreters for the purpose of legislating what is meant by general language.

He argued that a bill of rights should be amendable in the ordinary way so that interpretations by the courts, which Parliament does not think reflect the intent of the bill of rights, can be easily corrected.

I stated in my speech:

> From a practical point of view I am sure that any government would be very loath to amend a Bill of Rights to change an interpretation made by the courts unless it was convinced that public opinion was very strongly behind it.

Sounds familiar, doesn't it? Often we have heard this argument, or something like it, in the past few weeks since the Accord was reached, and of course it was repeated by Senator Perrault in his speech today.

[Senator Godfrey.]

I concluded my speech by saying that, because the provinces were against an entrenched bill of rights, I thought:

> that this is one area where I believe compromise by the federal government is in order. In fact, in order to get agreement with the provinces on a Bill of Rights I would go as far as agreeing to a "notwithstanding" clause similar to the one in the present Bill of Rights.

I did not know, at the time, that a similar proposal had been made by the Honourable Otto Lang to Mr. Blakeney during the televised proceedings of the first ministers' conference in 1978. Furthermore, Dr. Tarnopolsky informed me that in 1975, at the annual meeting of the Law Teachers' Association, he had stated that the inclusion of a "notwithstanding" clause might be the best way to proceed, in view of our long tradition that Parliament and the legislatures—not the courts—should be ultimately supreme in their respective fields of jurisdiction.

I cannot, therefore, lay any claim to fame for having first thought of the idea. In all honesty, I will have to give up calling it the "Godfrey formula" in view of what I have learned since first giving it that name in my speech last March. In any event, it never did catch on. I will, however, continue to refer to it as a "notwithstanding" clause rather than using the term "override" which seems to be gaining favour.

Since I last spoke in this chamber on the subject, there have been three considerations that have been brought to my attention concerning a bill of rights. These have greatly impressed me.

The first was a statement by Professor Tarnopolsky, in which he pointed out that 85 per cent of the cases dealing with a bill of rights have nothing whatsoever to do with the validity of statutes, but instead deal with the conduct of police and administrative officials. I phoned Dr. Tarnopolsky to check this figure, and he advised me that the correct figure in the United States would be over 98 per cent. He stated that in the twentieth century no act of the federal Congress was held invalid because of the American Bill of Rights until 1965, although there were some state statutes that were held invalid.

The second was a statement by the Honourable Otto Lang contained in a letter to me, commenting on the speech I had given on the constitutional resolution in March of this year. He said:

> I had started my life as a holder of a view against a charter on the grounds of legislative power. As I observed government in action I came to conclude that in far too many cases, simple neglect or too little attention would leave an individual deprived of rights where a legislature really did not intend and would not want to support that result. In short, I tend to believe that the courts can be helpful in individual cases where a cumbersome legislative process cannot. On the other hand, I also tend to believe that there is little danger of a court really taking power away from a legislature in case of a real confrontation, and so I can live with a charter quite happily.

• (1650)

The third was when Dr. Tarnopolsky recalled to my mind the infamous Police Bill No. 99 which the Attorney General of Ontario, Mr. Cass, introduced in 1964. We can all recall the uproar with which this was greeted from the public and the press, particularly when Mr. Cass admitted that it offended against generally accepted principles of civil rights. The outcome was that the bill was withdrawn. Mr. Cass resigned as attorney general, his very promising political career in ruins. Mr. Robarts, in an effort to repair some of the damage, appointed the McRuer Commission to look into the whole question of civil rights and a bill of rights. That surely demonstrates that politicians tamper with civil rights at their peril, and that they would never use a "notwithstanding" clause except where it was fully justified and public opinion was solidly behind them.

The use of the "notwithstanding" clause in those cases in Quebec, referred to by the Leader of the Government in the Senate today, surely illustrates the kind of instances where its use is fully justified. Those three pieces of information have served to strengthen the opinion I had that a "notwithstanding" clause was, as I stated:

> a reasonable compromise that would have met the fundamental objections of some of the Premiers to an entrenched Bill of Rights, namely, that the legislatures and not the courts should be in the last resort responsible for protecting our liberties.

As I pointed out in that speech, I would have exempted language rights from the provisions for a "notwithstanding" clause "because the provinces have all previously agreed to that."

I disagreed with a majority of my colleagues in the Senate in one other respect, and said so rather forcibly to any of my fellow senators who had the patience to listen to me. I felt very strongly that the Senate should not have an absolute power of veto over its own reform or abolishment. The "Gang of 24", ably led by Senator Steuart, managed to persuade the government that they would be able to defeat the resolution, so the government gave in because it recognized the realities of the situation, namely, that the Senate would never vote down a resolution providing for its reform or abolishment if the House of Commons had agreed to it, and had been supported by a large majority of the provinces pursuant to the provisions of an amending formula. The government, therefore, deleted clause 44 and restored the Senate's full right of veto.

That their assessment of the situation was correct—that the Senate would never abuse its power of absolute veto—is demonstrated by the present resolution which restores the original provision and which permits the Senate to be abolished or reformed without its consent. This resolution, however, has the support of nine out of the ten provinces so that the Senate, quite properly, is apparently going along with it; and the "Gang of 24", as a group, has sunk back into the oblivion from which it never shoud have emerged in the first place.

I should like at this point to make a comment about Senator Deschatelet's question to the Leader of the Government in the Senate. He made the statement that the Senate had never abused its full power of veto. I think that is rather overstating the case and that he should have confined his statement to the last 50 years. There were times in the 1920s when I would say, as a small "1" liberal, that they abused it quite often. One instance that comes to my mind concerned the question of section 98 of the Criminal Code of Canada. Four years in a row the King government passed an act abolishing section 98 which stated that anyone who belonged to an organization which advocated overthrowing the government by force could be sent to jail. That really meant that, if you belonged to the Communist Party, you could be thrown in jail. As you may recall, in the early 1930s, the Bennett government used section 98, since it was still in force as a result of the action of the Senate, and sent Tim Buck and four or five other Communists to jail for five years or more.

I think we have to confine our statement that the Senate has never abused its full power of veto to modern times.

While I cannot claim to have had any influence whatsoever on the shaping of the final resolution and the re-drafting of the original, I will make one claim, and that is that no one can claim to be more pleased with the final outcome than I was. When I heard the news of the breakthrough on the last day of the premiers' meeting, I think that euphoric, even ecstatic, would describe my feelings. The fact that Premier René Lévesque did not agree was, to me, irrelevant. Of course, he would never agree to anything that would strengthen the federation. He wants Quebec to separate. What did worry me was whether he could bamboozle the people of Quebec.

I thought Mr. Claude Ryan's reaction would be a key to the situation. I was disappointed in his initial reaction, but I thought the three suggestions for improvement which he made three days later were very sensible ones. Two of them have been accepted and are included in the present resolution, and the third concerning mobility rights is not that important. The federal government has indicated that this matter will be favourably considered in the future when the amending formula is in place.

Quebec is still a worry, particularly with all the talk in the media about that province being isolated, when in fact only Premier Lévesque himself and his government are isolated. However, if Mr. Claude Ryan goes all out in genuine active support of this resolution, I think the majority of the people in Quebec will again support Canada and not the separatist aspirations of their present government.

Finally, in that connection, I would refer to a speech of Mr. Broadbent, reported in Tuesday's *Globe and Mail*. Mr. Broadbent took the position that it was not unreasonable, if seven of the provinces in English-speaking Canada and the federal government agreed to transfer provincial jurisdiction to Ottawa, presumably so that some specific federal program could be instituted, that Quebec could opt out and receive compensation, so that it was not having to pay for the programs of the other provinces through federal taxes as well as,

in some cases, paying for its own. Quebec has opted out and received compensation in the past, as has been pointed out today, notably with respect to the Canada Pension Plan. This would undoubtedly happen in the future in the event of a similar situation. When you think of it that way, really you have to wonder what the fuss is all about. As reported in the press, Mr. Broadbent pointed out—

> This proposal would not transfer new powers to Quebec. Nor would it cost other taxpayers any money; nor would it amount to "incremental separation" as some have erroneously suggested. It would simply enable Quebecers to retain what was already theirs. It would simply give them a positive option—the free choice to join with others in an amendment or to retain what has historically been theirs.

As Senator Roblin pointed out, Mr. Joyal has indicated the federal government is softening its position on this matter and would consider an amendment to that effect after our Constitution is home and the amending formula is in place.

This would be an opportunity to show the goodwill of English-speaking Canada regarding something that is, in my opinion, really theoretical. I firmly believe that protection of its education and language rights is all Quebec really needs. However, if Quebecers perceive that they need more, then give it to them along the lines suggested by Mr. Broadbent because it will not make any practical difference. The time to do it—and in this I disagree with Senator Roblin—is immediately the Constitution is returned to this country with an amending formula, not now when it would involve a further renegotiation with the premiers and further delay.

● (1700)

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, unless I am mistaken, according to the decision made earlier with respect to the speeches we wish to make, I must first clearly state that I will speak only to the amendment and that my comments will have a direct bearing on this subject. Is that, in fact, what was agreed? So I can say now that today I will be speaking only to the amendment, and I will be entitled to speak to the resolution subsequently. Is that correct?

Senator Frith: If I am not mistaken, you may now speak either to the amendment or to the main motion. Actually, we are urging senators to deal with both subjects before the Senate, namely the main motion and the amendment, at the same time. If another amendment is moved subsequently, you will still be allowed to speak to it.

Senator Tremblay: That is not what the agreement was, according to my leader. As I understand it, if I want to speak to the amendment alone at this stage, I will still be allowed to speak to the main motion. I do not have to speak to the amendment and the main motion at the same time, at this point.

Senator Frith: That is correct, but you will have to be brief if you decide to speak only to the amendment; in that case you may speak only on that subject.

[Senator Godfrey.]

Senator Tremblay: Agreed, we understand each other perfectly. My comments, which will be quite brief, will directly concern the amendment. My first comment is related to an earlier question by Senator Austin and to several comments made just now by Senator Godfrey. I have the impression that it might be useful to review the meaning or scope given the fiscal compensation clause at the time it was included as part of the process of seeking a general amending formula.

Of course, people refer to it as an opting-out clause, but that is not entirely correct; it is a clause denoting non-participation in an amendment that would transfer provincial powers or jurisdictions to the Parliament of Canada. The reason why an opting out clause was included and associated with fiscal compensation is, it seems to me, that this was a compromise solution. At least fifteen years have been spent discussing an amending formula with veto rights. There would be one veto for Quebec, one for Ontario and vetos for the other regions. As far as Quebec was concerned, having a veto right would enable it to oppose any changes in the constitution that did not concur with its own views. However, some provinces found that the veto concept created classes of provinces, and they have emphasized this point, especially since the 1971 conference.

In the past two years, and especially last year, a formula was finally found which did not have the rigidity of the veto concept and which at the same time—I think Quebec had considerable input—allowed some provinces to choose not to accept a constitutional amendment that would transfer provincial powers to the central government. In the formula's first edition, as it were—at first it was called the Alberta formula, which later became the Vancouver formula, because that was where most of the discussions took place—only referred to non-opting-in. However, it soon became clear that opting-in was very easy for provinces that were not anxious to preserve certain powers, but was a problem for other provinces, particularly Quebec. In fact, opting in alone, without a fiscal compensation clause, meant there would always be the obligation to choose between money or provincial powers. That is the crux of the problem. For a province that wants to preserve one of its powers if there is no fiscal compensation there is always this dilemma, because since it has to pay for the programs corresponding to the jurisdiction that would be transferred to the federal government, the province would have to apply some kind of double taxation to its citizens. In the final instance, it is the people of the province who are penalized.

So, in order to get away from the rigid veto concept which brings everything to a standstill as soon as it is exercised by one of the provinces, and in order to have a more flexible definition of the majority concept, a formula was finally designed combining non-opting-in with fiscal compensation. I think we should see fiscal compensation as a way of putting all the provinces on an equal footing. Or, more specifically, the citizens of each province. The provinces and the people of those provinces are no longer faced with the dilemma of having to choose between money and power, that is, the preservation of that power. So that is the essence of the

formula. I feel that it is a compromise between rigidity, flexibility and equity. It combines equity with flexibility.

Another point which has already been made, and I think people now understand—at first, there was some confusion as a result of misinterpretations—is, that the non-opting-in and compensation formula applies only in the case of a transfer of existing provincial powers to the federal government and not vice versa, as some people have claimed.

That formula therefore became part of the process, as I said before. At this point I should stress even more than I have the inseparable nature of those two aspects of the formula. I think that Quebec in particular had made a significant compromise when accepting for instance not to continue linking patriation with jurisdictional changes tending to increase provincial powers. For Quebec, this was something absolutely not dissociable. As I said in other circumstances, from the time financial compensation was withdrawn, it became impossible for Quebec to accept the amending formula, because these two items in Quebec's and every other province's viewpoint totally complement each other.

But lo and behold, at the early November conference, in the final episode of the negotiations, that clause was deleted outright. It must be stressed that the clause was withdrawn at the initiative of the federal government, the Prime Minister himself. One only has to read what he said on November 5, in the afternoon, when he came to the other place to report on what had happened in the preceding days and the conclusions that had been drawn that same morning. This is what he said:

> We deleted this measure, with the agreement of the nine provinces—

It is stated quite clearly, in my view, that the initiative came from the federal government, and indeed a number of statements made in various circumstances could be referred to where reluctance and, to all practical purposes, the refusal of that financial compensation provision was expressed by the federal government.

Why was that clause deleted? The same day, within the same context, the Prime Minister gave a number of reasons, and here I must quote from the part where he himself caused the confusion I referred to earlier concerning the direction in which changes would be made.

> What has been removed, Madam Speaker, is a constitutional provision that would have obliged the national government to compensate, in financial or fiscal terms, a province that would exercise its opting-out right, and conversely, would probably have obliged the provinces to compensate the federal government for parting with any of its jurisdictions.

This is where it gets quite equivocal. The Prime Minister is talking as if the amendments in question, which would imply the opting-out option with financial compensation, could work both ways. This had never been the case. It always had to do with amendments restricted to a transfer of existing jurisdictions from the provinces to the central government.

● (1710)

Anyway, here is the explanation he gave on that day:

> We deleted this measure, with the agreement of the nine provinces, for a very simple reason. We want to avoid a situation in which the national government would be prevented from having its constitutional amendment approved by a province that would say: I am opting out and you are going to pay me for doing just that. And this, I can assure the House, does not apply only to Quebec. I am thinking, for instance, of a constitutional amendment pursuant to which the Canadian government would want to amend the Constitution so as to allow the national government to legislate on pensions and make them portable for the elderly from province to province.
>
> If one of the wealthy provinces such as Alberta or Ontario—and this obviously applies to Quebec as well—were to say that it was opting out of the agreement and that we would be obliged to pay compensation, this would make it impossible, Madam Speaker, or at least very difficult, both fiscally and financially, to adopt such a measure. And it is for this very simple reason that the passage was removed—it is an important one, I realize that—from the April Accord. It was done with the consent of the nine provinces, and this morning I explained at length the spirit in which it was done, to the Premier of Quebec.

Well, that first argument I would call the argument of the rich provinces. Let us see if we can analyze it. Let us suppose we have a program which requires expenditures; of course, there is no problem when it is an expenditure-free transfer of jurisdictions to set up a program which would entail fairly large provincial outlays to the federal government.

Let us suppose that the ten provinces are in agreement. What is the financial position of the federal government? Taking over the jurisdiction and setting up program "X" now allowed after the transfer of jurisdiction, it would have to finance the whole program throughout Canada. To put it in concrete terms, that would amount to a per capita expenditure across Canada.

What I fail to see in the argument is how it would change anything in the financial position of the federal government if it were to agree that one, two or perhaps three provinces administer the program and get financial compensation, namely the per capita amount the federal government would have spent anyway to launch its program. I can see only one difference and it is not a problem of rich or poor provinces; instead of spending directly, the federal government would spend the same amount through the provinces which, by definition, would retain the jurisdiction transferred by others to the federal government.

I admit that I do not quite understand how this can create a financial problem since, as the Prime Minister suggested

> This would complicate, fiscally and financially, the idea of such a measure.

It seems to me that the fiscal and financial position of the federal government remains unchanged. In both cases, it is responsible for the whole program and spends the required amount per capita. It either spends it directly or it spends it through the provinces which have opted out. I fail to see any financial problem.

Other arguments have been put forward, which Senator Roblin has emphasized I think. I will not go back on it. But the Prime Minister himself went back on this argument about pensions and their transferability from one place to another, and that was dealt with in several speeches and comments.

First, I would draw attention to the fact that the problem was solved with respect to the Canada Pension Plan. What happened at the time? A pension plan was set up for all Canadians. Quebec negotiated to establish its own pension plan. All this was done in accordance with those very principles the Prime Minister seems to be so concerned with. Both the Canadian and Quebec plans are universal and portable. This type of problem was solved in the past so why could it not be solved in the future? However, given the general philosophy on which our federalism operates at this time, the general philosophy of the government in power, it might well have objections to this type of solution, a Canada plan and a Quebec plan. It would not have anything to do with portability. Portability is part of the solution. There must be other reasons. Probably the very idea of a province having its own plan, even if it complies with the two basic requirements. Everything else is a matter of administration by the provincial government instead of the federal government. The problem is exactly the same as far as the financial compensation is concerned, according to the arguments raised.

The financial situation of the federal government is the same but instead of directly paying the recipients under a program, the government would pay the so-called opting-out through two or three provinces. In that respect, there are surely two visions of Canada, as the Prime Minister often likes to say. I do not know who mentioned it, but I think that it was the Prime Minister who said this system amounted to piecemeal or phased-in separatism. This argument appears to me to be senseless, all things being considered. You cannot equate retention of provincial powers, with separatism. The provinces already have those powers which are entrenched in the Constitution. When one, two or three provinces retain their jurisdictions as I said, instead of transferring them to the federal government, how can it be called piecemeal separatism?

It seems to me that, in point of fact, there would be less centralization for those provinces than for the others which agreed to transfer some of the powers they already had to the central government, I insist on that point. In fact, if there is anything wrong with that formula, it is precisely that it only guarantees the *status quo*. There have been times when some of the provinces, one of which was Quebec, asked for increased powers, and that was a stumbling block at some of the conferences. That play has been left out of the game, if I can put it that way, in the last year or so.

[Senator Tremblay.]

The compensation does one thing only: it recognizes, enshrines and protects the *status quo*. If we have reached the stage where to say that protecting the *status quo* is separatism, I must say I really do not know what to make of it.

● (1720)

But we are now refuting arguments which the government failed to refute in so many words, at least not spoken. But it did so by its behaviour, by inserting a truncated clause providing for financial compensation but only in matters pertaining to education and culture.

If ever there was any principle underlying the arguments I have just analyzed, I think it has now disappeared or did so on November 18 when the new resolution was tabled in the House of Commons. One question remains: By virtue of what new principle, since the first one has disappeared? Because, or so it seems to me, principles should be in full. If half the principle disappears, then, the whole is done away with. Would there be a new principle that would warrant the setting up of two categories of provincial jurisdictions, those which would be covered by the financial compensation clause, and those which would not? Would there be two categories, those covered and those not covered? I have not heard anybody mention such a principle. Perhaps I have not read quite as much as I should have, but I have heard no argument which would warrant the division of the financial compensation coverage. I have not heard any argument either in justification of a division such as this: education and culture on one side, and the other areas on the other side.

I would not want to make any gratuitous assumptions, but what are these other areas? The reply could be "property and civil law", or "matters of economic powers." This might explain everything. On economic matters, in case there is a certain majority, it would mean that the provinces which wanted to keep their economic powers would face a dilemma. Therefore, they would be forced to opt-in. The government should be told that a constitutional amendment is necessary on this because it is clearly seeking outright centralization. Under these circumstances, it would have been better to keep either the consensus or an amending formula which would protect the provinces bent on opting-out.

I do not understand the need to separate this protection in two. I will say this: If the principle is good enough for education and culture, it should be good enough for the rest. It seems to me that we are coming back again to the heart of this formula, meaning that there is first and foremost a principle of equity involved as far as provincial taxpayers are concerned. In this respect, we must assume that the provinces reflect the views of their own communities. These communities should not be faced with the dilemma of having to choose between jurisdictions on the basis of their perception of the means required to define themselves and their pocketbooks.

I suggest that this is clearly a principle of equity. And it is on this principle of equity that I have based my support for the amendment moved by Senator Roblin.

Senator Frith: Honourable senators, on a point of order, do I understand that this speech was to deal exclusively with the motion in amendment?

Senator Tremblay: That is what I said at the beginning. I hope that in my speech I have, in fact, been dealing directly with that subject.

Senator Frith: I am raising this point only because the honourable senator had also said his speech would be brief, and I hate to think what he will consider to be a normal speech on the main motion.

Senator Tremblay: Do not worry!

Hon. Jean-Paul Deschatelets: Do I have Senator Tremblay's permission to ask a question?

Senator Tremblay: Of course.

Senator Deschatelets: We all know you were a senior official in the civil service in Quebec and that you know how the opting-out policy has worked for provinces that wanted fiscal compensation. From your experience during the first ten years of this policy, could you tell us whether it was used primarily by the Province of Quebec to request financial compensation in cases where it preferred not to relinquish its jurisdiction? Would you be able to answer that question?

Senator Tremblay: Honourable senators, I can only give you my impression, such as it is. I think Quebec has not been the only province to ever make use of this kind of non-opting-in or opting-out, but in practice, it was often the only province to do so.

● (1730)

[*English*]

Hon. David A. Croll: Honourable senators, I am ahead of most of you because I have already celebrated. I was over at the House of Commons yesterday, along with some other honourable senators, when the four votes were dealt with. I joined the chorus line in singing *O Canada*. If you did not hear me over here, it was not because I was not singing loud enough.

Senator Flynn: If you didn't hear me, it was because I wasn't singing.

Senator Croll: I spoke on the Constitution on March 24 this year. I endorsed the package and supported the Charter of Rights in its original form. My comments appear in *Hansard* of March 24, at pages 2132 and 2140, and therein my wisdom is contained. I am not going to repeat my comments to you again today. I endorsed it in its totality. I endorsed it from fifty years of practical, political experience. I did not read about it; I lived it.

I consider it a privilege today to speak on this occasion on the matter of patriation of the Constitution with the Charter of Rights and Freedoms. I look upon this as a historic occasion. It comes to me as a reward for many years of service. I am pleased to be able to contribute to the debate today.

There have been three memorable occasions in the life of my country in which I have participated politically. The first was my active participation in the enactment of the Citizenship Act. That was a dream I shared with many Canadians who were first generation Canadians, as I am. The second occasion was the flag debate. That was a long drawn-out affair. It was emotional. I shared in that emotion and regretted the casting aside of the Union Jack. I had fought under it, but the time had come for change, as it does with all symbols. It had to be done, and we did it.

Now comes the Constitution with the Charter of Rights and Freedoms. I have lived a long time without a Constitution and have got along very well. I can continue to live without it, but the Charter of Rights is far more important. Patriation of the Constitution would make me feel good, but the Charter of Rights would make me do good.

Today we can cast off our cloak of colonialism. From now on we are fully on our own. I feel the sense of pride that this vote will bring to millions of Canadians.

When I spoke in the Senate in March, I said that I was certain that what the government was doing was legal, and it was. I was more concerned with the Charter of Rights than I was with patriation of the Constitution. I felt that the Charter of Rights was our social passport to the twenty-first century. I pictured it as a beautiful beginning to freedom, liberty, rights and security to be enjoyed by all Canadians wherever they are. That was my hope and dream.

Unfortunately, it was not to be. It became a hollow victory, with the overriding and "notwithstanding" provisions which my friend, Senator Godfrey, loved so much. I wish that the words "override" and "notwithstanding" had never been born in the English language, for they have both done almost irreparable damage.

The Charter of Rights is now subject to provincial override. Provincial legislatures may pass laws overriding the rights, amongst others, of the physically and mentally handicapped. You would have thought that there would have been some sympathetic "give" there. What a poor excuse to claim that they could not afford to provide access to public transportation for handicapped persons. It was a mere excuse and a low blow. Provinces may also pass legislation which overrides the Charter of Rights and Freedoms. The hope is that the overriding legislation must be renewed every five years.

When the Charter of Rights was transformed into the best in the world by Canadians themselves, as they argued their case before the Senate-Commons committee, more than 80 per cent of Canadians, according to the polls, were in favour of the charter. As one columnist rightly said: "The Charter of Rights has been transformed into a Charter of Powers."

Provincial premiers unjustifiably taking on the right to speak for all citizens on all matters have emasculated the Charter to protect their own powers and advance the interests of their bureaucracies.

The Charter of Rights was designed and based upon trust. The "Charter of Powers", designed by provincial premiers, is based upon mistrust. The provinces have shot the Charter of Rights full of holes.

What the Charter rightly calls "fundamental freedoms"—freedom of conscience and religion, freedom of thought, freedom of speech, freedom of peaceful assembly and freedom of association—are put at the mercy of 10 provincial legislatures which can override them at will.

Senator Flynn: Parliament can also do that, not only the provincial legislatures.

Senator Croll: The same applies to legal rights, such as the right to *habeas corpus*, the right to public trial, the right to counsel, the right to be secure against unreasonable search and seizure, and the right not to be arbitrarily detained or imprisoned.

The same applies to equality rights, the right to equal protection and equal benefit of the law, prohibiting discrimination on grounds of race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.

One of the prime objectives of the Charter was supposed to be national unity—equal rights and equal treatment for all Canadians from sea to sea. Now the rights will vary from province to province in a legal crazy quilt. This is a shattering blow to national unity. Well, you have to live with some things.

Politics has its own reward for the hardship and sacrifice of political life. The pride and satisfaction on an occasion such as this are our reward and payment. This gives a great feeling of having done something of value for your fellow man. When the Charter of Rights came before Parliament, I endorsed it fully. I said to myself, "Well, old boy, you have it made. This is what you have always been asking for and hoping for. Once it is finished, it will be time to move on and out." That, however, was not to be. The provincial premiers have messed things up, and now we have another generation of work ahead of us, work that must be done. This is a historic decision, nevertheless, that spurs us on to greater efforts. There is much to do for tomorrow and tomorrow and tomorrow.

● (1740)

I told you that I am a first-generation Canadian. In my family there are now three generations growing up. I feel they will be proud to know that their father, their grandfather and their great-grandfather played a positive role in these historic events in the life of our country. I hope all Canadians will feel that way.

In supporting this motion I hope I have paid my dues. We have lost a generation of social advance. It will take us that long to catch up on our promises of freedom, liberty and security. When we have passed the bill we will still be balkanized, however. It is not what we expected, but it is the best that is possible at this time, and it is better than that which was available yesterday. This is progress. I do not like the package. I think the federal government gave away too much. I am, however, a loyal rebel, and so I endorse it and embrace it.

It would not be right for me to sit down without saying a word about the man who is entitled to the credit for all of this, namely, Pierre Elliott Trudeau. He sacrificed much but gained much more, and history will write his name in big letters. We will remember him for a very long time.

[Senator Croll.]

We must also couple with his name that of Jean Chrétien, the Minister of Justice, the great conciliator, the master of consensus. He made possible what sometimes seemed impossible.

Senator Flynn: Go and tell them that in Quebec.

Senator Croll: In this vote, we now become part of history.

Senator Flynn: I have two questions for Senator Croll.

Senator Croll is very happy with the Charter of Rights. Is he happy that we have a British Charter of Rights? You are asking us to adopt the Charter of Rights. Are you happy with that?

Secondly, you are very happy with the consensus. Would you say that in Quebec?

Senator Manning: Honourable senators, in view of the time, I assume that it would be preferable to adjourn now and continue the debate after dinner.

The Hon. the Speaker: Honourable senators, Senator Manning has called it 6 o'clock. Do you agree, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators will realize that we resume automatically at 8 o'clock. The bell will ring, of course.

The Senate adjourned during pleasure.

At 8.10 p.m. the sitting was resumed.

Leave having been given to revert to Notices of Motions:

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—MOTION RESPECTING DISPOSITION

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

> That the motion of the Honourable Senator Perrault, P.C., for an Address to Her Majesty the Queen respecting the Constitution of Canada be disposed of as follows:
>
> > At five o'clock p.m. on Tuesday, 8th December, 1981, the Speaker shall interrupt the proceedings and put all questions necessary to dispose of the said motion.

He said: Honourable senators, I wonder if I might ask the indulgence of Senator Manning, who is the next speaker in the debate, to allow me an opportunity to take care of some housekeeping matters of importance to all senators.

Honourable senators will recall that we have a house order that deals with the beginning of this debate. We passed that order. We left until today or tomorrow the discussion of a time at which we would feel that ample opportunity had been given to all senators who wished to speak, and ample opportunity for amendments to be made.

Honourable senators will note that this motion is virtually identical to the second paragraph of the previous motion, the paragraph that was withdrawn. The date has now been filled in, that date being Tuesday next, the 8th of December, 1981, at 5 o'clock in the afternoon.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, of course there is no problem with accepting the motion. I simply want to confirm that this motion conforms with the discussions which were held between the Leader and the Deputy Leader of the Government and some of the senators on this side of the chamber.

At this time I merely want to point out that the Leader of the Government, as is customary, should have the last word in this debate. I, too, should have the opportunity to speak at the end of the debate. If, by 5 o'clock on Tuesday, this has not occurred, perhaps the vote will have to be postponed for an hour or so, or perhaps even delayed until later on in the evening. I would simply like to say that 5 o'clock is the time agreed upon unless circumstances warrant unanimous approval, in good faith, of a postponement to a later time on the same day.

I do not think we should be strictly bound by setting the time at 5 o'clock. If someone has something more to say, I think we should allow him to say it.

Senator Frith: Honourable senators, under our rules we can, with unanimous consent, make changes to fit the circumstances. I feel that what the honourable senator has said really applies to every order that we make; namely, that we reserve the right to change something so long as we have unanimous agreement. We will not be the victims of our own order. The order will, however, provide that the vote be taken at 5 o'clock.

Senator Flynn: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators will want to know about the schedule for sittings between now and the time of the vote. The understanding and agreement between the leadership on this side of the chamber and that on the other side is as follows: We will sit tomorrow morning from 10 o'clock until 12.30 p.m., and again from 2 until 4.30 in the afternoon. That will give us four to four-and-a-half hours for debate. We would not need any order thereafter because the rules come into effect to bring us here on Monday at 2 o'clock.

We intend to sit on Monday at 2 o'clock in the afternoon and again at 8 o'clock in the evening. We will then sit Tuesday afternoon unless we find that, because we need the extra time, we wish to sit Tuesday morning as well. Otherwise we will simply let the rules apply and sit at 2 o'clock in the afternoon.

Therefore, honourable senators, I move, seconded by the Honourable Senator Flynn, P.C., with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until tomorrow, Friday, December 4, 1981, at 10 o'clock in the forenoon.

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

Hon. Senators: Agreed.

Motion agreed to.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN— MOTION FOR TELEVISING OF FINAL VOTE

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

> That pool television cameras and pool newspaper photographers be permitted in the Senate Chamber for the purpose of recording the final vote on the motion of the Leader of the Government in the Senate for an Address to Her Majesty the Queen respecting the Constitution of Canada.

He said: Honourable senators will have watched and enjoyed—or, at least will have been interested in—the reporting of the vote in the other place. A request has been made by the media that it be permitted entry into the Senate chamber to record the final vote on the motion respecting the Constitution. Permission is needed for that. I repeat, the request is for Senate approval of the simple recording of the vote, which will be held, according to our order, at 5 o'clock on Tuesday afternoon.

Hon. Senators: Agreed.

Motion agreed to.

● (2010)

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN— DEBATE ADJOURNED

Hon. Ernest C. Manning: Honourable senators, I enter this debate sharing at least one mutual bond with all other honourable senators in this chamber. Whatever our assessment of the constitutional package may be, we surely share a mutual sense of relief that this phase of this long divisive exercise is finally drawing to its close. I say "this phase" because the consequences of what is being done are still ahead of us. We should not be under any illusions as to how serious those consequences may be.

Before we give our final judgment on this matter, we should recognize that we have come full circle in what started out as an effort to preserve the national unity of this country. If this constitutional package is approved here and at Westminster, we will be back precisely where we were a year ago as far as the Quebec-versus-the-rest-of-Canada issue is concerned, except the positions will be more polarized and the Quebec government's anger at what it interprets as a betrayal will make future negotiations even more difficult than before.

With the birth of the Parti Québécois some years ago, Canadians became aware that growing dissatisfaction in

Quebec posed a real and serious danger to Confederation. That awareness and concern increased with the election of a separatist government. More and more voices warned that Quebec would move to separate from Canada unless our federal system were restructured to give the French Canadian majority in Quebec more latitude to be masters within their own house.

The concept of a new federalism was born and the term "new federalism" was interpreted by Quebecers to mean more latitude provincially to fulfil their particular aspirations and desires, not separate from, but as an integral part of Canada. The concept of greater latitude to fulfil regional aspirations elicited a warm response from other regions of Canada, especially western Canada where many people had, for years, felt left out of the national decision-making process.

The idea of a new federalism, a restructuring of Confederation with a view to addressing these long-standing provincial and regional grievances, gained a substantial measure of public support.

I do not know if it was the rising tide of these desires, especially in Quebec, or a personal obsession to re-make the face of Canada in his own image, that caused the Prime Minister to embark on the course that has brought us as a nation to the situation in which we find ourselves today. I do know that, when Quebec pressures for fundamental change reached the point at which the separatist government launched a referendum on what it called "sovereignty association"—which was really separation under another name—the Prime Minister made some strong and effective pleas to his fellow French Canadians. He pleaded with them to reject the referendum; he urged them to reject sovereignty association. He said, in effect, "Reject the idea of severing your traditional ties with the rest of Canada and we will ensure that your future will be far greater as an integral part of Canada than you can hope for by going it alone. We will reform our federal structure so that you can be masters within your own house in those matters which are of special importance to you."

Public leaders generally throughout Canada endorsed the Prime Minister's proposition and supported his appeal. They welcomed the proposed restructuring and modernizing of Confederation, not only to meet Quebec's concerns, but because they saw in it a solution to many regional grievances in western Canada and in the Atlantic provinces.

A majority of Quebecers took the Prime Minister at his word. They rejected sovereignty association; they rejected Premier Lévesque's anti-Canada propaganda; and they voted to remain a part of Canada and of the new federalism which they were promised.

Following the referendum, the Prime Minister initiated the process that was supposed to lead to that new co-operative federalism. He convened a First Ministers' Conference on constitutional reform. He proposed to patriate the B.N.A. Act with an amending formula, and he wanted an entrenched Charter of Rights. The scope of the proposals was too broad to afford a realistic hope of general agreement. A committee of ministers was set up to work for a consensus, but the time frame imposed was too restricted to afford hope of success.

As the discussions proceeded, it became obvious that the Prime Minister's concept of what Canada should be was fundamentally different from that of most of the provincial governments. Instead of a greater recognition of provincial concerns and interests, the Prime Minister wanted a stronger federal role to be the cornerstone of any new federalism. But he wanted more—he wanted the provinces to join in asking the Government of Great Britain to entrench in the Canadian Constitution a Charter of Rights that would fundamentally change the Canadian pattern of parliamentary democracy.

The British tradition with respect to the supremacy of Parliament, that had been our heritage since our birth as a nation, was to be set aside, and our Constitution was to be Americanized. No longer were the people's representatives to be trusted with the guardianship of citizens' rights; instead, these rights were to be spelled out and entrenched in the Constitution and henceforth the appointed judges of the courts, not the elected representatives of the people, would be the guardians of citizens' rights and the adjudicators when those rights were in dispute.

Not surprisingly, the committee was unable to reach a consensus, and a further First Ministers' Conference resulted in eight of the ten provincial governments rejecting the federal proposals.

The Prime Minister then embarked on a course of unilateral action. He was persuaded to reconsider his ill-advised decision by two things: First, the judgment of the Supreme Court to which he referred the constitutionality of his proposed course of action only when forced to do so by Parliament; and, second, the realization that, in the light of the court's decision, there was little prospect that Westminster would approve his package without the concurrence of at least a majority of the provinces.

That an Accord was finally reached with nine of the ten provinces is a tribute to those who were striving to bind up the nation's wounds, and it is something for which we can all be thankful. Had the Prime Minister persisted with his unilateral action, he would have inflicted irreparable damage on Confederation and might well have destroyed it entirely. He would have gravely damaged relations between Canada and Great Britain which, in turn, would have caused further deep resentment in many regions of Canada. We can surely all agree that if we are to proceed at all with the constitutional package, it is far better for us to proceed with at least near unanimous accord than in the manner proposed by the Prime Minister.

● (2020)

Since the Accord, and since a measure of agreement has been reached on the issue of women's rights and aboriginal rights, there has been a good deal of self-congratulation, particularly among government members in both houses. It is nice to see them so happy. But many concerned Canadians must be wondering what real grounds there are for all the self-applauding. I come back to what I have said about the

initial situation that more than anything else gave birth to this long and tortuous exercise. It was Quebec's threat of separation; and after all the painful hassle we have gone through, where does Quebec stand in this matter today? She stands precisely where she stood before, only more self-isolated than ever from the rest of Canada, more polarized, more angry and more resentful because she feels she was betrayed.

I want to emphasize that I believe the Quebec government is wrong and extremely unwise in rejecting the Accord. I believe the Prime Minister is right when he says that Premier Lévesque never wanted an Accord. He is a separatist, wholly committed to taking Quebec out of Confederation, and his consistent goal has been to prove that Confederation does not and cannot work as far as Quebec is concerned. For that he deserves the condemnation of the Canadian people, both francophones and anglophones.

Senator Flynn: Hear, hear.

Senator Manning: But it must be recognized that he has now been given more grounds than he had before—

Senator Flynn: Right on.

Senator Manning: —to argue that Quebec cannot hope to fulfil its aspirations within Confederation. There is nothing in the constitutional package that meets the commitment given Quebecers—

Senator Flynn: That's right.

Senator Manning: —that they would have more latitude to be masters in their own house.

Senator Flynn: Right on.

Senator Manning: The Prime Minister's Charter of Rights restricts the power of the Quebec Assembly, as it does the legislature of every other province, more than they were restricted before, because the Charter clearly takes away their right to legislate in areas in which they have been free to legislate in the past.

An Hon. Senator: He gets it through the people.

Senator Manning: We should be forgiven for wondering if the Prime Minister has really thought through the dangers to the future unity of Canada inherent in the course to which he has committed himself and Parliament.

An Hon. Senator: He trusts the people.

Senator Manning: If the package is passed by both houses of Parliament, Westminster will undoubtedly pass it, in view of the Accord reached with nine of the ten provinces. The Constitution and Charter will then become binding on all Canadians and Canadian governments. But if the Quebec government refuses to recognize and be bound by it, as it already has said it will, precisely what can and will the federal government then do? If the government ignores open defiance of the Constitution, it will be bowing to anarchy and will undermine if not destroy one of the cardinal principles on which the Charter itself says Canada was founded, namely, the rule of law. If it tries to enforce the Constitution by court judgments and sanctions, or other harsh means, it will create a situation that Premier Lévesque will misrepresent as persecution of French Canada by English Canada, and create an environment in which he might well win another referendum on separation, which would almost certainly ensure the break-up of Confederation.

The question I ask the Prime Minister, the question I ask all honourable senators, the question I ask myself, is this: Are the actual benefits to Canada in the constitutional package now before us sufficient to justify creating a situation that may well produce such dire results? In my own best judgment, the answer is no. There is no real profit in gaining a new Constitution if in the process you lose a nation.

Senator Flynn: That's right.

Some Hon. Senators: Hear, hear.

Senator Manning: Before this house of sober, second thought gives its decision, we should seriously consider not only the substance but the implications of what we are being asked to approve, and whether the ultimate end will be a profit or a loss for Canada. The patriation of the B.N.A. Act certainly is a desirable step, and one which has strong support from the Canadian people. By approving the package we will also be adopting a reasonably good amending formula—not necessarily the best formula, but one which has general support and which can be further refined at a later date.

If the package contained only those two proposals, it would pose no threat to Canada's future and would command enthusiastic public and government support. An accord on those two provisions, involving all 11 governments, could have been reached months ago. The package would have had a speedy passage through Parliament and speedy approval by Westminster. By now patriation with an amending formula would have been an accomplished fact.

Senator Flynn: That's right.

Senator Manning: We would have avoided the long divisive debate that has consumed so much time and effort on the part of all governments, while far more urgent economic issues have gone unattended and the country has slipped deeper and deeper into recession.

An Hon. Senator: Indeed.

Senator Manning: But the constitutional reform package was not restricted to those two basic provisions. Instead, the Prime Minister insisted on including his Charter of Rights, and immediately the package became a highly controversial and divisive document, making the negotiation of even an incomplete accord a long and tortuous exercise. As a result of all that effort, what precisely do we now have?

First, we have a Charter that requires the abandonment of the long-standing British tradition under which Canada's parliamentary democracy has operated successfully for over 100 years.

Secondly, we have a Charter poorly drafted and containing ambiguous terms which insure costly and time-consuming

litigation before the courts finally establish what, in their opinion, many of the provisions actually mean.

Thirdly, we have a Charter that has been accepted only with reluctance and without enthusiasm by the majority of the nine provincial governments that finally signed the Accord, and then only after it had been modified by the insertion of "notwithstanding" clauses to the point where it is self-contradictory and satisfies none completely and many not at all.

The fundamental right to own property and not be deprived thereof without due process and just compensation is not in the Charter at all. The provisions to protect women's rights are still being criticized as incomplete and unacceptable. Widespread dissatisfaction still prevails regarding aboriginal rights. Civil rights groups are charging that the Charter is still woefully defective in many respects. Law enforcement organizations are condemning it because it will make the enforcement of criminal law even more difficult than it is now. Pro-life groups are condemning it because it doesn't protect the yet unborn. Spokesmen for the physically handicapped and disabled say it is unacceptable. Even the Prime Minister is now dissatisfied because it is no longer the Charter he wanted. Such is the finished product we are now asked to approve.

● (2030)

Is this the hallmark of statesmanship? Is this the crowning glory of inspired national leadership? Is this that for which men hope to have their names emblazoned in the annals of history by a grateful citizenry? Surely the Canadian people deserve better than this. Surely a nation's constitution should be a document that by its excellence commands respect and spontaneous public support—the embodiment of their hopes and aspirations and ideals in a document which people welcome and accept and embrace with enthusiasm and pride. Not by any stretch of the imagination does this Charter of Rights fall into that category.

Coming back to the main point of concern I have already expressed, the inclusion of this Charter more than anything else is what is keeping a province with over 25 per cent of Canada's population from signing the Accord, and, if adopted, it will pose the dangerous, unnecessary and unacceptable risk of precipitating Quebec's separation from Canada. It is a ticking constitutional time bomb with the potential to blow Confederation apart.

Senator Walker: Hear, hear.

Senator Manning: I appreciate that what is proposed places senators from Quebec in a difficult position and forces them to make a very difficult decision. The attitude and conduct of Quebec's separatist government is repugnant to everyone who cherishes Canadian nationhood and the importance of harmonious relations between the provinces united by the ties of Confederation.

Senator Frith: Hear, hear.

Senator Manning: Quebec's Bill 101 and the manner in which it is being administered has placed the one million anglophones in Quebec in an intolerable position, and is embarrassing to francophones as well.

[Senator Manning.]

Many no doubt feel that a federal Charter of Rights may be the solution to the unacceptable situation Quebec's separatist government has created within the province. But I remind honourable senators that a national Charter of Rights will not help the Quebec situation unless it is respected in Quebec, and such respect is not assured simply because a Charter has been passed by Parliament. What we have to consider is whether having regard to the attitude of Quebec's present government the latter end, if this Charter is passed, will be better or worse than the first.

Finally, honourable senators, I remind you of a lesson we can learn from Canadian history as it relates to past efforts to bring about constitutional reform. As far back as 1931, this matter was debated when the Statute of Westminster was under consideration by the British Parliament. Because a consensus on an amending formula could not be reached, Canada asked that the amending process be left at Westminster to be exercised only at Canada's request and for such amendments to the B.N.A. Act as Canada desired. To say that this left Canada in a colonial status is utter nonsense. Canada has been completely free from colonial status ever since the Statute of Westminster was passed 50 years ago.

The Prime Minister tried to justify his proposed unilateral action by claiming that for over 50 years Canadian governments have been striving constantly but without success to reach a consensus on patriation and an amending formula. I was privileged to participate in every federal-provincial conference at which the Constitution was discussed between 1935 and 1968, and I assure you the true story is something very different.

From time to time constitutional reform was placed on the agenda, sometimes by the federal government, sometimes by one or more of the provinces. The discussions were never carried on under any sense of urgency. The subject was approached from the premise that patriation and an amending formula were desirable, if agreement could first be reached. On every occasion when it became obvious that to pursue the matter further would be divisive and detrimental to national unity, the issue was set aside by mutual consent, sometimes for several years. There was a shared conviction that what the country would lose by forcing the issue was more than it would gain.

That pattern prevailed during the entire regime of Prime Minister Mackenzie King, Mr. St. Laurent, and the late Mr. Lester Pearson. In the mid-1960s under Mr. Pearson's leadership a concerted effort was made to reach an accord on patriation and an amending formula in time to complete the exercise by Canada's Centennial Year. After a long series of meetings of provincial attorneys general, chaired by the federal Minister of Justice—first Mr. Davie Fulton and later Mr. Guy Favreau—a unanimous consensus was reached which became known as the Fulton-Favreau formula. The committee's unanimous recommendations were accepted without alteration by a First Ministers' Conference chaired by Prime Minister Pearson. That Accord was signed by the Government of Canada and not nine but all ten provincial premiers. It was

further mutually agreed that the federal government would submit a resolution to Parliament, and the provincial premiers to their respective legislatures, formally ratifying the agreement that had been reached. Regrettably, the Union Nationale Party in Quebec launched a vigorous campaign against the proposal, and the then Quebec premier, Mr. Jean Lesage, reluctantly advised the Prime Minister that his legislature would not ratify the Accord.

The disappointment was great, but the important and significant thing is this: Notwithstanding the disappointment, not one government leader, federal or provincial, argued that the federal government and the other nine provinces should proceed anyway. That was not because Quebec had a veto power, any more than it has such a power today. The matter was not forced because every government leader acknowledged that, by forcing the issue, what the country would gain would be significantly less than what it would risk losing through the strain such an action would put on the ties of Confederation.

Senator Flynn: Right on.

Senator Manning: The same wisdom prevailed when the Victoria Accord broke down in 1971. Where is that wisdom today?

Senator Smith: Gone!

Senator Manning: Honourable senators, it is in the light of all these circumstances and considerations that we must assess, and pass judgment on, the Address that is now before us. This I have endeavoured to do; and, after weighing what will be gained against what may well be lost, I have reached the conclusion that I cannot in good conscience support this constitutional package so long as it contains a Charter which is fundamentally unsound, especially when there exists no set of compelling circumstances making its passage imperative, but there does exist a set of circumstances in which its adoption will pose a grave and unacceptable threat to Canada's future as a nation.

For those reasons, and notwithstanding my satisfaction with the measure of accord that has been reached, for the good of Canada I am compelled to vote against the Address in its present form.

• (2040)

Senator Walker: Honourable senators, it is obvious to us all why the former Premier of Alberta, who served so well in that top job from 1943 to 1968, should be awarded the first and only Order of Excellence of Alberta. He gave us a wonderful exhibition this evening.

Senator Macdonald: Senator Bird is waiting to speak.

Senator Walker: Then, by all means, ladies first.

Hon. Florence B. Bird: Honourable senators, in the words of Tom Payne, "These are times that try men's souls." I assure you they also try the souls and minds of women. For over a year now, many of us have been torn and battered by the winds of intense, conflicting emotions; emotions that have, at times, dimmed the light of reason and mature judgment.

Like many other Canadians, I enjoyed a sense of quiet satisfaction, of pride when the Joint Committee on the Constitution presented its report. It had worked long, hard and wisely to hammer out a new Constitution with a truly entrenched Charter of Rights and Freedoms. It produced an enlightened document based on information gained at the hearings that required necessary compromises by the federal government. It was an enlightened document based on a sophisticated, modern concept of equity and justice. It was a triumph of statesmanship over partisan politics.

After the Supreme Court brought down its decision, I wanted the government to take the resolution to Westminster immediately, without trying, once again, to reach a consensus with the provinces. I wanted that for two reasons. First, I was sure that the ten provincial premiers would never reach a consensus that the federal government could possibly accept. After listening to that shameful conference in September 1980, I was convinced that the majority of the provincial premiers were selfish, arrogant and destructive, that they were charting a collision course that would eventually destroy our country.

Senator Flynn: But not the Prime Minister.

Senator Bird: Perhaps, honourable senators, I was too hard on them. I am a federalist. I am convinced of the necessity of having a strong federal presence. I deplore the way the power of Parliament has been whittled away by judgments of the Judicial Committee of the Privy Council at Westminster. I believe that, for the good of the country, every effort should be made to prevent further attrition of the power and supremacy of Parliament.

My second reason for wanting immediate referral to London is quite simply that I personally believe that custom and convention should be ignored if they have outlived their usefulness. They are valuable tools for constructive action when they are servants, but they are restrictive tyrants when they are masters. On the other hand, I have always had a profound respect for law because without law and confidence in the integrity of our judicial process we have anarchy.

Therefore, when the Supreme Court ruled that Parliament has the legal right to take the resolution to Westminster, I thought we should not stand upon the order of our going, but go at once. As time went on, I was swayed by a new and different emotion. I was angry when it became apparent that the Parliament at Westminster would probably reject the resolution because it did not conform to its concept of traditional custom and convention. I felt this vestigial form of colonialism was not only ridiculous but also an insult to the Parliament and the people of Canada.

Senator Flynn: Come on.

Senator Bird: Then common sense took over. I realized that the parliamentary system we have adopted from Britain does require that custom and convention be respected. I realized that another last try must be made to find an accord. After that my spirits vacillated between hope and despair. And then, incredulous, I was swept in a moment of euphoria when a sort

of political miracle took place, when nine of the provinces and the federal government reached an agreement.

I am sure that the provincial premiers reached the accord because public opinion made them aware that their intransigence was not acceptable.

Senator Smith: That is what you think.

Senator Bird: Yes.

Honourable senators, from the beginning of this exercise in constitution making, reason and common sense told me that we had to compromise, because compromise is necessary in a federal country. Yet, I felt so emotional about the importance of what we were trying to do that I could not endure the thought of having the Charter of Rights gutted for the sake of custom and convention and selfish provincialism.

Senator Flynn: Oh, come on!

Senator Olson: Right on.

Senator Flynn: Everybody is selfish but you, I suppose.

Senator Austin: Do you think that you have all the wisdom?

Senator Bird: Thank you, honourable senators.

My euphoria over the Accord did not last very long. From the heights of relief, I was plunged into the Slough of Despondency when I realized what had been done to the Charter. Like thousands of other Canadians, I found it incredible, almost obscene that the equality of women and men and the existing rights of the aboriginal people should have been disregarded in such an insensitive and arbitrary way.

Honourable senators, the place of a woman was certainly in the kitchen and, in the case of the Constitution, in the kitchen of the Convention Centre when Chrétien, Romanow and McMurtry cooked up the constitutional mess of potage that proved to be digestible for nine out of the ten premiers. It was not wholly to the taste of the Prime Minister, since it was he who, for the sake of agreement, was forced to be the most flexible and the most compromising. It was he who made a great personal sacrifice in order to achieve the Accord. Undoubtedly, women and the aboriginal people of this country would have been spared an agonizing experience if the numerical majority of the population had been represented in that kitchen and, more importantly, at the conference table.

The solidarity of Canadian women and their potential power as voters were demonstrated when they were successful in persuading several of the premiers to agree to remove the overrule from section 28 of the Charter. It seems incredible that massive lobbying should have been required to do that. The federal government had, of course, already agreed by their support of the resolution as amended by the joint committee.

I am sure everyone in the chamber is comforted by the knowledge that section 28 is now entrenched. It now protects the numerical male minority of the population as well as the female majority, which is, of course, only right and proper: we should protect our minorities.

[Senator Bird.]

[*Translation*]

It should be a source of regret for all Canadians that the Premier of the Province of Quebec has decided he will no longer negotiate in good faith.

This attitude is not surprising. Mr. Lévesque is a separatist, and he is not going to change.

I hope and pray that the good sense and goodwill of the people of Quebec will prevail as it did during the referendum.

It should be a tragedy for Quebec and for Canada if Mr. René Lévesque were able to realize his ambition.

I lived for years in "la belle province", and I am very sad when I think about the threat of separatism. Many of my friends live there. Part of my heart is there. My love for Quebec and my love of Canada are intertwined.

I know that many of my dear colleagues share my feelings and that they are torn, because their roots are deeply anchored in the soil of Quebec.

[*English*]

They have my sympathy and understanding.

Honourable senators, we now have before us a proposed Constitution with a reasonable amending formula, and a semi-entrenched Charter of Rights and Freedoms that should be a binding statement of the beliefs and aspirations of the Canadian people. I am not convinced of the validity of the potential overrules on fundamental and legal rights, in spite of assurances from authorities in the field of civil rights that they may assist in the realization of justice, rather than act as a hindrance. I am glad that the senators who spoke before me today made me feel less badly about this aspect of the matter. It seems to be a very strong body of opinion, and perhaps the Honourable Eugene Forsey, who has made cogent and convincing arguments against them, may not be entirely right, but I cannot help but share some of his apprehension.

● (2050)

Fortunately, this is not a final Constitution. There can be no such thing in a rapidly changing society. It can and must be strengthened and improved in the light of experience, judicial rulings and public demand.

In conclusion, I think that we are duty bound to vote for it now. It would be incredible and improper, an affront to the democratic process of government, if a chamber made up of fewer than a hundred appointed members decided to delay that resolution agreed upon by the elected representatives of the people in the House of Commons and the elected governments of nine of the provinces. Some of us may gag a bit when we say "Aye," but that is what we are compelled to say—compelled by duty and a sense of responsibility.

Hon. David Walker: Honourable senators, with my apologies, now may we get down to a little hard tack? I should like to refer honourable senators to page 4282 of the *Votes and Proceedings* of the House of Commons of December 1. I am referring particularly to section 38(1), which reads as follows:

> An amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by
>
> (a) resolutions of the Senate and House of Commons; and
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> (b) resolutions of the legislative assemblies of at least two-thirds of the provinces that have, in the aggregate, according to the then latest general census, at least fifty per cent of the population of all the provinces.

Therefore all important legislation dealing with the Constitution of Canada, and amendments to it, must originate with resolutions of both houses and then the concurrence of two-thirds of the provinces having at least half of the population of Canada.

Then we find all the way through here a lot of common sense and a lot of things to congratulate the government on.

Then we come to section 41, which says:

> An amendment to the Constitution of Canada in relation to the following matters may be made by proclamation issued by the Governor General under the Great Seal of Canada only where authorized by resolutions of the Senate and House of Commons and of the legislative assembly of each province:

In other words, any amendments to the Constitution in relation to anything as important as the office of the Queen, the Governor General and the Lieutenant Governor of a province must be done in this way; the changing of the number of senators and the number of members of the House of Commons must be done in this way; the use of French or English must be done in this way; and of course, the composition of the Supreme Court itself. Everything throughout here depends on the co-operation of the Senate and the House of Commons. It looks all very well.

Section 42 deals with an amendment to the Constitution in relation to the composition of the House of Commons and the Senate, the method of selecting senators, the number of members by which a province is entitled to be represented in the Senate, and the composition of the Supreme Court of Canada. It is always the Senate and the House of Commons co-operating under this act, as they have done for 100 years, and it should work out well.

The greatest surprise is section 47. It looks as if it is a bad dream that has been pitched in here. That section upsets the whole apple cart, and it looks as if the Prime Minister, or someone acting on his behalf, was angry, because now, after hearing about the correlation of these two great houses, section 47(1) reads as follows:

> An amendment to the Constitution of Canada made by proclamation under section 38, 41, 42 or 43 may be made without a resolution of the Senate—

I ask you to think about that. There is no reason for it. It has never happened in our hundred-year history, and I am asking honourable senators, including the whip over there, to pay attention. This is very important to him. I want him to take it in.

Senator Petten: Of course.

Senator Walker: I am glad to hear you say that, because we have come to the strangest part of this whole act, section 47(1).

Now we have proclamations being made at any time, on any subject, without a resolution of the Senate authorizing the issuance of such proclamations, whereas all the way through the act, up until now, it is imperative that there be joint resolutions of the Senate and the House of Commons.

Section 47(1) reads:

> An amendment to the Constitution of Canada made by proclamation under section 38, 41, 42 or 43 may be made without a resolution of the Senate authorizing the issue of the proclamation if, within one hundred and eighty days after the adoption by the House of Commons of a resolution authorizing its issue, the Senate has not adopted such a resolution and if, at any time after the expiration of that period, the House of Commons again—

For a second time.

> —adopts the resolution.

It becomes law without any consideration whatsoever of the Senate.

I have only been a senator for 19 years, but I remember time after time the Senate's amending one bill after another. My friend, the Leader of the Opposition, will recall that not more than twice were our amendments turned down by the other place. We have worked in unison beautifully. If there was any difference of opinion, we got together in our committees and talked to the House of Commons and worked out something which was to the satisfaction of both houses.

We have worked in tandem all the way through, and now we are being invited, under section 47(1), to take the whole thing and throw it overboard. They are saying, "Get tough! Bring up your resolution, in the knowledge that no longer do you need the scrutiny of the Senate, no longer do you need that famous sober second thought, no longer do you need that experience of all the years that most honourable senators have had. Simply wait six months, and then pass it anyway."

My suggestion to you this evening is that because, to date, no one has indicated any reason for the passage of section 47, all we need do, and all I am asking you to do, is to delete section 47. It is thrown in here out of place anyway, and it contradicts the whole purport of this bill. How anyone put this in in the first place, I cannot imagine, but there it is, and that is my suggestion to you because it is illegal, it does not make sense and it should be removed. You cannot have the rest of this resolution include section 47. If the matter has to be heard in the Supreme Court, I say with confidence that I think they would find this section *ultra vires*.

Rather than giving you a big dose of it, read it for yourselves. You are all experienced legislators, and I depend upon your common sense to insist. All we need to do is make this

amendment. It only takes fives minutes to do it. When the House of Commons sees what a foolish thing has been done by including it, I think the House of Commons will be glad to make the necessary amendment within an hour of receipt of it.

What will happen if it is left in there? Let me preface my remarks by saying that here we have what I think is a wonderful house. I have thought so for all the years I have been here. Having sat in the House of Commons, and in the cabinet for some years under Mr. Diefenbaker, I came over here expecting to see a lot of sleepy old gentlemen. I was, however, very pleasantly surprised. The Standing Senate Committee on Banking, Trade and Commerce is the best committee in Canada. There is no doubt about that. The Americans are hearing a great deal about it, for business reasons. It is a wonderful committee, made up, generally speaking, of outstanding members. I am one of the exceptions; I am not as outstanding as most of the others. The House of Commons is delighted to send its problems over to our Banking, Trade and Commerce Committee, under the charimanship of the ablest man I have ever met in matters of this kind, Senator Hayden.

● (2100)

Hon. Senators: Hear, hear.

Senator Walker: Our National Finance Committee, under my friend Senator Everett, has a pretty terrific reputation also.

All of the committees, except the Transport and Communications Committee, under the chairmanship of Senator Smith, are, you will be glad to know, headed by Liberals.

We deal with the Criminal Code too. The House of Commons will tell you that they could never do it. They would not have the time or the expertise. In the field of constitutional law we do practically the whole thing.

Those are our four main committees, in addition to which there are another 10 or 12, including Senator Croll's. He always has one or another going.

We cannot get along without the Senate, and yet here we are with section 47. Under the provisions of section 47 the House of Commons could, in five minutes, pass an act to get rid of the Senate, and just by waiting six months and having it passed again the Senate could not fight against its becoming law.

Senator Frith: They would need the vote of the provinces, of course.

Senator Walker: Yes. Section 38 provides that they would need the concurrence of two-thirds of the provinces having at least 50 per cent of the population of all the provinces; that is true.

You know, our present Prime Minister could convince anybody about anything.

Senator Doody: Almost anything!

Senator Walker: "Almost" is very well put.

We are a chamber of sober second thought; there is no doubt about that. But what happens if section 47 is enacted? We will, by so doing, make ourselves different from almost every other democracy in the world. Every democratic government has a second chamber—they call it the bicameral system—but we would become a unicameral system. Even New Zealand has a second chamber—I think they were the last to get one—as has almost every democracy in Europe. Why are two chambers necessary? It is because one chamber, working alone, gets too frisky. They try to do stupid things. They need to be brought back into line by a second chamber. That is something that has been proven over and over again.

This is the third bill in which the Prime Minister has tried to get rid of the Senate. He does not say openly that he is trying to do this, but he has made it awfully simple to do so this time. All he has to do is pass an act to abolish the Senate, wait for six months and then make it the law. Why in the name of heaven would he want to do that, when, to my knowledge and throughout the history that I know of the Senate, no veto has ever been imposed? Everything has been worked out by mutual and happy agreement, and we are on the best of terms with the House of Commons—or, at least, I thought so until I read section 47, which I do not think anybody has studied.

Why should Canada be the exception among the democracies of the world, which have found it necessary to have two chambers? There is no reason for that. Certainly, no reason has been given. Nothing in the history of the Senate has been brought forward as a reason for blasting us in this way. No reason has been given to prove that Canada is different from any other democracy. We do know this, however, that where you have a single house running a country a clever man can manipulate it, can become its master and, finally, its dictator. That is one of the weaknesses of the unicameral system.

We tried the idea of a House of the Provinces. That, really, on the face of it, was ridiculous.

Going back into fairly recent history, since the United States had their own Constitution they got along with a house which was chosen by the legislatures, two senators from each state, none of them being elected by the people. The Americans are an honourable race, and they were even more so a hundred years ago, nevertheless, their Senate became the most corrupt political body in the whole world. It was so corrupt that they had to do away with it. Why? Because everybody who was appointed by the legislatures, or by the other members, represented some interest or another, and the only way they could get anything for their own state was to get together with others from other states so that they would have enough votes to get what they wanted. They, in turn, would then go along and help the other fellow. It became, as I say, so corrupt, that I think it was President Taft, in 1913, who created a Senate which was directly elected by the people. This soon became the most powerful elected body in the history of the world. It was fantastically powerful and fantastically successful.

If the Prime Minister were to bring forward a plan to make our Senate an elected body, I would retire from the Senate at once and say, "Go ahead, that's a wonderful idea." He would not do so, however, because the Senate would soon become more powerful than the House of Commons.

You are all very modest, honourable senators, and you do not think of this, but we have in the Senate today people like Senator Manning, one of five former provincial premiers. We also have something like 20 privy councillors, most of whom have served in a Canadian cabinet. Where else could you get that kind of representation? Another very important characteristic of our Senate is that we have in it people who are very able, and you have to give credit to the Liberals for finding some of the senators they have appointed, not necessarily prominent in the field of finance but prominent in some profession or other, or some trade or other.

Most of us make a point of representing the place we come from. I have quite a job doing that. I am the senator from Toronto. I notice that nobody boos any more when I say that. In the old days, 20 years ago, they used to boo. We are starting to get liked, and recognized, I suppose.

Can I not just appeal to you on this occasion? Please do not put this thing through. Do not whitewash what is so obviously a horrendous black mark, which makes the whole thing seem simply ridiculous.

We are going to hear some good speeches tonight—some further good speeches. I corrected myself because I had to include Senator Manning, who has already made a very good speech.

MOTION IN AMENDMENT

Senator Walker: I move, seconded by Senator Macquarrie:

> That the proposed Constitution Act, 1981, be amended by deleting therefrom Section 47 and making the appropriate changes by re-numbering the remaining Sections accordingly.

Thank you very much. I would be delighted to answer any questions.

• (2110)

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Walker, P.C., seconded by the Honourable Senator Macquarrie:

> That the proposed Constitution Act, 1981, be amended by deleting therefrom Section 47 and making the appropriate changes by re-numbering the remaining Sections accordingly.

As you know, honourable senators, there is a ruling that, pursuant to the order adopted on December 2, 1981, a recorded division is deferred.

Hon. Paul Lucier: Honourable senators, I will not take much of your time with my remarks on the resolution before us. As a member of the Special Joint Committee on the Constitution of Canada, I had the good fortune of being present for much of the constitutional debate. I have also heard and read many excellent speeches made in this house by honourable senators from both sides, and believe that most sections of the resolution have been fully debated.

My remarks will deal with two provisions which are of particular concern to people living north of the 60th parallel: namely, section 35 which deals with aboriginal rights; and section 42(1)(e) and (f), which deals with "the extension of existing provinces into the territories" and "the establishment of new provinces."

I will deal first with section 35, which concerns aboriginal rights. The joint committee spent many hours hearing evidence from Indian, Inuit and Métis leaders before finally agreeing to enshrine aboriginal rights in the new Constitution. We were told repeatedly by all native groups that aboriginal rights would have to be included in the Constitution before it goes to Westminster. We were told that the premiers would never agree to such a section being added at a later date. The New Democratic Party, in particular, fought on behalf of the native groups to have aboriginal rights entrenched. Mr. Broadbent then threatened to withdraw his support of the resolution unless the Prime Minister went back to the premiers for another round of negotiations. This was done and, lo and behold, the premiers said, "take section 35 out of the package." Who was the most surprised person in Canada when the premiers took that position? Mr. Broadbent, of course. It seems that the Prime Minister was supposed to go back and negotiate, but was not to agree to anything.

It sounds like typical NDP politics to me—an attempt to be everything to all people that ends up being nothing to anyone. It was only a massive pressure campaign by native and non-native groups, including the entire Northwest Territories Legislative Assembly which travelled to Ottawa for a full week, that forced the premiers to backtrack and finally agree to re-insert section 35, with the addition of the word "existing" to "aboriginal and treaty rights." For a party that would like to represent labour unions, which know all about negotiations, the NDP hung themselves out to dry on that move.

An Hon. Senator: Hear, hear.

Senator Lucier: I will now deal with section 42(1), paragraphs (e) and (f). This is a new section added to the resolution as an indication of support from the premiers. At present, exclusive jurisdiction for creating provinces rests with the Parliament of Canada. I am sure that every person living north of the 60th parallel would prefer to have that power remain with Parliament. However, the new section, which is again the result of both opposition parties insisting that the Prime Minister negotiate with the premiers, will now mean that the Yukon and the Northwest Territories cannot become provinces without the concurrence of at least two-thirds of the existing provinces whose total population exceeds 50 per cent of the population of Canada.

That, honourable senators, is a serious, if not tragic, blow to the political aspirations of all northerners. Both territories have made significant progress towards responsible government in recent years and were surely hoping to continue that trend. Unfortunately, section 42 will make provincial status for either territory virtually impossible in the foreseeable future.

Let me make it clear that I, personally, am not in favour of provincial status for the Yukon at this time. Having said that, I believe provincial status for both territories is not a matter of

"if", but a matter of "when". My fear now is that this new section takes the decision away from Parliament and the people of the two territories, where it belongs, and makes us pawns of the existing provinces.

Some Hon. Senators: Hear, hear.

Senator Lucier: Honourable senators, some members of the Conservative Party would have us believe that "those bad Liberals" have sold the two territories down the river with this new section. They say that the Prime Minister "bartered away the rights of Yukoners." They suggest that they made a valiant effort to rescue the north from "those bad premiers" by moving an amendment to have paragraphs (e) and (f) deleted from section 42, because they do not agree with the intent of those paragraphs.

Honourable senators, I will conclude my remarks by quoting from the *Debates of the Senate* of October 16, 1979, at page 64. At that time the Conservative Party formed the government. The Right Honourable Joe Clark was Prime Minister and Senator Flynn was the Minister of Justice.

Some Hon. Senators: Hear, hear.

Senator Lucier: That was a portfolio, I might add, that I thought he handled quite well. The question, which I asked, was:

> Honourable senators, I have some questions for the Leader of the Government. My questions to the Leader of the Government last week concerning his government's policy on responsible government in the Yukon were not fully answered. If the people of the Yukon have a referendum and vote for provincial status, will agreement be required from the provinces before provincial status is granted?
>
> I want it clearly understood that my question concerns agreement of the provinces, not consultation with them. Will the agreement of the ten provinces be required before provincial status is granted to the Yukon?

The answer from Senator Flynn, taken from the *Debates of the Senate* of October 30, 1979, at page 209, was as follows:

> Honourable senators, I have some replies to questions asked previously.
>
> On Tuesday, October 16, Senator Lucier asked a question regarding the granting of responsible government to the Yukon. In reply I have sought a complete legal opinion from my officials.

Senator Flynn: It was a legal opinion; what is wrong with that?

Senator Lucier: Senator Flynn, I am not finished. I am simply quoting your words:

> On a policy matter, the Prime Minister has said repeatedly that if the people, subsequent to full consultations, demonstrate in a referendum their wish to gain full provincial status, and if the provinces agree, then, subject to legislation being passed by the Parliament of Canada, the Yukon would become a full province.

[Senator Lucier.]

That, honourable senators, is and was the position of the Conservative Party when it formed the Government of Canada.

Senator Flynn: I say that it is a legal opinion.

Senator Lucier: The honourable member from the Yukon was a cabinet minister. I think it is time the people of northern Canada know exactly where both opposition parties stand on these two important sections.

Some Hon. Senators: Hear, hear.

Senator Smith: It's a good thing they knew where the Grits stood, too!

Senator Lucier: Honourable senators, this is not a perfect document. We knew when we started that it was not going to be a perfect document. It has some flaws in it.

Honourable senators, my intention is to vote for this resolution. I am very proud, as a Yukoner, to vote for it, to support its going to Westminster, and to stay here in an effort to help improve it in the years to come.

Senator Flynn: Honourable senators, I rise on a point of order. I would like some clarification from Senator Lucier. On the one hand, he criticizes me for the legal opinion that I gave two years ago, yet, on the other hand, apparently, he is satisfied that this legal opinion be entrenched in the Constitution because he does not move an amendment.

• (2120)

Senator Lucier: Honourable senators, I did not criticize Senator Flynn. What I quoted was not a legal opinion, since the legal opinion was more involved. I wanted everyone to understand—and Senator Flynn has given me an opportunity to stress my point—that this is a matter of policy. The Prime Minister has said repeatedly that if the people, subsequent to full consultation, demonstrate in a referendum their wish to gain full provincial status, and if the provinces agree, then, subject to legislation being passed by the Parliament of Canada, the Yukon will become a full province. Prime Minister Clark made those statements.

Senator Flynn: I am saying that this opinion, whether it is an opinion of policy or a legal opinion, is now inscribed in the Constitution. Apparently you are happy with that situation, so why do you cry? You do not know what you want.

Senator Lucier: My whole speech indicates that I am not happy with it.

Senator Flynn: But you will vote for it just the same, as usual.

Senator Lucier: Honourable senators, when you come from the north, you learn to survive. If you are swimming in a very fast river, you swim downstream, not upstream.

Senator Flynn: You do not swim both ways at once.

Senator Lucier: You would never survive by doing that.

Senator Austin: May I pose a question to Senator Lucier? I too was a member of the joint committee. Is it the honourable

senator's view that the Progressive Conservative Party members in the joint committee supported the Vancouver formula? Further, is it his view that the Vancouver formula supported provisions allowing the extension of provincial status to the two northern territories, with this decision requiring the consent of the provinces? If those provisions were contained in the Victoria formula, Senator Flynn was merely carrying forward the Conservative support of the Vancouver formula.

Senator Doody: An excellent speech.

Senator Flynn: Even if he does not know, he is going to say "yes."

Hon. Henry D. Hicks: Honourable senators, I did not participate in the debate on the earlier resolution, but I listened to most of the speeches and, during the summer recess, read them all. I must say that I was pleasantly impressed with the responsible attitude taken by almost all senators in that debate. I want to refer very briefly to some of those speeches, not because I do not realize that the former resolution is now *functus*, but because some of the arguments put forward are relevant to the views that I have reached in relation to the resolution presently before us which was moved this day.

I listened with interest to Senator Lamontagne's speech and the argument that he made about the fact that the Government of Canada was not legally obliged to consult the provinces before passing a joint resolution to go on to Westminster. This view, of course, was upheld by the Supreme Court of Canada. Senator Lamontagne also held the view that there was no constitutional convention requiring the concurrence of the provinces before the passing of the joint resolution. In this regard, of course, six of the judges of the Supreme Court of Canada differed from him and held that there was such a constitutional convention, even though there was not a legally-binding obligation.

Finally, Senator Lamontagne made a good argument that there was a convention that the Parliament at Westminster always acts upon the joint address of the two houses.

For the most part, I think I would agree with Senator Lamontagne. Quite frankly, I was a little surprised that the Supreme Court of Canada, by a majority, held that there was a constitutional convention requiring consultation with the provinces. In any event, Senator Lamontagne's analysis of the procedural situation has turned out to be almost completely right.

The speech that then impressed me the most was that of Senator Thompson. He put forward excellent arguments concerning the procedures to be followed, and he quoted the many precedents for provincial agreements, starting with the views of Sir Ivor Jennings and quoting Canadian Prime Ministers from Sir John A. Macdonald down to—and one might even say "especially"—Prime Minister Trudeau.

Senator Thompson thought that Parliament could not, should not, or would not act in a matter relating to the legislative competence of the provinces without consultation with and the agreement of those provinces.

He also put forward an excellent argument concerning the entrenchment of the Charter of Rights and, following the reference to Professor Browne by Senator Cook, Senator Thompson elaborated on Professor Browne's views on the dangers of entrenching a Bill of Rights in the Constitution. I need not refer to Professor Browne's views, with which I generally agree, because this has already been done by previous speakers and is part of the record of this chamber. However, I will refer to Professor Browne a little later on.

Senator Godfrey treated us to a very interesting speech, but his rather inelegant ending, saying that he would "hold his nose and vote for the resolution," seemed to me to be a complete non sequitur to the arguments that he had made.

I also listened with interest to Senator McIlraith who again quoted a long series of precedents and statements of Canadian Prime Ministers and Ministers of Justice concerning the necessity of acting in concert with the provinces, particularly where provincial legislative jurisdiction was concerned.

Senator Manning's arguments against entrenching the Charter of Rights also appealed to me, but not his arguments against the amending formula. I felt that his views concerning an amending formula would have made it too rigid and too difficult. We again heard from Senator Manning this evening so I need not make any further reference to his views.

The last speech to which I wish to refer is that of Senator Lang. He, again, developed the argument about the non-entrenchment of the Charter of Rights. He particularly developed the very interesting argument having to do with the Colonial Laws Validity Act, the Statute of Westminster, especially section 7(1) and item 17 of Schedule I of this resolution. Of course, his points have not been answered by the resolution now before us.

The difference, I suppose, is that whereas the previous resolution was opposed by eight out of ten provinces and, therefore, was very likely to be challenged along the lines envisaged by Senator Lang, the present resolution is supported by nine of the ten provinces and may not be so apt to be challenged in the courts, as was suggested by Senator Lang, or in any other way.

Honourable senators, from what I have said and from the speeches to which I have referred, you will see that I had reached the conclusion that I could not, in good conscience, have voted for the previous resolution. My reasoning for that had to do with three things: First, my conviction as a common law lawyer that the entrenchment of the Bill of Rights was not a helpful thing and might even prove to be harmful so far as our Constitution is concerned; second, I was opposed to the resort to a referendum; and, third, I was deeply concerned that, no matter how intransigent and unreasonable some of them had been, the resolution was, in fact, opposed by the government spokesmen of eight out of ten Canadian provinces. While I believe that some of the reasons for their opposition to this were bad and I do not think that they tried hard enough to reach an agreement, until they eventually did at the eleventh hour, I felt that it was a very serious matter for us to ask

Westminster to pass legislation having to do with the legislative competence of the provinces when it was opposed by eight of ten provinces.

As you can see, the resolution now before us satisfies me insofar as the removal of the resort to a referendum and insofar as the support of provincial governments are concerned since we now have the agreement of nine out of ten provinces.

However, I do wish to record my concern in relation to the position of the Province of Quebec, and I share a good many of the views enunciated by Senator Manning this evening. But I would not go so far, on that count alone, as to vote against the resolution.

● (2130)

So, how then do I deal with the Charter of Rights? I have said that my view, as a common law lawyer, was that I was not very enthusiastic about an entrenched Bill of Rights; but initially I felt that this was not all that serious, that while it did not appeal to me, it would not, in my view, have done very much good to the rights and freedoms of Canadians, but it would not have done very much harm either.

It was the papers of Professor Browne that convinced me that the entrenchment of a Bill of Rights, as was done under the previous resolution, had positively harmful connotations. I will not go through the arguments, which relate, of course, to the transfer of ultimate power from the elected representatives of the people—that is, members of Parliament and members of the provincial legislatures—to tenured judges of the Supreme Court; but that did come as a matter of great concern to me.

Nevertheless, my chief concern with the Bill of Rights was the fact that it constituted an encroachment on provincial legislative powers without the consent of the provinces, save only, under the old resolution, Ontario and New Brunswick. I believe firmly that the final authority should be Parliament and the provincial legislatures, rather than the courts.

However, this situation has been considerably improved by section 33 and the "notwithstanding" clauses, and far from viewing the "notwithstanding" clauses with disapproval, I believe they have done a fair amount to restore the balance of ultimate authority to the provincial legislatures and the Parliament of Canada rather than giving it to the Supreme Court; albeit the process will be somewhat less direct than it would have been had we not entrenched a Charter of Rights at all.

So, therefore, I have read with interest Professor Browne's paper of last October 20, and I will read into the record two paragraphs which seem to me to express very well both his views and my own. He said:

> The essential question at present is not whether we should have a Charter of Rights. It is whether this Charter should be "entrenched"—or rather (since there are other forms of entrenchment possible, whether it should be entrenched in the manner proposed by the federal government. In short, we have to decide whether the rights and freedoms listed in the Charter should be ultimately interpreted by the federal and provincial parliaments or by the Supreme Court.

[Senator Hicks.]

Skipping a few lines, he continues:

> Judges are not necessarily the best interpreters of a Charter of Rights. They can make invaluable contributions when considering it, and the role of the Supreme Court of Canada, in this regard, might well be enhanced. But to judge by the record, not just of our own courts but of those in other countries (including the United States), it is at least debatable whether minority rights and freedoms—let alone social ideals and programs—are better protected, or promoted, by appointed and tenured judges than by elected and responsible legislators.

In the final paragraph of his paper he says:

> Passage of the federal government's proposal is not bound, or likely, to end the constitutional wrangling. Simple patriation with an amending formula—either through the passage of another British statute to replace the British North America Act or by means of a British statute repealing Section 7 of the Statute of Westminster—should, if accompanied by an amending provision or agreement, enable our politicians to concentrate, for a while, on other matters. Necessary constitutional reforms could then be made in the way in which we have usually, and not all that unsuccessfully, made them—gradually, cooperatively and, above all, pragmatically. On the other hand, the revolutionary alteration of our parliamentary system and federal structure that would result from the entrenchment of the federal government's Charter of Rights would almost certainly require additional and imminent, as well as more radical and contentious, changes. And so many individuals, groups and governments would be left so dissatisfied, disgruntled and disunited that Canadians could face an even more serious constitutional crisis before long.

Those represented Professor G. P. Browne's views as of October 20, and I was pleased to find, after the "notwithstanding" clauses had been put into the present resolution, that he wrote another paper on November 18, after the Accord had been reached with nine of the ten provinces, and declared himself virtually completely satisfied that the balance had been restored and that the "notwithstanding" clauses made the entrenchment of the Charter of Rights much more acceptable than he had thought only a month before. I adopt his reasoning in that respect and, therefore, I believe that I can accept the Charter of Rights in the Constitution in its present form, with the "notwithstanding" clauses, and that I can support the resolution.

I should now like to comment briefly on two or three other sections of the resolution before us. It is rather intriguing to read section 3, which says:

> Every citizen of Canada has the right to vote in an election of members of the House of Commons or of a legislative assembly and to be qualified for membership therein.

It does not refer to any age limitation, and the only way that one can get any age limitation is to go back to section 1, which says:

> The Canadian Charter of Rights and Freedoms guarantees the rights and freedoms set out in it subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society.

From that one could argue, I suppose, that the Parliament of Canada can fix the voting age of the Canadian citizen, or that the Parliament or the legislature of a province can fix the voting age of Canadian citizens in that province. But it seems to me that we still have the possibility here of a good deal of litigation. Suppose, for example, as, indeed, is the case, that Province A has a voting age of 19 and Province B has a voting age of 21; and suppose that I am a 20-year old in Province B. I believe I could read section 3 of the Charter of Rights and say that my fundamental rights are being interfered with because I am not allowed to vote in Province B, whereas if I were living in Province A I would be allowed to vote. In any event, I think that is intriguing. I hope it will not cause a lot of litigation, but I can see the possibility of its doing so.

Senator Walker referred to section 47, and, of course, I had noticed that section 47 would almost certainly make it possible to abolish the Senate without the consent of the Senate, provided there was the consent of seven provinces containing 50 per cent or more of the population of Canada and there were two resolutions passed by the House of Commons.

I do not believe that the Senate needs an absolute veto, in any event. I believe a suspensive veto would serve our purposes well enough. But, strangely enough, it seems to me that this is topsy-turvy. If there is one area where the Senate ought to have an absolute veto, it would be in matters having to do with such fundamental items as our Constitution, and so on.

I know that one makes oneself subject to the suspicion that one is merely trying to protect one's own place in the Senate with this, but I deny that, and I state categorically that if it were shown to me, by a resolution of the House of Commons and by the concurrence of seven of Canada's ten provinces containing more than half the country's population, I do not believe that I would want to sit here in the Senate and try to perpetuate the chamber, in any event. Surely it is up to us, honourable senators, to try even harder than we have before—and everyone knows that our public relations have not always been as good as they should be—to make other legislators understand, and to make the people of Canada understand, the validity of the function of the Senate and the important role that it does play, and the even more important role that it could play, if it were given the opportunity to do so, in the legislative process and the government of Canada; and I join with the remarks of Senator Walker in this respect.

Finally, I am a little unhappy about the provision of section 59, which says, in effect, that section 23(1)(a), having to do with language rights, shall come into force in Quebec only on proclamation, with the approval of the Legislature of Quebec. It may say "the legislature or government of Quebec." Perhaps I had better look at it so that we can have the record right.

● (2140)

Section 59 states:

> (1) Paragraph 23(1)(a) shall come into force in respect of Quebec on a day to be fixed by proclamation issued by the Queen or the Governor General under the Great Seal of Canada.
>
> (2) A proclamation under subsection (1) shall be issued only where authorized by the legislative assembly or government of Quebec.

It seems to me that that gives an undue, arbitrary authority to one province which is not accorded to other provinces in Canada. Perhaps, however, in view of the special circumstances relating to the province of Quebec, I can swallow my reservations about this proposal.

I think that is all that it is necessary for me to say, honourable senators. I am not as ecstatic about this constitutional document as some honourable senators, but perhaps it is the best that we can do at this time. It does have the support of all but one government and legislature in Canada. Accordingly, I support the motion and the resolution.

On motion of Senator Robichaud, debate adjourned.

The Senate adjourned until tomorrow at 10 a.m.

THE SENATE

Friday, December 4, 1981

The Senate met at 10 a.m., the Speaker in the Chair.

Prayers.

PRIVILEGE

STATEMENT BY SENATOR FLYNN

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I rise on a matter of personal privilege. I was watching television last evening and the Leader of the Government appeared on the screen angrily accusing me of having broken an agreement. I do not know what he was referring to because I do not know of any agreement that I have broken. Therefore, I would ask him to withdraw that accusation.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the comments made on television yesterday by me and by the Leader of the Opposition, certainly in my case, appeared only in brief, edited and excerpted form. If the Leader of the Opposition is willing to bring to me a transcript of my complete remarks, I will be glad to discuss with him the contents of that entire interview. Similarly, I hope that he will be willing to produce the complete text of the remarks and comments made by him to the media yesterday relating to the government and its constitutional proposals.

For my part, I referred to an informal understanding.

Honourable senators, I think that the agreement achieved subsequently last night was beneficial to the Senate and the country, and I do not wish to attribute any unworthy motives at all to the Leader of the Opposition. The understanding that we had was that the debate would commence yesterday and that a number of speakers from both parties were to participate in that debate. That is the understanding I had in mind.

Senator Flynn: It was not broken.

Senator Perrault: If what I have said serves to clarify the situation for the Leader of the Opposition, I am pleased to have given that explanation.

Senator Flynn: I have not broken any agreement. We proceeded as we had agreed to proceed.

I am not sure whether the Leader of the Government was referring to our motion for postponement. If that is what he had in mind, there was no agreement not to move such a motion. Of course, it was obvious that if I were to do that, it would succeed only with the concurrence of the government. So I take the remarks of the Leader of the Government as a withdrawal of his accusation.

Senator Perrault: Honourable senators, of course, what I have said does not constitute a withdrawal. It constitutes, however, an explanation, and similarly I am pleased to have the explanation offered by the Leader of the Opposition of the position he took yesterday.

Senator Flynn: I will still not accept anything but a withdrawal of the accusation. I do not consider it fair. I have not made any reference to the Leader of the Government personally, either during this debate or over television, and therefore I do not accept his hesitation—

Senator Perrault: If the Leader of the Opposition holds the view that he was affronted by that brief excerpted comment, which represented only a small part of the total interview given to the CBC, at its request, then, of course, I wish to make it clear to this chamber that no offence to the Leader of the Opposition was meant. I did, however, give my interpretation of what I had assumed to be an informal agreement we had with the opposition. But, as I have said, subsequent events yesterday have served to establish a course for the debate which I believe is satisfactory to all honourable senators.

Senator Flynn: Let the record speak for itself.

THE SENATE

STATEMENT BY PRIME MINISTER—QUESTION OF PRIVILEGE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a further matter of privilege to raise, and it concerns not only myself but the whole Senate. Yesterday the Prime Minister, in a press conference, said that today he would be telephoning Mrs. Thatcher, the Prime Minister of Great Britain, to make arrangements for the quick passage of the Constitution resolution now before the Senate. I consider that to be an affront to the Senate, because the Prime Minister assumed—and possibly he is right—that the Senate is only a rubber stamp.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I regret the testy mood of the Leader of the Opposition this morning. The Prime Minister has been in continuing communication with Mrs. Thatcher. I presume that his next conversation with her will suggest the possibility of the Senate's disposing of this matter—

Senator Flynn: Yesterday it was not a possibility.

Senator Perrault: —along the lines of the agreement, which indeed was seconded by the Leader of the Opposition yesterday—an agreement to have the vote put at 5 p.m. on Tuesday afternoon. There are many other matters which the Prime Minister may wish to discuss with the Prime Minister of Great Britain. The conversation may well not be restricted to the important Constitution considerations.

Senator Flynn: May I draw the attention of the Leader of the Government to the fact that the agreement to have the vote at 5 p.m. on Tuesday was reached only at the end of the afternoon, and after the Prime Minister's press conference. Therefore, he could not base his comments on this agreement.

• (1005)

Senator Perrault: Honourable senators, obviously the comment is unfair. This must be the view of most members of the Senate.

Senator Flynn: Which comment? The one by the Prime Minister?

Senator Perrault: The Leader of the Opposition does not have a text of the comments attributed to the Prime Minister yesterday, who, I understand, gave a far-ranging press conference relating not only to constitutional matters but to economic questions, and questions relating to his future in public life. Certainly, the comments made by him on that occasion did not attempt to anticipate any action which may or may not take place in the chamber.

Senator Flynn: I do not see why the Leader of the Government thinks he has to defend the Prime Minister the way he does. He accused me yesterday of trying to win Brownie points with Mr. Lévesque. What is he trying to do now—win Brownie points with the Prime Minister?

Hon. John M. Godfrey: Honourable senators, when I was a young lawyer I read a book by a very famous New York lawyer called Louis Nizer, who advised all lawyers to operate under the law of probabilities. I have done that in my law practice, and I think it is perfectly legitimate for the Prime Minister to do it too.

ENERGY

RIDLEY ISLAND COAL PORT RATES AGREEMENT— ANNOUNCEMENT BY MINISTER OF STATE FOR ECONOMIC DEVELOPMENT

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am pleased to announce that an agreement has been reached with Teck Corporation and Quintette Coal Limited on the rates that will apply for shipment of coal through a new coal terminal facility under construction at Ridley Island involving an investment of $275 million.

The agreement achieved late last night marks the successful conclusion of a lengthy series of intensive and complex negotiations that required the combined efforts of all the parties involved in the development of this massive resource project which will have an overall cost of $2.25 billion. Full development of the northeastern British Columbia coal block will yield substantial economic benefits for British Columbia and, indeed, for all of Canada.

My colleagues and I are confident that the NHB/FEDCOM Corporation offered the best possible rate post-1989 to the two coal producers while still adhering to fundamental objectives of the federal government that the port operate on a commercial basis after April 1989, and that the competitive position of southern British Columbia and other western coal producers not be jeopardized.

We are particularly pleased that the new NHB/FEDCOM Corporation was able to move so quickly to resolve the rate issue, thus ensuring timely development of the port to meet the coal producers' shipping schedule, and, in paticular, the British Columbia government's commitments for some of the necessary rail infrastructure.

The federal government's participation in the project through sound capital investment for associated rail and port development reflects the high priority the national government attaches to facilitating major resource development opportunities in Canada's regions that are of significant economic benefit to the country and beyond the capacity of a provincial government or the private sector alone.

The federal government is providing assistance in several ways, including the creation of the new NHB/FEDCOM Corporation for the construction, design and operation of the port, a guaranteed developmental rate until 1989, site clearing, access and preparation for the port and approximately $275 million through Canadian National Railways for line improvements and rail equipment purchases.

This project has required, and will continue to require, the joint planning and co-operation of the federal and British Columbia governments and the coal producers. The federal-provincial co-operation that we have sustained throughout these extremely complex negotiations has enabled us to seize a key economic opportunity for British Columbians and all Canadians.

• (1010)

Honourable senators, in conclusion, I would like to say that Senator Perrault, for the past 18 months, has been deeply involved in these complex negotiations. Senator Austin, since he joined the cabinet only recently, has also made a major contribution to the very satisfactory result that I am able to announce today.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I wonder if my honourable friend, when he considers making such a statement, would do the members of this chamber the courtesy of letting us have a copy of it. How on earth are we expected to comment, either appreciatively or otherwise, when we do not know the content of the statement beforehand?

Hon. Raymond J. Perrault (Leader of the Government): The ink has not yet dried on the release.

Senator Roblin: In that case, perhaps you could wait until we have at least had a chance to look at it. I have just been handed by my colleague, the Leader of the Opposition, a press release. We know what those are, so I pay no attention to that. I would, however, appreciate it if my honourable friend would let me have a copy of his statement.

Senator Olson: Honourable senators, I think that is an unfair comment. This occurred, I believe, at some time around 1 o'clock this morning. The people of this country and, more

particularly, the people on the west coast and those in north-eastern British Columbia, are entitled, in my view, to have a press release issued and communicated to them as soon as is possible. That was done. A copy of that release, containing all of the essential information that my honourable friend needs to know, was handed to him several minutes before 10 o'clock this morning. He cannot, therefore, deny that it was sent to him, or, at least, that it was sent to the office of the Leader of the Opposition.

Hon. Jacques Flynn (Leader of the Opposition): This thing?

Senator Olson: We have so many good things to announce today that perhaps my honourable friends opposite are confused. There is another statement that Senator Austin will be making in a few moments with respect to the native economic involvement.

Senator Flynn: I did not receive that.

Senator Olson: If my honourable friends are telling me that they did not receive a copy of the press release before they entered the chamber this morning, I apologize to them. I gave instructions to my staff to take it over to the office of the Leader of the Opposition.

Senator Flynn: Well, I did not receive it.

Senator Roblin: I think my honourable friend has certainly clarified a conumdrum as far as I was concerned because, while my colleague was speaking on the question of privilege, he was handed this statement. It is, apparently, the one that Senator Austin is to favour us with in a few moments. I thank Senator Austin for his agility in getting his statement to us in time. However, I have to tell my honourable friend, the Minister of State for Economic Development, that I have received no copy of his statement. If he had an opportunity to have it typed so that he could read it to us now, surely he could have passed a copy across the chamber. I ask for no more than that.

Senator Olson: Honourable senators, if there has been a problem with respect to passing this informaton on to my honourable friends opposite prior to 10 o'clock this morning, I apologize. I try to make a practice of supplying them with information.

I have a copy in my hand that I will send across to Senator Roblin, if he has not yet received one. I was completely under the impression that it was delivered to him at about 10 minutes to 10 this morning.

Perhaps, honourable senators, if it is acceptable, we could allow Senator Roblin, and anyone else who wishes to comment on it, a few minutes to peruse the document. I have another important piece of information concerning economic development that I should like to give to the Senate at this time.

Senator Flynn: Does it have to do with this release?

Senator Olson: No, it does not.

Senator Roblin: Is it another release?

Senator Olson: Yes.

[Senator Olson.]

Senator Roblin: Perhaps you could let us have a copy of that one.

Senator Olson: Honourable senators, perhaps I should ask whether the office of the Leader of the Opposition, a few minutes before 10 o'clock this morning, received a statement of information respecting a major petrochemical development in Alberta?

NORTH-EAST BRITISH COLUMBIA COAL PROJECT—NATIVE PLANNING PROGRAM—ANNOUNCEMENT BY MINISTER OF STATE

Hon. Jack Austin (Minister of State): Honourable senators, as Senator Roblin has referred to a statement that I delivered to Senator Flynn a few minutes ago—it having just before been put into my hands in final form—perhaps I could proceed to give the information to this chamber with respect to the native planning program of the north-east British Columbia coal project.

I should like to announce that, consequent upon the decision to proceed with the coal port which Senator Olson has just disclosed to the Senate, the Government of Canada is immediately proceeding with a $255,000 federal program to assist native people in northern British Columbia to organize and plan for their involvement in this north-east British Columbia coal project.

● (1015)

The Department of Indian Affairs is providing $60,000; Senator Olson's Ministry of State for Economic Development is contributing $195,000.

Our simple purpose, honourable senators, is to help those native people who will be affected by the north-east British Columbia coal project to identify with, and proceed to secure lasting benefits of a social and economic kind from it. Under the federal and provincial departments of government directly associated with the project, information workshops were held throughout the summer in Prince George, Dawson Creek and Prince Rupert, and many consultations have gone on with native peoples. On the basis of proposals received, we have now agreed to go ahead and fund projects that we think will be beneficial.

I should also like to advise the Senate that in the following fiscal year an enhanced program will be developed, negotiated and, I hope, announced to provide a more definitive kind of participation for native peoples.

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear. Where is the enthusiasm on the other side?

Hon. Duff Roblin (Deputy Leader of the Opposition): We are all for it. If it is good, we are for it.

Hon. Jacques Flynn (Leader of the Opposition): We may not have made any comment, but we are still reading the information.

AGREEMENT RESPECTING SALE OF PETROCHEMICALS—ANNOUNCEMENT BY MINISTER OF STATE FOR ECONOMIC DEVELOPMENT

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, at 9 o'clock last night an announcement was made in Calgary which I wish to bring to the attention of the Senate. It concerns a major petrochemical deal worth approximately $2½ billion.

An agreement has been reached between Canadian-based Enesco, and Union Carbide of New York, for the sale of polyethylene resin. That sale is important for a number of reasons. First, it enhances the development of a world-scale petrochemical industry in Alberta, which is extremely valuable to Alberta and to the whole Canadian economy.

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear.

Senator Olson: Second, this is another forward step in upgrading our natural resources, in this case natural gas.

Third, it is a good example of the co-operation between the United States and Canadian industry in marketing petrochemicals.

Fourth, the $2½ billion value of this agreement will make a significant contribution to Canada's balance of payments. It is also significant in that this agreement is one of the largest international transactions ever to have taken place in the petrochemical industry.

In conclusion, honourable senators, I congratulate Enesco for building a new polyethylene plant at Joffre, Alberta. That plant represents another component of the Alberta petrochemical industry. It also increases the amount of new investment to $1.14 billion in petrochemical plants in the Red Deer area of Alberta.

Hon. Jacques Flynn (Leader of the Opposition): On that matter I have just a few questions. First, what is the involvement of the Canadian government in this endeavour? Second, am I correct in thinking that Union Carbide of New York is a U.S.-controlled company? Third, what will be the share of that company in the project? Finally, if it is a U.S. company, has FIRA indicated its approval?

Senator Olson: First of all, honourable senators, there is no direct investment by the Government of Canada in this enormous, massive public undertaking. And I don't think that should be criticized.

Senator Flynn: No, no; we are not criticizing that.

Senator Olson: I think that is an attribute.

Senator Perrault: Hear, hear.

Senator Olson: In the second place, Union Carbide is not involved as a company doing the processing or the selling in Canada. Union Carbide is the customer for the $2½ billion of polyethylene resin.

Hon. Duff Roblin (Deputy Leader of the Opposition): Will my honourable friend tell me what his guidelines are in making these announcements? Here we have an announcement made in respect of a highly substantial and valuable business deal. We usually read about such announcements in the business pages of the *Globe and Mail*.

• (1020)

Senator Olson: And you will.

Senator Roblin: Would my honourable friend tell me how far down the scale he intends to go in making his announcements in the house?

Senator Olson: Honourable senators, I find that to be one of the most unusual comments that I have ever heard. Here we are talking about a massive new petrochemical and economic development project in this country which will have economic fall-out benefits throughout the country from the supplies and machinery needed for the project. If my honourable friend is trying to tell me that he does not want to hear such announcements in the Senate, because they happen to be good news then I can understand, but that attitude will not prevent my bringing good news to this chamber once in a while to offset the gloom and doom that comes from the other side most of the time.

Senator Roblin: I would be happy if my honourable friend would bring us good news like this every day.

Senator Olson: There will be more next week.

Senator Roblin: I am simply saying that when we try to get some information from the honourable senator about what is happening to the enterprise system of this country because of the budget which has been produced, he does not seem to have any good answers. However, when he is talking about what enterprise is doing, he is quite forthcoming in his comments. I dare say that the Government of Alberta has something to do with this development as well. I invite my honourable friend to make as many announcements as he likes, but I want to know where his point of cut-off is.

Senator Olson: Honourable senators, I think my honourable friend is really not serious in asking his question with regard to the guidelines, but I think that he would like to be informed as soon as possible, either in this chamber or elsewhere, of major, new, good economic development news, and that is exactly what I have done this morning.

Senator Roblin: Honourable senators, it seems that my honourable friend likes to bask in the reflected glory of something done by somebody else.

Senator Perrault: Come on now.

Senator Olson: The honourable senator may call it that if he likes, but I like to bask in the glory of good, economic development news from wherever it comes in Canada.

Senator Perrault: It is a vote of confidence in the Canadian economy.

Senator Flynn: Honourable senators, the minister in making the announcement left me with the impression that this development was a decision of the government, and that the government was taking the credit for it.

Senator Roblin: That's right; they are trying to take credit for it.

Senator Olson: Honourable senators, I think that Senator Flynn, in all fairness, should go back and read the copy of the document which I just handed to him. It says, in part, that I wish to inform honourable senators of a major deal that has been consummated between Canadian-based Enesco and Union Carbide. I did not say one word about the government.

Senator Flynn: You should have made it clear that the government was not claiming credit for the project.

Senator Olson: I think such developments dispel some of the criticism which comes from those on the opposition benches, that the climate in Canada is not right for business investment. I am simply demonstrating with pragmatic, specific projects that there are enormous investments being made in this country, such as was outlined in our economic development strategy paper which was filed along with the budget. I can tell my honourable friends opposite that I expect to be able to make more announcements of this kind to illustrate that investment does exist in this country, although the projects may not be of this scale.

Senator Flynn: In any event, honourable senators, I am very happy to give credit to the minister for his apparent victory over the Minister of Industry, Trade and Commerce, Mr. Gray. He seems to be winning his battle.

Senator Perrault: You are in a testy mood today.

Hon. Gildas L. Molgat: I did not receive a copy of the press release, and I missed the exact figures. I wonder if the minister could give us again the amounts of investment and business generated?

Senator Olson: Honourable senators, I shall be glad to do that, but if these amounts bother my honourable friends opposite, I would like them to know that they do not result from a decision of the federal government, nor do they involve a major investment by the federal government.

Hon. Royce Frith (Deputy Leader of the Government): It is simply goods news about the economy. If there is bad news of any kind, we sure hear about it. You don't seem to mind trying to bask us in the bad news, but don't like us to bask in the good news.

Senator Olson: The investment involved in constructing a new ethylene plant at Joffre, Alberta by Alberta Gas Ethylene Company Ltd. is estimated to be $590 million.

Some Hon. Senators: Hear, hear.

Senator Olson: Nova Corporation, of Calgary, and Shell Canada Limited, of Toronto, have announced that they will build a new plant at Joffre costing $250 million. The plant will produce approximately 310,000 tonnes of polyethylene a year.

• (1025)

There will be an additional investment of $300 million by Union Carbide Canada Limited of Toronto that will produce about 264,500 tonnes of ethylene glycol annually at a place called Prentiss.

Hon. John M. Godfrey: Would the minister advise this chamber if these developments were made possible by income tax incentives, either specific or general, by the federal government?

Senator Perrault: An excellent question.

Senator Olson: I will take that question as notice. I do not think there are any specific tax incentives in place in this regard, but at this time I do not want to categorically say that there are none since I will first check the situation.

Senator Perrault: There very probably are.

Hon. Orville H. Phillips: Would the Minister of State for Economic Development advise this chamber if the Alberta government has assisted by way of loans, or in relation to the infrastructure?

Senator Olson: I would advise honourable senators that I was invited to attend a celebration in Calgary last night when this announcement was made. The Honourable Hugh Planche, the Minister of Economic Development for Alberta, was in attendance. However, I am sure that all honourable senators realize that circumstances required me to cancel my plan to participate in the ceremony pertaining to the announcement.

I am sure the Government of Alberta was involved in several respects. Of course, there is no question that it would have made the allocation of the natural resources that form the feedstock for these plants. There is no doubt that the Government of Alberta has been helpful in promoting this economic development in some other aspects as well.

I will take as notice the question of whether the Government of Alberta, in any form, was involved in this investment. At the moment, I do not believe that is the case, but I am not entirely sure of that.

Hon. Guy Charbonneau: Still on the subject of investments, would the Minister of State for Economic Development furnish us with a report on the status of the Alsands project that has been stalled for the last few years because of government policies? This is not a $2½ billion investment, but a $17 billion to $20 billion investment.

Senator Olson: Honourable senators, at this time I cannot give a detailed report on the status of that project, nor can I say when all the parties involved will reach an agreement. However, I can advise my honourable friend that some optimistic comments have been made by those involved in the negotiations which would lead me to believe that good, or, at least, satisfactory, progress is being made towards a consummation of that agreement.

Senator Perrault: There is nothing but good news this morning.

QUESTION PERIOD

[*English*]

THE BUDGET

MODIFICATION OF PROVISIONS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I will give one of the ministers opposite an opportunity to give us some more good news. I have been informed that a Liberal Party caucus of the House of Commons took place yesterday attended by the Minister of Finance, and after that caucus, the Minister of Finance made a statement on television to the effect that we might expect further changes of a transitional nature in his budget.

We are getting quite used to changes in the budget, and most of them seem to be an improvement over the original document. I would ask the Leader of the Government when he expects the Minister of Finance to make a statement as to what these further changes will be.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the Minister of Finance has always demonstrated a willingness to modify and to improve budget provisions of importance to Canadians.

Again, in the proposed budget, certain modifications have been made. As an example, honourable senators are aware that the effective date of November 12 regarding certain MURB provisions has been changed to December 31. Other modifications are being considered. The practice is not unusual in government, as Senator Roblin is aware. Modifications are made from time to time in certain budget proposals. Indeed, it is a sign of good government that this be the case, and that most governments do not adopt inflexible attitudes with respect to budget matters.

● (1030)

As yet, the Minister of Finance has not established a time when additional modifications may be made, but he has made reference to certain possible changes in the transitional aspects of certain budget measures. The details will be made known at the appropriate time.

Senator Roblin: I commend my honourable friend for acting as quickly as he could to remedy his mistakes in the budget. I suggest that he should do so with all convenient speed. It has not only been one change that he mentioned, but there has also been the Dome Petroleum change which affects a considerable area of the business community. There has also been the deplorable change in the error of arithmetic, in respect of provincial losses under this budget, of some $700 million.

The point I want to stress to my honourable friend is the fact that there are many, many thousands of Canadians whose plans for their economic affairs are affected by this budget. There are the people who are wondering what to do about interest expense, and whether it is really the intention to throw that monkey-wrench into the capital-gathering enterprise system of our country, or whether the government is going to see the error of its ways and do something about it. There are the people who are concerned about their RRSPs, particularly in small business. There is the whole small business area that has been shafted, if any area has been shafted by the so-called loophole-stopping operation that the government has been conducting.

All these people are waiting in suspense because the Minister of Finance has said there are going to be some changes. Well, for heaven's sake, could he let us know what those changes are as soon as he can? I urge my honourable friend and ask him whether he will carry those representations to the Minister of Finance and get him to do something about it, quickly.

Senator Perrault: The Minister of Finance and members of the government are aware of the importance of early action in certain areas, and are also aware of the fact that December 31 is not far away. It can be expected that certain budget modifications may be announced shortly by the Minister of Finance.

May I say in a general way, that the announcements made a short time ago by our colleague, Senator Olson, today represent an enormous amount of effective work on his part. Senator Olson has played a key role in making possible the beneficial coal deal in northeastern British Columbia, as well as development in Alberta. He has been a great and constructive factor in making possible the announcements which were made today. All of these projects represent a substantial vote of confidence in the Canadian economy and in the future of this nation.

Probably the most tangible testimony to the fact that business has a great deal of confidence in the Canadian economy and in this nation today can be found in the announcements made by Senator Olson. People and corporations do not make major investments in so-called mega-projects unless they believe that the economy is sound and the nation is being well managed.

The honourable senator who appears to be critical of the Minister of Finance is aware, of course, that being Minister of Finance under the economic conditions that exist at the present time, not only in Canada but throughout the world, is one of the most thankless positions that can be held in government. He recalls his days as Premier of Manitoba when some of the economic and budgetary decisions facing his government were not always very easy.

Hon. Jack Marshall: He had the softest job he ever had.

Senator Perrault: The position of the Minister of Finance is a tough, difficult and lonely job. I hope that Senator Roblin is not suggesting to us today that there is anything wrong or dishonourable in the fact that the Minister of Finance may modify certain proposed budget measures if a greater good can be served by modifications. This is a responsive government which has not only demonstrated flexibility in constitutional matters, but in budgetary policies as well. We are going to continue to be that way.

Hon. G. I. Smith: Is he going to give us a speech about the weather, too?

Senator Perrault: If the Minister of Finance today declared in the other chamber that he would not make any changes in the budget, I suspect that he would be equally vilified by the opposition for being inflexible—

Senator Smith: Would the leader like to make a speech on inflation, too?

Senator Perrault: —but because he is flexible and may be willing to make certain changes in that budget, he is attacked because he may be responsive to the idea of change.

Hon. Jacques Flynn (Leader of the Opposition): Question!

Senator Perrault: And it may be asked how it is possible for any Minister of Finance ever to win a political popularity contest.

Senator Flynn: Gee whiz!

Senator Roblin: Well, he can win a political popularity contest if his policies are productive and effective for national development.

Hon. Royce Frith (Deputy Leader of the Government): If they were, you wouldn't want to hear about it.

Senator Roblin: I don't mind hearing about it. I want to make it clear to my honourable friend, in case he has any doubts, that I have plenty of confidence in the Canadian economy. I have all the confidence in the world in the Canadian economy. I think it is so strong and vigorous that it can survive whatever my honourable friends opposite do to it, but I have to say that I do not have any confidence in my honourable friend; none at all. The economy is another matter altogether.

As for the Minister of Finance, he is an estimable gentleman, and I am sure he is doing his best in very difficult circumstances. But if his best involves the necessity of making a continual stream of changes in what was supposed to be the national budget, then one has to weigh that in the balance when one looks at the situation. I do not object to my honourable friend making changes in the budget. I do not criticize him for that; I criticize him if it is not necessary. If it is necessary, then it is good that he does it.

When I rose it was only to ask when he is going to do it, because of the people who are concerned and whose interests are at stake. Therefore, I ask my honourable friend, when is he going to do it? He says he does not know, but I ask him to make inquiries of the Minister of Finance, and then, perhaps this afternoon, he can give us a date.

Senator Perrault: Certain changes may be announced at an appropriate time. I know that the remarks of Senator Roblin will be read with avid interest by the Minister of Finance.

Senator Roblin: I think he has better things to do.

Hon. C. William Doody: Honourable senators, I have a supplementary for the Leader of the Government on the same subject. Due to the 20 per cent cutback in VIA Rail services there are quite a number of VIA Rail employees whose jobs will be terminated. Many of those employees had opted for early retirement and would have taken a lump-sum payment.

[Senator Smith.]

Due to this budget, they find that that is now taxable, and many of them have elected not to retire, which results in junior members, who have no benefits coming to them, being bumped to the end of the line and they are being laid off in their stead. The same problem is becoming apparent in many other sectors across Canada.

Was that problem taken into account when the budget was written, or have steps been taken to correct that problem as well?

Senator Perrault: I can assure honourable senators that the question has been brought to the attention of the Minister of Finance by many members of Parliament serving in both houses. The matter is under consideration now by the Minister of Finance.

FISHERIES

NEWFOUNDLAND—LAKE GROUP LIMITED—REHABILITATION OF FISH PLANT

Hon. Jack Marshall: Honourable senators, I have a question for the Minister of State for Economic Development, and perhaps it would give him some food for thought in making an announcement next week, although not equal to the one he made today but one that would concern a great number of employees. It has to do with a request from the Lake Group Limited of Newfoundland that employs some 2,500 people and purchases fish from another 1,600 fisherman, the offshoot jobs involving about 20,000 people. They requested of the Minister of Fisheries and Oceans some $15 million in order to rehabilitate their fish plant.

Since the minister is Chairman of the Cabinet Committee on Economic Development, of which the Minister of Fisheries and Oceans is a member, could he advise us if that has come up in his cabinet committee recently; and, if not would he consider it and discuss it with the Minister of Fisheries and Oceans?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, my honourable friend knows very well that cabinet ministers cannot discuss what is on the agenda, or even the agenda itself, of cabinet meetings. While he may be attempting to get me to make a comment on what is on the agenda, he knows very well that I am unable to do so. If he is asking me—and I do not believe he is; at least, not in the terminology that he used—to convey his message to the Minister of Fisheries and Oceans, I will certainly do that.

● (1040)

CANADA-UNITED STATES RELATIONS

INTERNATIONAL JOINT COMMISSION—MEMBERSHIP

Hon. Heath Macquarrie: Honourable senators, I have a question for the Leader of the Government. It has become a little archaic, because it refers to a question I asked on March 12 concerning the Canadian membership in the International Joint Commission. On that date the minister stated:

> The government is in the process of selecting appropriate persons to fill the Canadian vacancies . . . We expect to announce those appointments shortly.

Considering that there are some very important matters to face that very important international body, and that Canada has only two commissioners in place, could the Leader of the Government indicate what has been the reason for delay and when we can expect that the Canadian complement on the commission will be brought up to date?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice. I hope that the appointments are imminent.

THE BUDGET

VALIDITY OF ECONOMIC PROJECTIONS

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development. The November 12 budget projected 1981 real growth to be a little over 3.5 per cent and unemployment about 7.25 per cent. In view of the current statistics that were discussed yesterday, I wonder whether the minister still considers those projections to be valid.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, when the Minister of Finance makes a revision of those projections, based on the ongoing changes or development of all the economic indicators, I will bring that information to the house. But, so far as I know to date, the projections that were made in the budget for the whole of the year 1982 are still valid.

REVISION OF EQUALIZATION SYSTEM

Hon. C. William Doody: I have a further question for the Minister of State for Economic Development, which refers to a question I asked a short time ago dealing with changes in the equalization formula and the benchmark of Ontario, which is now the pertinent guideline. In view of the fact that this formula is extremely important to at least six or seven of the provinces, could the minister try to obtain the information for us?

Hon. H. A. Olson (Minister of State for Economic Development): Yes, honourable senators.

HEALTH AND WELFARE

HOSPITAL AND MEDICAL SERVICES—USER-PAY POLICY—POSITION OF GOVERNMENT

Hon. Stanley Haidasz: Honourable senators, I should like to ask the Leader of the Government whether the introduction of user fees, which are being either promoted, condoned or encouraged by the provincial governments, meets the federal government's policy of universal medical care.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question is an important one and I will take it as notice. It may be useful to bring to the Senate an extended statement on the subject. Certainly, there have been concerns on our part that the national goals of high quality medical care and hospital care established by the federal government some time ago—that is, the maintenance of high medical and hospital care standards for all Canadians wherever they live in this country—could be affected adversely by the introduction of "user-pay" policies in certain provinces. It is an important question and I will have a statement prepared and brought to the Senate.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Perrault:

THAT, WHEREAS in the past certain amendments to the Constitution of Canada have been made by the Parliament of the United Kingdom at the request and with the consent of Canada;

AND WHEREAS it is in accord with the status of Canada as an independent state that Canadians be able to amend their Constitution in Canada in all respects;

AND WHEREAS it is also desirable to provide in the Constitution of Canada for the recognition of certain fundamental rights and freedoms and to make other amendments to that Constitution;

A respectful address be presented to Her Majesty the Queen in the following words:

To the Queen's Most Excellent Majesty:
Most Gracious Sovereign:

We, Your Majesty's loyal subjects, the Senate of Canada in Parliament assembled, respectfully approach Your Majesty, requesting that you may graciously be pleased to cause to be laid before the Parliament of the United Kingdom a measure containing the recitals and clauses hereinafter set forth:

CONSIDÉRANT :
que le Parlement du Royaume-Uni a modifié à plusieurs reprises la Constitution du Canada à la demande et avec le consentement de celui-ci;

que, de par le statut d'État indépendant du Canada, il est légitime que les Canadiens aient tout pouvoir pour modifier leur Constitution au Canada;

qu'il est souhaitable d'inscrire dans la Constitution du Canada la reconnaissance de certains droits et libertés fondamentaux et d'y apporter d'autres modifications,

il est proposé que soit présentée respectueusement à Sa Majesté la Reine l'adresse dont la teneur suit :

A Sa Très Excellente Majesté la Reine,
Très Gracieuse Souveraine :

Nous, membres du Sénat du Canada réunis en Parlement, fidèles sujets de Votre Majesté, demandons respectueusement à Votre Très Gracieuse Majesté de bien vouloir faire déposer devant le Parlement du Royaume-Uni un projet de loi ainsi conçu :

ANNEXE A—SCHEDULE A

An Act to give effect to a request by the Senate and House of Commons of Canada

Whereas Canada has requested and consented to the enactment of an Act of the Parliament of the United Kingdom to give effect to the provisions hereinafter set forth and the Senate and the House of Commons of Canada in Parliament assembled have submitted an address to Her Majesty requesting that Her Majesty may graciously be pleased to cause a Bill to be laid before the Parliament of the United Kingdom for that purpose.

Be it therefore enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

Constitution Act, 1981 enacted

1. The *Constitution Act, 1981* set out in Schedule B to this Act is hereby enacted for and shall have the force of law in Canada and shall come into force as provided in that Act.

Termination of power to legislate for Canada

2. No Act of the Parliament of the United Kingdom passed after the *Constitution Act, 1981* comes into force shall extend to Canada as part of its law.

French version

3. So far as it is not contained in Schedule B, the French version of this Act is set out in Schedule A to this Act and has the same authority in Canada as the English version thereof.

Short title

4. This Act may be cited as the *Canada Act*.

Loi donnant suite à une demande du Sénat et de la Chambre des communes du Canada

Sa Très Excellente Majesté la Reine, considérant :

qu'à la demande et avec le consentement du Canada, le Parlement du Royaume-Uni est invité à adopter une loi visant à donner effet aux dispositions énoncées ci-après et que le Sénat et la Chambre des communes du Canada réunis en Parlement ont présenté une adresse demandant à Sa Très Gracieuse Majesté de bien vouloir faire déposer devant le Parlement du Royaume-Uni un projet de loi à cette fin,

sur l'avis et du consentement des Lords spirituels et temporels et des Communes réunis en Parlement, et par l'autorité de celui-ci, édicte :

Adoption de la *Loi constitutionnelle de 1981*

1. La *Loi constitutionnelle de 1981*, énoncée à l'annexe B, est édictée pour le Canada et y a force de loi. Elle entre en vigueur conformément à ses dispositions.

Cessation du pouvoir de légiférer pour le Canada

2. Les lois adoptées par le Parlement du Royaume-Uni après l'entrée en vigueur de la *Loi constitutionnelle de 1981* ne font pas partie du droit du Canada.

Version française

3. La partie de la version française de la présente loi qui figure à l'annexe A a force de loi au Canada au même titre que la version anglaise correspondante.

Titre abrégé

4. Titre abrégé de la présente loi : *Loi sur le Canada*.

SCHEDULE B

CONSTITUTION ACT, 1981

PART I

CANADIAN CHARTER OF RIGHTS AND FREEDOMS

Whereas Canada is founded upon principles that recognize the supremacy of God and the rule of law:

Guarantee of Rights and Freedoms

Rights and freedoms in Canada

1. The *Canadian Charter of Rights and Freedoms* guarantees the rights and freedoms set out in it subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society.

Fundamental Freedoms

Fundamental freedoms

2. Everyone has the following fundamental freedoms:

(*a*) freedom of conscience and religion;

(*b*) freedom of thought, belief, opinion and expression, including freedom of the press and other media of communication;

(*c*) freedom of peaceful assembly; and

(*d*) freedom of association.

Democratic Rights

Democratic rights of citizens

3. Every citizen of Canada has the right to vote in an election of members of the House of Commons or of a legislative assembly and to be qualified for membership therein.

Maximum duration of legislative bodies

4. (1) No House of Commons and no legislative assembly shall continue for longer than five years from the date fixed for the return of the writs at a general election of its members.

Continuation in special circumstances

(2) In time of real or apprehended war, invasion or insurrection, a House of Commons may be continued by Parliament and a legislative assembly may be continued by the legislature beyond five years if such continuation is not opposed by the votes of more than one-third of the members of the House

ANNEXE B

LOI CONSTITUTIONNELLE DE 1981

PARTIE I

CHARTE CANADIENNE DES DROITS ET LIBERTÉS

Attendu que le Canada est fondé sur des principes qui reconnaissent la suprématie de Dieu et la primauté du droit :

Garantie des droits et libertés

Droits et libertés au Canada

1. La *Charte canadienne des droits et libertés* garantit les droits et libertés qui y sont énoncés. Ils ne peuvent être restreints que par une règle de droit, dans des limites qui soient raisonnables et dont la justification puisse se démontrer dans le cadre d'une société libre et démocratique.

Libertés fondamentales

Libertés fondamentales

2. Chacun a les libertés fondamentales suivantes :

a) liberté de conscience et de religion;

b) liberté de pensée, de croyance, d'opinion et d'expression, y compris la liberté de la presse et des autres moyens de communication;

c) liberté de réunion pacifique;

d) liberté d'association.

Droits démocratiques

Droits démocratiques des citoyens

3. Tout citoyen canadien a le droit de vote et est éligible aux élections législatives fédérales ou provinciales.

Mandat maximal des assemblées

4. (1) Le mandat maximal de la Chambre des communes et des assemblées législatives est de cinq ans à compter de la date fixée pour le retour des brefs relatifs aux élections générales correspondantes.

Prolongations spéciales

(2) Le mandat de la Chambre des communes ou celui d'une assemblée législative peut être prolongé respectivement par le Parlement ou par la législature en question au-delà de cinq ans en cas de guerre, d'invasion ou d'insurrection, réelles ou appréhendées, pourvu que cette prolongation ne fasse pas

of Commons or the legislative assembly, as the case may be.

l'objet d'une opposition exprimée par les voix de plus du tiers des députés de la Chambre des communes ou de l'assemblée législative.

Annual sitting of legislative bodies

5. There shall be a sitting of Parliament and of each legislature at least once every twelve months.

5. Le Parlement et les législatures tiennent une séance au moins une fois tous les douze mois.

Séance annuelle

Mobility Rights

Liberté de circulation et d'établissement

Mobility of citizens

6. (1) Every citizen of Canada has the right to enter, remain in and leave Canada.

6. (1) Tout citoyen canadien a le droit de demeurer au Canada, d'y entrer ou d'en sortir.

Liberté de circulation

Rights to move and gain livelihood

(2) Every citizen of Canada and every person who has the status of a permanent resident of Canada has the right

(*a*) to move to and take up residence in any province; and

(*b*) to pursue the gaining of a livelihood in any province.

(2) Tout citoyen canadien et toute personne ayant le statut de résident permanent au Canada ont le droit :

a) de se déplacer dans tout le pays et d'établir leur résidence dans toute province;

b) de gagner leur vie dans toute province.

Liberté d'établissement

Limitation

(3) The rights specified in subsection (2) are subject to

(*a*) any laws or practices of general application in force in a province other than those that discriminate among persons primarily on the basis of province of present or previous residence; and

(*b*) any laws providing for reasonable residency requirements as a qualification for the receipt of publicly provided social services.

(3) Les droits mentionnés au paragraphe (2) sont subordonnés :

a) aux lois et usages d'application générale en vigueur dans une province donnée, s'ils n'établissent entre les personnes aucune distinction fondée principalement sur la province de résidence antérieure ou actuelle;

b) aux lois prévoyant de justes conditions de résidence en vue de l'obtention des services sociaux publics.

Restriction

Affirmative action programs

(4) Subsections (2) and (3) do not preclude any law, program or activity that has as its object the amelioration in a province of conditions of individuals in that province who are socially or economically disadvantaged if the rate of employment in that province is below the rate of employment in Canada.

(4) Les paragraphes (2) et (3) n'ont pas pour objet d'interdire les lois, programmes ou activités destinés à améliorer, dans une province, la situation d'individus défavorisés socialement ou économiquement, si le taux d'emploi dans la province est inférieur à la moyenne nationale.

Programmes de promotion sociale

Legal Rights

Garanties juridiques

Life, liberty and security of person

7. Everyone has the right to life, liberty and security of the person and the right not to be deprived thereof except in accordance with the principles of fundamental justice.

7. Chacun a droit à la vie, à la liberté et à la sécurité de sa personne; il ne peut être porté atteinte à ce droit qu'en conformité avec les principes de justice fondamentale.

Vie, liberté et sécurité

Search or seizure

8. Everyone has the right to be secure against unreasonable search or seizure.

8. Chacun a droit à la protection contre les fouilles, les perquisitions ou les saisies abusives.

Fouilles, perquisitions ou saisies

Detention or imprisonment

9. Everyone has the right not to be arbitrarily detained or imprisoned.

9. Chacun a droit à la protection contre la détention ou l'emprisonnement arbitraires.

Détention ou emprisonnement

Arrest or detention

10. Everyone has the right on arrest or detention

(*a*) to be informed promptly of the reasons therefor;

(*b*) to retain and instruct counsel without delay and to be informed of that right; and

(*c*) to have the validity of the detention determined by way of *habeas corpus* and to be released if the detention is not lawful.

Proceedings in criminal and penal matters

11. Any person charged with an offence has the right

(*a*) to be informed without unreasonable delay of the specific offence;

(*b*) to be tried within a reasonable time;

(*c*) not to be compelled to be a witness in proceedings against that person in respect of the offence;

(*d*) to be presumed innocent until proven guilty according to law in a fair and public hearing by an independent and impartial tribunal;

(*e*) not to be denied reasonable bail without just cause;

(*f*) except in the case of an offence under military law tried before a military tribunal, to the benefit of trial by jury where the maximum punishment for the offence is imprisonment for five years or a more severe punishment;

(*g*) not to be found guilty on account of any act or omission unless, at the time of the act or omission, it constituted an offence under Canadian or international law or was criminal according to the general principles of law recognized by the community of nations;

(*h*) if finally acquitted of the offence, not to be tried for it again and, if finally found guilty and punished for the offence, not to be tried or punished for it again; and

(*i*) if found guilty of the offence and if the punishment for the offence has been varied between the time of commission and the time of sentencing, to the benefit of the lesser punishment.

Arrestation ou détention

10. Chacun a le droit, en cas d'arrestation ou de détention :

a) d'être informé dans les plus brefs délais des motifs de son arrestation ou de sa détention;

b) d'avoir recours sans délai à l'assistance d'un avocat et d'être informé de ce droit;

c) de faire contrôler, par *habeas corpus,* la légalité de sa détention et d'obtenir, le cas échéant, sa libération.

Affaires criminelles et pénales

11. Tout inculpé a le droit :

a) d'être informé sans délai anormal de l'infraction précise qu'on lui reproche;

b) d'être jugé dans un délai raisonnable;

c) de ne pas être contraint de témoigner contre lui-même dans toute poursuite intentée contre lui pour l'infraction qu'on lui reproche;

d) d'être présumé innocent tant qu'il n'est pas déclaré coupable, conformément à la loi, par un tribunal indépendant et impartial à l'issue d'un procès public et équitable;

e) de ne pas être privé sans juste cause d'une mise en liberté assortie d'un cautionnement raisonnable;

f) sauf s'il s'agit d'une infraction relevant de la justice militaire, de bénéficier d'un procès avec jury lorsque la peine maximale prévue pour l'infraction dont il est accusé est un emprisonnement de cinq ans ou une peine plus grave;

g) de ne pas être déclaré coupable en raison d'une action ou d'une omission qui, au moment où elle est survenue, ne constituait pas une infraction d'après le droit interne du Canada ou le droit international et n'avait pas de caractère criminel d'après les principes généraux de droit reconnus par l'ensemble des nations;

h) d'une part de ne pas être jugé de nouveau pour une infraction dont il a été définitivement acquitté, d'autre part de ne pas être jugé ni puni de nouveau pour une infraction dont il a été définitivement déclaré coupable et puni;

i) de bénéficier de la peine la moins sévère, lorsque la peine qui sanctionne l'infraction dont il est déclaré coupable est

modifiée entre le moment de la perpétration de l'infraction et celui de la sentence.

Treatment or punishment

12. Everyone has the right not to be subjected to any cruel and unusual treatment or punishment.

12. Chacun a droit à la protection contre tous traitements ou peines cruels et inusités.

Cruauté

Self-crimination

13. A witness who testifies in any proceedings has the right not to have any incriminating evidence so given used to incriminate that witness in any other proceedings, except in a prosecution for perjury or for the giving of contradictory evidence.

13. Chacun a droit à ce qu'aucun témoignage incriminant qu'il donne ne soit utilisé pour l'incriminer dans d'autres procédures, sauf lors de poursuites pour parjure ou pour témoignages contradictoires.

Témoignage incriminant

Interpreter

14. A party or witness in any proceedings who does not understand or speak the language in which the proceedings are conducted or who is deaf has the right to the assistance of an interpreter.

14. La partie ou le témoin qui ne peuvent suivre les procédures, soit parce qu'ils ne comprennent pas ou ne parlent pas la langue employée, soit parce qu'ils sont atteints de surdité, ont droit à l'assistance d'un interprète.

Interprète

Equality Rights

Droits à l'égalité

Equality before and under law and equal protection and benefit of law

15. (1) Every individual is equal before and under the law and has the right to the equal protection and equal benefit of the law without discrimination and, in particular, without discrimination based on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.

15. (1) La loi ne fait acception de personne et s'applique également à tous, et tous ont droit à la même protection et au même bénéfice de la loi, indépendamment de toute discrimination, notamment des discriminations fondées sur la race, l'origine nationale ou ethnique, la couleur, la religion, le sexe, l'âge ou les déficiences mentales ou physiques.

Égalité devant la loi, égalité de bénéfice et protection égale de la loi

Affirmative action programs

(2) Subsection (1) does not preclude any law, program or activity that has as its object the amelioration of conditions of disadvantaged individuals or groups including those that are disadvantaged because of race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.

(2) Le paragraphe (1) n'a pas pour effet d'interdire les lois, programmes ou activités destinés à améliorer la situation d'individus ou de groupes défavorisés, notamment du fait de leur race, de leur origine nationale ou ethnique, de leur couleur, de leur religion, de leur sexe, de leur âge ou de leurs déficiences mentales ou physiques.

Programmes de promotion sociale

Official Languages of Canada

Langues officielles du Canada

Official languages of Canada

16. (1) English and French are the official languages of Canada and have equality of status and equal rights and privileges as to their use in all institutions of the Parliament and government of Canada.

16. (1) Le français et l'anglais sont les langues officielles du Canada; ils ont un statut et des droits et privilèges égaux quant à leur usage dans les institutions du Parlement et du gouvernement du Canada.

Langues officielles du Canada

Official languages of New Brunswick

(2) English and French are the official languages of New Brunswick and have equality of status and equal rights and privileges as to their use in all institutions of the

(2) Le français et l'anglais sont les langues officielles du Nouveau-Brunswick; ils ont un statut et des droits et privilèges égaux quant à leur usage dans les institutions de la Légis-

Langues officielles du Nouveau-Brunswick

legislature and government of New Brunswick.

Advancement of status and use

(3) Nothing in this Charter limits the authority of Parliament or a legislature to advance the equality of status or use of English and French.

Proceedings of Parliament

17. (1) Everyone has the right to use English or French in any debates and other proceedings of Parliament.

Proceedings of New Brunswick legislature

(2) Everyone has the right to use English or French in any debates and other proceedings of the legislature of New Brunswick.

Parliamentary statutes and records

18. (1) The statutes, records and journals of Parliament shall be printed and published in English and French and both language versions are equally authoritative.

New Brunswick statutes and records

(2) The statutes, records and journals of the legislature of New Brunswick shall be printed and published in English and French and both language versions are equally authoritative.

Proceedings in courts established by Parliament

19. (1) Either English or French may be used by any person in, or in any pleading in or process issuing from, any court established by Parliament.

Proceedings in New Brunswick courts

(2) Either English or French may be used by any person in, or in any pleading in or process issuing from, any court of New Brunswick.

Communications by public with federal institutions

20. (1) Any member of the public in Canada has the right to communicate with, and to receive available services from, any head or central office of an institution of the Parliament or government of Canada in English or French, and has the same right with respect to any other office of any such institution where

(*a*) there is a significant demand for communications with and services from that office in such language; or

lature et du gouvernement du Nouveau-Brunswick.

Progression vers l'égalité

(3) La présente charte ne limite pas le pouvoir du Parlement et des législatures de favoriser la progression vers l'égalité de statut ou d'usage du français et de l'anglais.

Travaux du Parlement

17. (1) Chacun a le droit d'employer le français ou l'anglais dans les débats et travaux du Parlement.

Travaux de la Législature du Nouveau-Brunswick

(2) Chacun a le droit d'employer le français ou l'anglais dans les débats et travaux de la Législature du Nouveau-Brunswick.

Documents parlementaires

18. (1) Les lois, les archives, les comptes rendus et les procès-verbaux du Parlement sont imprimés et publiés en français et en anglais, les deux versions des lois ayant également force de loi et celles des autres documents ayant même valeur.

Documents de la Législature du Nouveau-Brunswick

(2) Les lois, les archives, les comptes rendus et les procès-verbaux de la Législature du Nouveau-Brunswick sont imprimés et publiés en français et en anglais, les deux versions des lois ayant également force de loi et celles des autres documents ayant même valeur.

Procédures devant les tribunaux établis par le Parlement

19. (1) Chacun a le droit d'employer le français ou l'anglais dans toutes les affaires dont sont saisis les tribunaux établis par le Parlement et dans tous les actes de procédure qui en découlent.

Procédures devant les tribunaux du Nouveau-Brunswick

(2) Chacun a le droit d'employer le français ou l'anglais dans toutes les affaires dont sont saisis les tribunaux du Nouveau-Brunswick et dans tous les actes de procédure qui en découlent.

Communications entre les administrés et les institutions fédérales

20. (1) Le public a, au Canada, droit à l'emploi du français ou de l'anglais pour communiquer avec le siège ou l'administration centrale des institutions du Parlement ou du gouvernement du Canada ou pour en recevoir les services; il a le même droit à l'égard de tout autre bureau de ces institutions là où, selon le cas :

a) l'emploi du français ou de l'anglais fait l'objet d'une demande importante;

b) l'emploi du français et de l'anglais se justifie par la vocation du bureau.

(*b*) due to the nature of the office, it is reasonable that communications with and services from that office be available in both English and French.

Communications by public with New Brunswick institutions

(2) Any member of the public in New Brunswick has the right to communicate with, and to receive available services from, any office of an institution of the legislature or government of New Brunswick in English or French.

(2) Le public a, au Nouveau-Brunswick, droit à l'emploi du français ou de l'anglais pour communiquer avec tout bureau des institutions de la législature ou du gouvernement ou pour en recevoir les services.

Communications entre les administrés et les institutions du Nouveau-Brunswick

Continuation of existing constitutional provisions

21. Nothing in sections 16 to 20 abrogates or derogates from any right, privilege or obligation with respect to the English and French languages, or either of them, that exists or is continued by virtue of any other provision of the Constitution of Canada.

21. Les articles 16 à 20 n'ont pas pour effet, en ce qui a trait à la langue française ou anglaise ou à ces deux langues, de porter atteinte aux droits, privilèges ou obligations qui existent ou sont maintenus aux termes d'une autre disposition de la Constitution du Canada.

Maintien en vigueur de certaines dispositions

Rights and privileges preserved

22. Nothing in sections 16 to 20 abrogates or derogates from any legal or customary right or privilege acquired or enjoyed either before or after the coming into force of this Charter with respect to any language that is not English or French.

22. Les articles 16 à 20 n'ont pas pour effet de porter atteinte aux droits et privilèges, antérieurs ou postérieurs à l'entrée en vigueur de la présente charte et découlant de la loi ou de la coutume, des langues autres que le français ou l'anglais.

Droits préservés

Minority Language Educational Rights

Droits à l'instruction dans la langue de la minorité

Language of instruction

23. (1) Citizens of Canada

(*a*) whose first language learned and still understood is that of the English or French linguistic minority population of the province in which they reside, or

(*b*) who have received their primary school instruction in Canada in English or French and reside in a province where the language in which they received that instruction is the language of the English or French linguistic minority population of the province,

have the right to have their children receive primary and secondary school instruction in that language in that province.

23. (1) Les citoyens canadiens :

a) dont la première langue apprise et encore comprise est celle de la minorité francophone ou anglophone de la province où ils résident,

b) qui ont reçu leur instruction, au niveau primaire, en français ou en anglais au Canada et qui résident dans une province où la langue dans laquelle ils ont reçu cette instruction est celle de la minorité francophone ou anglophone de la province,

ont, dans l'un ou l'autre cas, le droit d'y faire instruire leurs enfants, aux niveaux primaire et secondaire, dans cette langue.

Langue d'instruction

Continuity of language instruction

(2) Citizens of Canada of whom any child has received or is receiving primary or secondary school instruction in English or French in Canada, have the right to have all their children receive primary and secondary school instruction in the same language.

(2) Les citoyens canadiens dont un enfant a reçu ou reçoit son instruction, au niveau primaire ou secondaire, en français ou en anglais au Canada ont le droit de faire instruire tous leurs enfants, aux niveaux primaire et secondaire, dans la langue de cette instruction.

Continuité d'emploi de la langue d'instruction

Application where numbers warrant

(3) The right of citizens of Canada under subsections (1) and (2) to have their children receive primary and secondary school instruction in the language of the English or French linguistic minority population of a province

(*a*) applies wherever in the province the number of children of citizens who have such a right is sufficient to warrant the provision to them out of public funds of minority language instruction; and

(*b*) includes, where the number of those children so warrants, the right to have them receive that instruction in minority language educational facilities provided out of public funds.

Justification par le nombre

(3) Le droit reconnu aux citoyens canadiens par les paragraphes (1) et (2) de faire instruire leurs enfants, aux niveaux primaire et secondaire, dans la langue de la minorité francophone ou anglophone d'une province :

a) s'exerce partout dans la province où le nombre des enfants des citoyens qui ont ce droit est suffisant pour justifier à leur endroit la prestation, sur les fonds publics, de l'instruction dans la langue de la minorité;

b) comprend, lorsque le nombre de ces enfants le justifie, le droit de les faire instruire dans des établissements d'enseignement de la minorité linguistique financés sur les fonds publics.

Enforcement

Recours

Enforcement of guaranteed rights and freedoms

24. (1) Anyone whose rights or freedoms, as guaranteed by this Charter, have been infringed or denied may apply to a court of competent jurisdiction to obtain such remedy as the court considers appropriate and just in the circumstances.

Recours en cas d'atteinte aux droits et libertés

24. (1) Toute personne, victime de violation ou de négation des droits ou libertés qui lui sont garantis par la présente charte, peut s'adresser à un tribunal compétent pour obtenir la réparation que le tribunal estime convenable et juste eu égard aux circonstances.

Exclusion of evidence bringing administration of justice into disrepute

(2) Where, in proceedings under subsection (1), a court concludes that evidence was obtained in a manner that infringed or denied any rights or freedoms guaranteed by this Charter, the evidence shall be excluded if it is established that, having regard to all the circumstances, the admission of it in the proceedings would bring the administration of justice into disrepute.

Irrecevabilité d'éléments de preuve qui risqueraient de déconsidérer l'administration de la justice

(2) Lorsque, dans une instance visée au paragraphe (1), le tribunal a conclu que des éléments de preuve ont été obtenus dans des conditions qui portent atteinte aux droits ou libertés garantis par la présente charte, ces éléments de preuve sont écartés s'il est établi, eu égard aux circonstances, que leur utilisation est susceptible de déconsidérer l'administration de la justice.

General

Dispositions générales

Aboriginal rights and freedoms not affected by Charter

25. The guarantee in this Charter of certain rights and freedoms shall not be construed so as to abrogate or derogate from any aboriginal, treaty or other rights or freedoms that pertain to the aboriginal peoples of Canada including

(*a*) any rights or freedoms that have been recognized by the Royal Proclamation of October 7, 1763; and

(*b*) any rights or freedoms that may be acquired by the aboriginal peoples of Canada by way of land claims settlement.

Maintien des droits et libertés des autochtones

25. Le fait que la présente charte garantit certains droits et libertés ne porte pas atteinte aux droits ou libertés — ancestraux, issus de traités ou autres — des peuples autochtones du Canada, notamment :

a) aux droits ou libertés reconnus par la Proclamation royale du 7 octobre 1763;

b) aux droits ou libertés acquis par règlement de revendications territoriales.

Other rights and freedoms not affected by Charter

26. The guarantee in this Charter of certain rights and freedoms shall not be con-

Maintien des autres droits et libertés

26. Le fait que la présente charte garantit certains droits et libertés ne constitue pas

strued as denying the existence of any other rights or freedoms that exist in Canada.

Multicultural heritage

27. This Charter shall be interpreted in a manner consistent with the preservation and enhancement of the multicultural heritage of Canadians.

Rights guaranteed equally to both sexes

28. Notwithstanding anything in this Charter, the rights and freedoms referred to in it are guaranteed equally to male and female persons.

Rights respecting certain schools preserved

29. Nothing in this Charter abrogates or derogates from any rights or privileges guaranteed by or under the Constitution of Canada in respect of denominational, separate or dissentient schools.

Application to territories and territorial authorities

30. A reference in this Charter to a province or to the legislative assembly or legislature of a province shall be deemed to include a reference to the Yukon Territory and the Northwest Territories, or to the appropriate legislative authority thereof, as the case may be.

Legislative powers not extended

31. Nothing in this Charter extends the legislative powers of any body or authority.

Application of Charter

Application of Charter

32. (1) This Charter applies

(*a*) to the Parliament and government of Canada in respect of all matters within the authority of Parliament including all matters relating to the Yukon Territory and Northwest Territories; and

(*b*) to the legislature and government of each province in respect of all matters within the authority of the legislature of each province.

Exception

(2) Notwithstanding subsection (1), section 15 shall not have effect until three years after this section comes into force.

Exception where express declaration

33. (1) Parliament or the legislature of a province may expressly declare in an Act of Parliament or of the legislature, as the case may be, that the Act or a provision thereof shall operate notwithstanding a provision included in section 2 or sections 7 to 15 of this Charter.

une négation des autres droits ou libertés qui existent au Canada.

Maintien du patrimoine culturel

27. Toute interprétation de la présente charte doit concorder avec l'objectif de promouvoir le maintien et la valorisation du patrimoine multiculturel des Canadiens.

Égalité de garantie des droits pour les deux sexes

28. Indépendamment des autres dispositions de la présente charte, les droits et libertés qui y sont mentionnés sont garantis également aux personnes des deux sexes.

Maintien des droits relatifs à certaines écoles

29. Les dispositions de la présente charte ne portent pas atteinte aux droits ou privilèges garantis en vertu de la Constitution du Canada concernant les écoles séparées et autres écoles confessionnelles.

Application aux territoires

30. Dans la présente charte, les dispositions qui visent les provinces, leur législature ou leur assemblée législative visent également le territoire du Yukon, les territoires du Nord-Ouest ou leurs autorités législatives compétentes.

Non-élargissement des compétences législatives

31. La présente charte n'élargit pas les compétences législatives de quelque organisme ou autorité que ce soit.

Application de la charte

Application de la charte

32. (1) La présente charte s'applique :

a) au Parlement et au gouvernement du Canada, pour tous les domaines relevant du Parlement, y compris ceux qui concernent le territoire du Yukon et les territoires du Nord-Ouest;

b) à la législature et au gouvernement de chaque province, pour tous les domaines relevant de cette législature.

Restriction

(2) Par dérogation au paragraphe (1), l'article 15 n'a d'effet que trois ans après l'entrée en vigueur du présent article.

Dérogation par déclaration expresse

33. (1) Le Parlement ou la législature d'une province peut adopter une loi où il est expressément déclaré que celle-ci ou une de ses dispositions a effet indépendamment d'une disposition donnée de l'article 2 ou des articles 7 à 15 de la présente charte.

Operation of exception

(2) An Act or a provision of an Act in respect of which a declaration made under this section is in effect shall have such operation as it would have but for the provision of this Charter referred to in the declaration.

(2) La loi ou la disposition qui fait l'objet d'une déclaration conforme au présent article et en vigueur a l'effet qu'elle aurait sauf la disposition en cause de la charte.

Effet de la dérogation

Five year limitation

(3) A declaration made under subsection (1) shall cease to have effect five years after it comes into force or on such earlier date as may be specified in the declaration.

(3) La déclaration visée au paragraphe (1) cesse d'avoir effet à la date qui y est précisée ou, au plus tard, cinq ans après son entrée en vigueur.

Durée de validité

Re-enactment

(4) Parliament or a legislature of a province may re-enact a declaration made under subsection (1).

(4) Le Parlement ou une législature peut adopter de nouveau une déclaration visée au paragraphe (1).

Nouvelle adoption

Five year limitation

(5) Subsection (3) applies in respect of a re-enactment made under subsection (4).

(5) Le paragraphe (3) s'applique à toute déclaration adoptée sous le régime du paragraphe (4).

Durée de validité

Citation

Titre

Citation

34. This Part may be cited as the *Canadian Charter of Rights and Freedoms*.

34. Titre de la présente partie : *Charte canadienne des droits et libertés*.

Titre

PART II

PARTIE II

RIGHTS OF THE ABORIGINAL PEOPLES OF CANADA

DROITS DES PEUPLES AUTOCHTONES DU CANADA

Recognition of existing aboriginal and treaty rights

35. (1) The existing aboriginal and treaty rights of the aboriginal peoples of Canada are hereby recognized and affirmed.

35. (1) Les droits existants — ancestraux ou issus de traités — des peuples autochtones du Canada sont reconnus et confirmés.

Confirmation des droits existants des peuples autochtones

Definition of "aboriginal peoples of Canada"

(2) In this Act, "aboriginal peoples of Canada" includes the Indian, Inuit and Métis peoples of Canada.

(2) Dans la présente loi, «peuples autochtones du Canada» s'entend notamment des Indiens, des Inuit et des Métis du Canada.

Définition de «peuples autochtones du Canada»

PART III

PARTIE III

EQUALIZATION AND REGIONAL DISPARITIES

PÉRÉQUATION ET INÉGALITÉS RÉGIONALES

Commitment to promote equal opportunities

36. (1) Without altering the legislative authority of Parliament or of the provincial legislatures, or the rights of any of them with respect to the exercise of their legislative authority, Parliament and the legislatures, together with the government of Canada and the provincial governments, are committed to

(*a*) promoting equal opportunities for the well-being of Canadians;

(*b*) furthering economic development to reduce disparity in opportunities; and

(*c*) providing essential public services of reasonable quality to all Canadians.

36. (1) Sous réserve des compétences législatives du Parlement et des législatures et de leur droit de les exercer, le Parlement et les législatures, ainsi que les gouvernements fédéral et provinciaux, s'engagent à :

a) promouvoir l'égalité des chances de tous les Canadiens dans la recherche de leur bien-être;

b) favoriser le développement économique pour réduire l'inégalité des chances;

c) fournir à tous les Canadiens, à un niveau de qualité acceptable, les services publics essentiels.

Engagements relatifs à l'égalité des chances

Commitment respecting public services

(2) Parliament and the government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation.

Engagement relatif aux services publics

(2) Le Parlement et le gouvernement du Canada prennent l'engagement de principe de faire des paiements de péréquation propres à donner aux gouvernements provinciaux des revenus suffisants pour les mettre en mesure d'assurer les services publics à un niveau de qualité et de fiscalité sensiblement comparables.

PART IV

CONSTITUTIONAL CONFERENCE

PARTIE IV

CONFÉRENCE CONSTITUTIONNELLE

Constitutional conference

37. (1) A constitutional conference composed of the Prime Minister of Canada and the first ministers of the provinces shall be convened by the Prime Minister of Canada within one year after this Part comes into force.

Conférence constitutionnelle

37. (1) Dans l'année suivant l'entrée en vigueur de la présente partie, le premier ministre du Canada convoque une conférence constitutionnelle réunissant les premiers ministres provinciaux et lui-même.

Participation of aboriginal peoples

(2) The conference convened under subsection (1) shall have included in its agenda an item respecting constitutional matters that directly affect the aboriginal peoples of Canada, including the identification and definition of the rights of those peoples to be included in the Constitution of Canada, and the Prime Minister of Canada shall invite representatives of those peoples to participate in the discussions on that item.

Participation des peuples autochtones

(2) Sont placées à l'ordre du jour de la conférence visée au paragraphe (1) les questions constitutionnelles qui intéressent directement les peuples autochtones du Canada, notamment la détermination et la définition des droits de ces peuples à inscrire dans la Constitution du Canada. Le premier ministre du Canada invite leurs représentants à participer aux travaux relatifs à ces questions.

Participation of territories

(3) The Prime Minister of Canada shall invite elected representatives of the governments of the Yukon Territory and the Northwest Territories to participate in the discussions on any item on the agenda of the conference convened under subsection (1) that, in the opinion of the Prime Minister, directly affects the Yukon Territory and the Northwest Territories.

Participation des territoires

(3) Le premier ministre du Canada invite des représentants élus des gouvernements du territoire du Yukon et des territoires du Nord-Ouest à participer aux travaux relatifs à toute question placée à l'ordre du jour de la conférence visée au paragraphe (1) et qui, selon lui, intéresse directement le territoire du Yukon et les territoires du Nord-Ouest.

PART V

PROCEDURE FOR AMENDING CONSTITUTION OF CANADA

PARTIE V

PROCÉDURE DE MODIFICATION DE LA CONSTITUTION DU CANADA

General procedure for amending Constitution of Canada

38. (1) An amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by

(*a*) resolutions of the Senate and House of Commons; and

(*b*) resolutions of the legislative assemblies of at least two-thirds of the provinces

Procédure normale de modification

38. (1) La Constitution du Canada peut être modifiée par proclamation du gouverneur général sous le grand sceau du Canada, autorisée à la fois :

a) par des résolutions du Sénat et de la Chambre des communes;

b) par des résolutions des assemblées législatives d'au moins deux tiers des provinces dont la population confondue repré-

that have, in the aggregate, according to the then latest general census, at least fifty per cent of the population of all the provinces.

sente, selon le recensement général le plus récent à l'époque, au moins cinquante pour cent de la population de toutes les provinces.

Majority of members

(2) An amendment made under subsection (1) that derogates from the legislative powers, the proprietary rights or any other rights or privileges of the legislature or government of a province shall require a resolution supported by a majority of the members of each of the Senate, the House of Commons and the legislative assemblies required under subsection (1).

(2) Une modification faite conformément au paragraphe (1) mais dérogatoire à la compétence législative, aux droits de propriété ou à tous autres droits ou privilèges d'une législature ou d'un gouvernement provincial exige une résolution adoptée à la majorité des sénateurs, des députés fédéraux et des députés de chacune des assemblées législatives du nombre requis de provinces. Majorité simple

Expression of dissent

(3) An amendment referred to in subsection (2) shall not have effect in a province the legislative assembly of which has expressed its dissent thereto by resolution supported by a majority of its members prior to the issue of the proclamation to which the amendment relates unless that legislative assembly, subsequently, by resolution supported by a majority of its members, revokes its dissent and authorizes the amendment.

(3) La modification visée au paragraphe (2) est sans effet dans une province dont l'assemblée législative a, avant la prise de la proclamation, exprimé son désaccord par une résolution adoptée à la majorité des députés, sauf si cette assemblée, par résolution également adoptée à la majorité, revient sur son désaccord et autorise la modification. Désaccord

Revocation of dissent

(4) A resolution of dissent made for the purposes of subsection (3) may be revoked at any time before or after the issue of the proclamation to which it relates.

(4) La résolution de désaccord visée au paragraphe (3) peut être révoquée à tout moment, indépendamment de la date de la proclamation à laquelle elle se rapporte. Levée du désaccord

Restriction on proclamation

39. (1) A proclamation shall not be issued under subsection 38(1) before the expiration of one year from the adoption of the resolution initiating the amendment procedure thereunder, unless the legislative assembly of each province has previously adopted a resolution of assent or dissent.

39. (1) La proclamation visée au paragraphe 38(1) ne peut être prise dans l'année suivant l'adoption de la résolution à l'origine de la procédure de modification que si l'assemblée législative de chaque province a préalablement adopté une résolution d'agrément ou de désaccord. Restriction

Idem

(2) A proclamation shall not be issued under subsection 38(1) after the expiration of three years from the adoption of the resolution initiating the amendment procedure thereunder.

(2) La proclamation visée au paragraphe 38(1) ne peut être prise que dans les trois ans suivant l'adoption de la résolution à l'origine de la procédure de modification. Idem

Compensation

40. Where an amendment is made under subsection 38(1) that transfers provincial legislative powers relating to education or other cultural matters from provincial legislatures to Parliament, Canada shall provide reasonable compensation to any province to which the amendment does not apply.

40. Le Canada fournit une juste compensation aux provinces auxquelles ne s'applique pas une modification faite conformément au paragraphe 38(1) et relative, en matière d'éducation ou dans d'autres domaines culturels, à un transfert de compétences législatives provinciales au Parlement. Compensation

Amendment by unanimous consent

41. An amendment to the Constitution of Canada in relation to the following matters

41. Toute modification de la Constitution du Canada portant sur les questions suivan- Consentement unanime

may be made by proclamation issued by the Governor General under the Great Seal of Canada only where authorized by resolutions of the Senate and House of Commons and of the legislative assembly of each province:

(*a*) the office of the Queen, the Governor General and the Lieutenant Governor of a province;

(*b*) the right of a province to a number of members in the House of Commons not less than the number of Senators by which the province is entitled to be represented at the time this Part comes into force;

(*c*) subject to section 43, the use of the English or the French language;

(*d*) the composition of the Supreme Court of Canada; and

(*e*) an amendment to this Part.

Amendment by general procedure

42. (1) An amendment to the Constitution of Canada in relation to the following matters may be made only in accordance with subsection 38(1):

(*a*) the principle of proportionate representation of the provinces in the House of Commons prescribed by the Constitution of Canada;

(*b*) the powers of the Senate and the method of selecting Senators;

(*c*) the number of members by which a province is entitled to be represented in the Senate and the residence qualifications of Senators;

(*d*) subject to paragraph 41(*d*), the Supreme Court of Canada;

(*e*) the extension of existing provinces into the territories; and

(*f*) notwithstanding any other law or practice, the establishment of new provinces.

Exception

(2) Subsections 38(2) to (4) do not apply in respect of amendments in relation to matters referred to in subsection (1).

Amendment of provisions relating to some but not all provinces

43. An amendment to the Constitution of Canada in relation to any provision that applies to one or more, but not all, provinces, including

(*a*) any alteration to boundaries between provinces, and

tes se fait par proclamation du gouverneur général sous le grand sceau du Canada, autorisée par des résolutions du Sénat, de la Chambre des communes et de l'assemblée législative de chaque province :

a) la charge de Reine, celle de gouverneur général et celle de lieutenant-gouverneur;

b) le droit d'une province d'avoir à la Chambre des communes un nombre de députés au moins égal à celui des sénateurs par lesquels elle est habilitée à être représentée lors de l'entrée en vigueur de la présente partie;

c) sous réserve de l'article 43, l'usage du français ou de l'anglais;

d) la composition de la Cour suprême du Canada;

e) la modification de la présente partie.

Procédure normale de modification

42. (1) Toute modification de la Constitution du Canada portant sur les questions suivantes se fait conformément au paragraphe 38(1) :

a) le principe de la représentation proportionnelle des provinces à la Chambre des communes prévu par la Constitution du Canada;

b) les pouvoirs du Sénat et le mode de sélection des sénateurs;

c) le nombre des sénateurs par lesquels une province est habilitée à être représentée et les conditions de résidence qu'ils doivent remplir;

d) sous réserve de l'alinéa 41*d*), la Cour suprême du Canada;

e) le rattachement aux provinces existantes de tout ou partie des territoires;

f) par dérogation à toute autre loi ou usage, la création de provinces.

Exception

(2) Les paragraphes 38(2) à (4) ne s'appliquent pas aux questions mentionnées au paragraphe (1).

Modification à l'égard de certaines provinces

43. Les dispositions de la Constitution du Canada applicables à certaines provinces seulement ne peuvent être modifiées que par proclamation du gouverneur général sous le grand sceau du Canada, autorisée par des résolutions du Sénat, de la Chambre des

(*b*) any amendment to any provision that relates to the use of the English or the French language within a province,

may be made by proclamation issued by the Governor General under the Great Seal of Canada only where so authorized by resolutions of the Senate and House of Commons and of the legislative assembly of each province to which the amendment applies.

communes et de l'assemblée législative de chaque province concernée. Le présent article s'applique notamment :

a) aux changements du tracé des frontières interprovinciales;

b) aux modifications des dispositions relatives à l'usage du français ou de l'anglais dans une province.

Amendments by Parliament

44. Subject to sections 41 and 42, Parliament may exclusively make laws amending the Constitution of Canada in relation to the executive government of Canada or the Senate and House of Commons.

44. Sous réserve des articles 41 et 42, le Parlement a compétence exclusive pour modifier les dispositions de la Constitution du Canada relatives au pouvoir exécutif fédéral, au Sénat ou à la Chambre des communes. Modification par le Parlement

Amendments by provincial legislatures

45. Subject to section 41, the legislature of each province may exclusively make laws amending the constitution of the province.

45. Sous réserve de l'article 41, une législature a compétence exclusive pour modifier la constitution de sa province. Modification par les législatures

Initiation of amendment procedures

46. (1) The procedures for amendment under sections 38, 41, 42 and 43 may be initiated either by the Senate or the House of Commons or by the legislative assembly of a province.

46. (1) L'initiative des procédures de modification visées aux articles 38, 41, 42 et 43 appartient au Sénat, à la Chambre des communes ou à une assemblée législative. Initiative des procédures

Revocation of authorization

(2) A resolution of assent made for the purposes of this Part may be revoked at any time before the issue of a proclamation authorized by it.

(2) Une résolution d'agrément adoptée dans le cadre de la présente partie peut être révoquée à tout moment avant la date de la proclamation qu'elle autorise. Possibilité de révocation

Amendments without Senate resolution

47. (1) An amendment to the Constitution of Canada made by proclamation under section 38, 41, 42 or 43 may be made without a resolution of the Senate authorizing the issue of the proclamation if, within one hundred and eighty days after the adoption by the House of Commons of a resolution authorizing its issue, the Senate has not adopted such a resolution and if, at any time after the expiration of that period, the House of Commons again adopts the resolution.

47. (1) Dans les cas visés à l'article 38, 41, 42 ou 43, il peut être passé outre au défaut d'autorisation du Sénat si celui-ci n'a pas adopté de résolution dans un délai de cent quatre-vingts jours suivant l'adoption de celle de la Chambre des communes et si cette dernière, après l'expiration du délai, adopte une nouvelle résolution dans le même sens. Modification sans résolution du Sénat

Computation of period

(2) Any period when Parliament is prorogued or dissolved shall not be counted in computing the one hundred and eighty day period referred to in subsection (1).

(2) Dans la computation du délai visé au paragraphe (1), ne sont pas comptées les périodes pendant lesquelles le Parlement est prorogé ou dissous. Computation du délai

Advice to issue proclamation

48. The Queen's Privy Council for Canada shall advise the Governor General to issue a proclamation under this Part forthwith on the adoption of the resolutions

48. Le Conseil privé de la Reine pour le Canada demande au gouverneur général de prendre, conformément à la présente partie, une proclamation dès l'adoption des résolu- Demande de proclamation

required for an amendment made by proclamation under this Part.

Constitutional conference

49. A constitutional conference composed of the Prime Minister of Canada and the first ministers of the provinces shall be convened by the Prime Minister of Canada within fifteen years after this Part comes into force to review the provisions of this Part.

PART VI

AMENDMENT TO THE CONSTITUTION ACT, 1867

Amendment to *Constitution Act, 1867*

50. The *Constitution Act, 1867* (formerly named the *British North America Act, 1867*) is amended by adding thereto, immediately after section 92 thereof, the following heading and section:

"*Non-Renewable Natural Resources, Forestry Resources and Electrical Energy*

Laws respecting non-renewable natural resources, forestry resources and electrical energy

92A. (1) In each province, the legislature may exclusively make laws in relation to

(*a*) exploration for non-renewable natural resources in the province;

(*b*) development, conservation and management of non-renewable natural resources and forestry resources in the province, including laws in relation to the rate of primary production therefrom; and

(*c*) development, conservation and management of sites and facilities in the province for the generation and production of electrical energy.

Export from provinces of resources

(2) In each province, the legislature may make laws in relation to the export from the province to another part of Canada of the primary production from non-renewable natural resources and forestry resources in the province and the production from facilities in the province for the generation of electrical energy, but such laws may not authorize or provide for discrimination in prices or in supplies exported to another part of Canada.

tions prévues par cette partie pour une modification par proclamation.

Conférence constitutionnelle

49. Dans les quinze ans suivant l'entrée en vigueur de la présente partie, le premier ministre du Canada convoque une conférence constitutionnelle réunissant les premiers ministres provinciaux et lui-même, en vue du réexamen des dispositions de cette partie.

PARTIE VI

MODIFICATION DE LA LOI CONSTITUTIONNELLE DE 1867

Modification de la *Loi constitutionnelle de 1867*

50. La *Loi constitutionnelle de 1867* (antérieurement désignée sous le titre : *Acte de l'Amérique du Nord britannique, 1867*) est modifiée par insertion, après l'article 92, de la rubrique et de l'article suivants :

«*Ressources naturelles non renouvelables, ressources forestières et énergie électrique*

Compétence provinciale

92A. (1) La législature de chaque province a compétence exclusive pour légiférer dans les domaines suivants :

a) prospection des ressources naturelles non renouvelables de la province;

b) exploitation, conservation et gestion des ressources naturelles non renouvelables et des ressources forestières de la province, y compris leur rythme de production primaire;

c) aménagement, conservation et gestion des emplacements et des installations de la province destinés à la production d'énergie électrique.

Exportation hors des provinces

(2) La législature de chaque province a compétence pour légiférer en ce qui concerne l'exportation, hors de la province, à destination d'une autre partie du Canada, de la production primaire tirée des ressources naturelles non renouvelables et des ressources forestières de la province, ainsi que de la production d'énergie électrique de la province, sous réserve de ne pas adopter de lois autorisant ou prévoyant des disparités de prix ou des disparités dans les exportations destinées à une autre partie du Canada.

Authority of Parliament

(3) Nothing in subsection (2) derogates from the authority of Parliament to enact laws in relation to the matters referred to in that subsection and, where such a law of Parliament and a law of a province conflict, the law of Parliament prevails to the extent of the conflict.

Taxation of resources

(4) In each province, the legislature may make laws in relation to the raising of money by any mode or system of taxation in respect of

(*a*) non-renewable natural resources and forestry resources in the province and the primary production therefrom, and

(*b*) sites and facilities in the province for the generation of electrical energy and the production therefrom,

whether or not such production is exported in whole or in part from the province, but such laws may not authorize or provide for taxation that differentiates between production exported to another part of Canada and production not exported from the province.

"Primary production"

(5) The expression "primary production" has the meaning assigned by the Sixth Schedule.

Existing powers or rights

(6) Nothing in subsections (1) to (5) derogates from any powers or rights that a legislature or government of a province had immediately before the coming into force of this section."

Idem

51. The said Act is further amended by adding thereto the following Schedule:

"THE SIXTH SCHEDULE

Primary Production from Non-Renewable Natural Resources and Forestry Resources

1. For the purposes of section 92A of this Act,

Pouvoir du Parlement

(3) Le paragraphe (2) ne porte pas atteinte au pouvoir du Parlement de légiférer dans les domaines visés à ce paragraphe, les dispositions d'une loi du Parlement adoptée dans ces domaines l'emportant sur les dispositions incompatibles d'une loi provinciale.

Taxation des ressources

(4) La législature de chaque province a compétence pour prélever des sommes d'argent par tout mode ou système de taxation :

a) des ressources naturelles non renouvelables et des ressources forestières de la province, ainsi que de la production primaire qui en est tirée;

b) des emplacements et des installations de la province destinés à la production d'énergie électrique, ainsi que de cette production même.

Cette compétence peut s'exercer indépendamment du fait que la production en cause soit ou non, en totalité ou en partie, exportée hors de la province, mais les lois adoptées dans ces domaines ne peuvent autoriser ou prévoir une taxation qui établisse une distinction entre la production exportée à destination d'une autre partie du Canada et la production non exportée hors de la province.

«Production primaire»

(5) L'expression «production primaire» a le sens qui lui est donné dans la sixième annexe.

Pouvoirs ou droits existants

(6) Les paragraphes (1) à (5) ne portent pas atteinte aux pouvoirs ou droits détenus par la législature ou le gouvernement d'une province lors de l'entrée en vigueur du présent article.»

Idem

51. Ladite loi est en outre modifiée par adjonction de l'annexe suivante :

«SIXIÈME ANNEXE

Production primaire tirée des ressources naturelles non renouvelables et des ressources forestières

1. Pour l'application de l'article 92A :

(*a*) production from a non-renewable natural resource is primary production therefrom if

(i) it is in the form in which it exists upon its recovery or severance from its natural state, or

(ii) it is a product resulting from processing or refining the resource, and is not a manufactured product or a product resulting from refining crude oil, refining upgraded heavy crude oil, refining gases or liquids derived from coal or refining a synthetic equivalent of crude oil; and

(*b*) production from a forestry resource is primary production therefrom if it consists of sawlogs, poles, lumber, wood chips, sawdust or any other primary wood product, or wood pulp, and is not a product manufactured from wood."

a) on entend par production primaire tirée d'une ressource naturelle non renouvelable :

(i) soit le produit qui se présente sous la même forme que lors de son extraction du milieu naturel,

(ii) soit le produit non manufacturé de la transformation, du raffinage ou de l'affinage d'une ressource, à l'exception du produit du raffinage du pétrole brut, du raffinage du pétrole brut lourd amélioré, du raffinage des gaz ou des liquides dérivés du charbon ou du raffinage d'un équivalent synthétique du pétrole brut;

b) on entend par production primaire tirée d'une ressource forestière la production constituée de billots, de poteaux, de bois d'œuvre, de copeaux, de sciure ou d'autre produit primaire du bois, ou de pâte de bois, à l'exception d'un produit manufacturé en bois.»

PART VII

GENERAL

Primacy of Constitution of Canada

52. (1) The Constitution of Canada is the supreme law of Canada, and any law that is inconsistent with the provisions of the Constitution is, to the extent of the inconsistency, of no force or effect.

Constitution of Canada

(2) The Constitution of Canada includes

(*a*) the *Canada Act*, including this Act;

(*b*) the Acts and orders referred to in Schedule I; and

(*c*) any amendment to any Act or order referred to in paragraph (*a*) or (*b*).

Amendments to Constitution of Canada

(3) Amendments to the Constitution of Canada shall be made only in accordance with the authority contained in the Constitution of Canada.

Repeals and new names

53. (1) The enactments referred to in Column I of Schedule I are hereby repealed or amended to the extent indicated in Column II thereof and, unless repealed, shall continue as law in Canada under the names set out in Column III thereof.

PARTIE VII

DISPOSITIONS GÉNÉRALES

Primauté de la Constitution du Canada

52. (1) La Constitution du Canada est la loi suprême du Canada; elle rend inopérantes les dispositions incompatibles de toute autre règle de droit.

Constitution du Canada

(2) La Constitution du Canada comprend :

a) la *Loi sur le Canada*, y compris la présente loi;

b) les textes législatifs et les décrets figurant à l'annexe I;

c) les modifications des textes législatifs et des décrets mentionnés aux alinéas *a*) ou *b*).

Modification

(3) La Constitution du Canada ne peut être modifiée que conformément aux pouvoirs conférés par elle.

Abrogation et nouveaux titres

53. (1) Les textes législatifs et les décrets énumérés à la colonne I de l'annexe I sont abrogés ou modifiés dans la mesure indiquée à la colonne II. Sauf abrogation, ils restent en vigueur en tant que lois du Canada sous les titres mentionnés à la colonne III.

Consequential amendments

(2) Every enactment, except the *Canada Act*, that refers to an enactment referred to in Schedule I by the name in Column I thereof is hereby amended by substituting for that name the corresponding name in Column III thereof, and any British North America Act not referred to in Schedule I may be cited as the *Constitution Act* followed by the year and number, if any, of its enactment.

Modifications corrélatives

(2) Tout texte législatif ou réglementaire, sauf la *Loi sur le Canada,* qui fait mention d'un texte législatif ou décret figurant à l'annexe I par le titre indiqué à la colonne I est modifié par substitution à ce titre du titre correspondant mentionné à la colonne III; tout Acte de l'Amérique du Nord britannique non mentionné à l'annexe I peut être cité sous le titre de *Loi constitutionnelle* suivi de l'indication de l'année de son adoption et éventuellement de son numéro.

Repeal and consequential amendments

54. Part IV is repealed on the day that is one year after this Part comes into force and this section may be repealed and this Act renumbered, consequential upon the repeal of Part IV and this section, by proclamation issued by the Governor General under the Great Seal of Canada.

Abrogation et modifications qui en découlent

54. La partie IV est abrogée un an après l'entrée en vigueur de la présente partie et le gouverneur général peut, par proclamation sous le grand sceau du Canada, abroger le présent article et apporter en conséquence de cette double abrogation les aménagements qui s'imposent à la présente loi.

French version of Constitution of Canada

55. A French version of the portions of the Constitution of Canada referred to in Schedule I shall be prepared by the Minister of Justice of Canada as expeditiously as possible and, when any portion thereof sufficient to warrant action being taken has been so prepared, it shall be put forward for enactment by proclamation issued by the Governor General under the Great Seal of Canada pursuant to the procedure then applicable to an amendment of the same provisions of the Constitution of Canada.

Version française de certains textes constitutionnels

55. Le ministre de la Justice du Canada est chargé de rédiger, dans les meilleurs délais, la version française des parties de la Constitution du Canada qui figurent à l'annexe I; toute partie suffisamment importante est, dès qu'elle est prête, déposée pour adoption par proclamation du gouverneur général sous le grand sceau du Canada, conformément à la procédure applicable à l'époque à la modification des dispositions constitutionnelles qu'elle contient.

English and French versions of certain constitutional texts

56. Where any portion of the Constitution of Canada has been or is enacted in English and French or where a French version of any portion of the Constitution is enacted pursuant to section 55, the English and French versions of that portion of the Constitution are equally authoritative.

Versions française et anglaise de certains textes constitutionnels

56. Les versions française et anglaise des parties de la Constitution du Canada adoptées dans ces deux langues ont également force de loi. En outre, ont également force de loi, dès l'adoption, dans le cadre de l'article 55, d'une partie de la version française de la Constitution, cette partie et la version anglaise correspondante.

English and French versions of this Act

57. The English and French versions of this Act are equally authoritative.

Versions française et anglaise de la présente loi

57. Les versions française et anglaise de la présente loi ont également force de loi.

Commencement

58. Subject to section 59, this Act shall come into force on a day to be fixed by proclamation issued by the Queen or the Governor General under the Great Seal of Canada.

Entrée en vigueur

58. Sous réserve de l'article 59, la présente loi entre en vigueur à la date fixée par proclamation de la Reine ou du gouverneur général sous le grand sceau du Canada.

Commencement of paragraph 23(1)(*a*) in respect of Quebec

59. (1) Paragraph 23(1)(*a*) shall come into force in respect of Quebec on a day to be

Entrée en vigueur de l'alinéa 23(1)*a*) pour le Québec

59. (1) L'alinéa 23(1)*a*) entre en vigueur pour le Québec à la date fixée par proclama-

fixed by proclamation issued by the Queen or the Governor General under the Great Seal of Canada.

Authorization of Quebec

(2) A proclamation under subsection (1) shall be issued only where authorized by the legislative assembly or government of Quebec.

Repeal of this section

(3) This section may be repealed on the day paragraph 23(1)(*a*) comes into force in respect of Quebec and this Act amended and renumbered, consequential upon the repeal of this section, by proclamation issued by the Queen or the Governor General under the Great Seal of Canada.

Short title and citations

60. This Act may be cited as the *Constitution Act, 1981*, and the Constitution Acts 1867 to 1975 (No. 2) and this Act may be cited together as the *Constitution Acts, 1867 to 1981*.

tion de la Reine ou du gouverneur général sous le grand sceau du Canada.

Autorisation du Québec

(2) La proclamation visée au paragraphe 23(1) ne peut être prise qu'après autorisation de l'assemblée législative ou du gouvernement du Québec.

Abrogation du présent article

(3) Le présent article peut être abrogé à la date d'entrée en vigueur de l'alinéa 23(1)*a*) pour le Québec, et la présente loi faire l'objet, dès cette abrogation, des modifications et changements de numérotation qui en découlent, par proclamation de la Reine ou du gouverneur général sous le grand sceau du Canada.

Titres

60. Titre abrégé de la présente annexe : *Loi constitutionnelle de 1981*; titre commun des lois constitutionnelles de 1867 à 1975 (nº 2) et de la présente loi : *Lois constitutionnelles de 1867 à 1981*.

SCHEDULE I

to the

CONSTITUTION ACT, 1981

MODERNIZATION OF THE CONSTITUTION

Item	Column I Act Affected	Column II Amendment	Column III New Name
1.	British North America Act, 1867, 30-31 Vict., c. 3 (U.K.)	(1) Section 1 is repealed and the following substituted therefor: "1. This Act may be cited as the *Constitution Act, 1867*." (2) Section 20 is repealed. (3) Class 1 of section 91 is repealed. (4) Class 1 of section 92 is repealed.	Constitution Act, 1867
2.	An Act to amend and continue the Act 32-33 Victoria chapter 3; and to establish and provide for the Government of the Province of Manitoba, 1870, 33 Vict., c. 3 (Can.)	(1) The long title is repealed and the following substituted therefor: "*Manitoba Act, 1870*." (2) Section 20 is repealed.	Manitoba Act, 1870
3.	Order of Her Majesty in Council admitting Rupert's Land and the North-Western Territory into the union, dated the 23rd day of June, 1870		Rupert's Land and North-Western Territory Order
4.	Order of Her Majesty in Council admitting British Columbia into the Union, dated the 16th day of May, 1871		British Columbia Terms of Union
5.	British North America Act, 1871, 34-35 Vict., c. 28 (U.K.)	Section 1 is repealed and the following substituted therefor: "1. This Act may be cited as the *Constitution Act, 1871*."	Constitution Act, 1871
6.	Order of Her Majesty in Council admitting Prince Edward Island into the Union, dated the 26th day of June, 1873		Prince Edward Island Terms of Union
7.	Parliament of Canada Act, 1875, 38-39 Vict., c. 38 (U.K.)		Parliament of Canada Act, 1875
8.	Order of Her Majesty in Council admitting all British possessions and Territories in North America and islands adjacent thereto into the Union, dated the 31st day of July, 1880		Adjacent Territories Order

ANNEXE I

LOI CONSTITUTIONNELLE DE 1981

ACTUALISATION DE LA CONSTITUTION

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
1.	Acte de l'Amérique du Nord britannique, 1867, 30-31 Vict., c. 3 (R.-U.)	(1) L'article 1 est abrogé et remplacé par ce qui suit : «1. Titre abrégé : *Loi constitutionnelle de 1867*.» (2) L'article 20 est abrogé. (3) La catégorie 1 de l'article 91 est abrogée. (4) La catégorie 1 de l'article 92 est abrogée.	Loi constitutionnelle de 1867
2.	Acte pour amender et continuer l'acte trente-deux et trente-trois Victoria, chapitre trois, et pour établir et constituer le gouvernement de la province de Manitoba, 1870, 33 Vict., c. 3 (Canada)	(1) Le titre complet est abrogé et remplacé par ce qui suit : «*Loi de 1870 sur le Manitoba*.» (2) L'article 20 est abrogé.	Loi de 1870 sur le Manitoba
3.	Arrêté en conseil de Sa Majesté admettant la Terre de Rupert et le Territoire du Nord-Ouest, en date du 23 juin 1870		Décret en conseil sur la terre de Rupert et le territoire du Nord-Ouest
4.	Arrêté en conseil de Sa Majesté admettant la Colombie-Britannique, en date du 16 mai 1871		Conditions de l'adhésion de la Colombie-Britannique
5.	Acte de l'Amérique du Nord britannique, 1871, 34-35 Vict., c. 28 (R.-U.)	L'article 1 est abrogé et remplacé par ce qui suit : «1. Titre abrégé : *Loi constitutionnelle de 1871*.»	Loi constitutionnelle de 1871
6.	Arrêté en conseil de Sa Majesté admettant l'Île-du-Prince-Édouard, en date du 26 juin 1873		Conditions de l'adhésion de l'Île-du-Prince-Édouard
7.	Acte du Parlement du Canada, 1875, 38-39 Vict., c. 38 (R.-U.)		Loi de 1875 sur le Parlement du Canada
8.	Arrêté en conseil de Sa Majesté admettant dans l'Union tous les territoires et possessions britanniques dans l'Amérique du Nord, et les îles adjacentes à ces territoires et possessions, en date du 31 juillet 1880		Décret en conseil sur les territoires adjacents

SCHEDULE I

to the

CONSTITUTION ACT, 1981—*Continued*

Item	Column I Act Affected	Column II Amendment	Column III New Name
9.	British North America Act, 1886, 49-50 Vict., c. 35 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act, 1886*."	Constitution Act, 1886
10.	Canada (Ontario Boundary) Act, 1889, 52-53 Vict., c. 28 (U.K.)		Canada (Ontario Boundary) Act, 1889
11.	Canadian Speaker (Appointment of Deputy) Act, 1895, 2nd Sess., 59 Vict., c. 3 (U.K.)	The Act is repealed.	
12.	The Alberta Act, 1905, 4-5 Edw. VII, c. 3 (Can.)		Alberta Act
13.	The Saskatchewan Act, 1905, 4-5 Edw. VII, c. 42 (Can.)		Saskatchewan Act
14.	British North America Act, 1907, 7 Edw. VII, c. 11 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1907*."	Constitution Act, 1907
15.	British North America Act, 1915, 5-6 Geo. V, c. 45 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act, 1915*."	Constitution Act, 1915
16.	British North America Act, 1930, 20-21 Geo. V, c. 26 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act, 1930*."	Constitution Act, 1930
17.	Statute of Westminster, 1931, 22 Geo. V, c. 4 (U.K.)	In so far as they apply to Canada, (*a*) section 4 is repealed; and (*b*) subsection 7(1) is repealed.	Statute of Westminster, 1931
18.	British North America Act, 1940, 3-4 Geo. VI, c. 36 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1940*."	Constitution Act, 1940
19.	British North America Act, 1943, 6-7 Geo. VI, c. 30 (U.K.)	The Act is repealed.	

ANNEXE I (*suite*)

LOI CONSTITUTIONNELLE DE 1981

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
9.	Acte de l'Amérique du Nord britannique, 1886, 49-50 Vict., c. 35 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle de 1886.*»	Loi constitutionnelle de 1886
10.	Acte du Canada (limites d'Ontario) 1889, 52-53 Vict., c. 28 (R.-U.)		Loi de 1889 sur le Canada (frontières de l'Ontario)
11.	Acte concernant l'Orateur canadien (nomination d'un suppléant) 1895, 2e session, 59 Vict., c. 3 (R.-U.)	La loi est abrogée.	
12.	Acte de l'Alberta, 1905, 4-5 Ed. VII, c. 3 (Canada)		Loi sur l'Alberta
13.	Acte de la Saskatchewan, 1905, 4-5 Ed. VII, c. 42 (Canada)		Loi sur la Saskatchewan
14.	Acte de l'Amérique du Nord britannique, 1907, 7 Ed. VII, c. 11 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1907.*»	Loi constitutionnelle de 1907
15.	Acte de l'Amérique du Nord britannique, 1915, 5-6 Geo. V, c. 45 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle de 1915.*»	Loi constitutionnelle de 1915
16.	Acte de l'Amérique du Nord britannique, 1930, 20-21 Geo. V, c. 26 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle de 1930.*»	Loi constitutionnelle de 1930
17.	Statut de Westminster, 1931, 22 Geo. V, c. 4 (R.-U.)	Dans la mesure où ils s'appliquent au Canada : *a*) l'article 4 est abrogé; *b*) le paragraphe 7(1) est abrogé.	Statut de Westminster de 1931
18.	Acte de l'Amérique du Nord britannique, 1940, 3-4 Geo. VI, c. 36 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1940.*»	Loi constitutionnelle de 1940
19.	Acte de l'Amérique du Nord britannique, 1943, 6-7 Geo. VI, c. 30 (R.-U.)	La loi est abrogée.	

SCHEDULE I

to the

CONSTITUTION ACT, 1981—*Continued*

Item	Column I Act Affected	Column II Amendment	Column III New Name
20.	British North America Act, 1946, 9-10 Geo. VI, c. 63 (U.K.)	The Act is repealed.	
21.	British North America Act, 1949, 12-13 Geo. VI, c. 22 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Newfoundland Act*."	Newfoundland Act
22.	British North America (No. 2) Act, 1949, 13 Geo. VI, c. 81 (U.K.)	The Act is repealed.	
23.	British North America Act, 1951, 14-15 Geo. VI, c. 32 (U.K.)	The Act is repealed.	
24.	British North America Act, 1952, 1 Eliz. II, c. 15 (Can.)	The Act is repealed.	
25.	British North America Act, 1960, 9 Eliz. II, c. 2 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1960*."	Constitution Act, 1960
26.	British North America Act, 1964, 12-13 Eliz. II, c. 73 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1964*."	Constitution Act, 1964
27.	British North America Act, 1965, 14 Eliz. II, c. 4, Part I (Can.)	Section 2 is repealed and the following substituted therefor: "2. This Part may be cited as the *Constitution Act, 1965*."	Constitution Act, 1965
28.	British North America Act, 1974, 23 Eliz. II, c. 13, Part I (Can.)	Section 3, as amended by 25-26 Eliz. II, c. 28, s. 38(1) (Can.), is repealed and the following substituted therefor: "3. This Part may be cited as the *Constitution Act, 1974*."	Constitution Act, 1974

ANNEXE I (*suite*)

LOI CONSTITUTIONNELLE DE 1981

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
20.	Acte de l'Amérique du Nord britannique, 1946, 9-10 Geo. VI, c. 63 (R.-U.)	La loi est abrogée.	
21.	Acte de l'Amérique du Nord britannique, 1949, 12-13 Geo. VI, c. 22 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi sur Terre-Neuve.*»	Loi sur Terre-Neuve
22.	Acte de l'Amérique du Nord britannique (N° 2), 1949, 13 Geo. VI, c. 81 (R.-U.)	La loi est abrogée.	
23.	Acte de l'Amérique du Nord britannique, 1951, 14-15 Geo. VI, c. 32 (R.-U.)	La loi est abrogée.	
24.	Acte de l'Amérique du Nord britannique, 1952, 1 Eliz. II, c. 15 (Canada)	La loi est abrogée.	
25.	Acte de l'Amérique du Nord britannique, 1960, 9 Eliz. II, c. 2 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1960.*»	Loi constitutionnelle de 1960
26.	Acte de l'Amérique du Nord britannique, 1964, 12-13 Eliz. II, c. 73 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1964.*»	Loi constitutionnelle de 1964
27.	Acte de l'Amérique du Nord britannique, 1965, 14 Eliz. II, c. 4, Partie I (Canada)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé de la présente partie : *Loi constitutionnelle de 1965.*»	Loi constitutionnelle de 1965
28.	Acte de l'Amérique du Nord britannique, 1974, 23 Eliz. II, c. 13, Partie I (Canada)	L'article 3, modifié par le paragraphe 38(1) de la loi 25-26 Elizabeth II, c. 28 (Canada), est abrogé et remplacé par ce qui suit : «3. Titre abrégé de la présente partie : *Loi constitutionnelle de 1974.*»	Loi constitutionnelle de 1974

SCHEDULE I

to the

CONSTITUTION ACT, 1981—*Concluded*

Item	Column I Act Affected	Column II Amendment	Column III New Name
29.	British North America Act, 1975, 23-24 Eliz. II, c. 28, Part I (Can.)	Section 3, as amended by 25-26 Eliz. II, c. 28, s. 31 (Can.), is repealed and the following substituted therefor: "3. This Part may be cited as the *Constitution Act (No. 1), 1975*."	Constitution Act (No. 1), 1975
30.	British North America Act (No. 2), 1975, 23-24 Eliz. II, c. 53 (Can.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act (No. 2), 1975*."	Constitution Act (No. 2), 1975

ANNEXE I (*fin*)

LOI CONSTITUTIONNELLE DE 1981

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
29.	Acte de l'Amérique du Nord britannique, 1975, 23-24 Eliz. II, c. 28, Partie I (Canada)	L'article 3, modifié par l'article 31 de la loi 25-26 Elizabeth II, c. 28 (Canada), est abrogé et remplacé par ce qui suit : «3. Titre abrégé de la présente partie : *Loi constitutionnelle nº 1 de 1975*.»	Loi constitutionnelle nº 1 de 1975
30.	Acte de l'Amérique du Nord britannique nº 2, 1975, 23-24 Eliz. II, c. 53 (Canada)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle nº 2 de 1975*.»	Loi constitutionnelle nº 2 de 1975

[*Translation*]

Hon. Louis-J. Robichaud: Honourable senators, first of all, I would like to congratulate all the senators who preceded me in this debate, and particularly the former provincial premiers—without being less appreciative of my other colleagues—because I listened with great interest to the comments made by Senator Manning, Senator Roblin and Senator Hicks, who had some exciting moments when they were premiers in their respective provinces. They understand the present situation, and although their conclusions may differ, what they say is always worthwhile.

[*English*]

A few weeks ago I saw a psychologist—he was an author—being interviewed on television. He had just completed a book entitled *The Perfectionist*, and his conclusion was that a perfectionist never, or very seldom, does anything, because he or she feels that everything he or she does has to be perfect—which seldom happens. That made me think. If everything we do has to be perfect in every respect, then we do not do anything, because we are human beings and almost everything we do is not perfect.

Such is the case with the Constitution resolution now before us. It is not perfect, but there is a provision contained in it that approaches perfection. It is that we can improve upon it as we mature and as we discuss it further. We can improve upon it because of the amending formula.

The Constitution resolution is not, by any stretch of the imagination, a final document. It is perhaps final with regard to the current session, but we can improve upon it year by year, as we learn from our experience of living under the provisions of the new Constitution.

There have been occasions in the lives of all of us when we have felt extremely proud to be Canadian. I have experience those moments, and, indeed, I am proud each day to be a Canadian. I should like to mention a few occasions, perhaps not in order of importance.

I recall VE Day, which was May 8, 1945. At the time I was a young man, and on that day I was proud to be a Canadian because our Canadian forces had helped considerably in successfully ending a major world conflict.

I was also proud on June 27, 1960, which was the day on which the New Brunswick election was held.

Some Hon. Senators: Hear, hear.

Senator Robichaud: I was proud to be a Canadian on that day because the people of New Brunswick elected for the first time an Acadian as premier.

Some Hon. Senators: Hear, hear.

Senator Robichaud: I was proud to be a Canadian in February 1965, because the government of the day had finally accepted and adopted a Canadian flag, ensuring our identity as Canadians. I was very proud.

• (1050)

I remember that on July 1, 1967, we had a huge ceremony here on Parliament Hill. Her Majesty the Queen was here with Prince Philip. Mr. Pearson was Prime Minister; Mr. Diefenbaker was Leader of the Opposition. Both spoke and, in order to respect a principle, both spoke partly in French. At the conclusion of the ceremony, I was talking with Premier Robarts and Premier Johnson, and Prince Philip stepped down, came to us, after having listened to Mr. Pearson and Mr. Diefenbaker, and said, "I have never heard such fractured and fragmented French in all my life." At least, it was an effort on the part of both Mr. Pearson and Mr. Diefenbaker to respect our country's two official languages.

I was also proud to be a Canadian at that moment, back in 1972, when Team Canada was playing against the Russian hockey team in that last game, when three thousand Canadians at the arena in Moscow, sang *O Canada*. Of course, we won the game. I am not a singer by any stretch of the imagination—I have no singing voice—but I sang that night with all the emotion and enthusiasm that I could command. I was proud to be a Canadian.

I was also proud last Wednesday afternoon, at about 3 o'clock, when I heard the members in the other place sing *O Canada* with such enthusiasm. I was proud to be a Canadian.

I would not want to live anywhere else. When we think of any country where we might like to live outside of Canada, we must ask ourselves which one we would accept. The answer is, of course, none. We live in the best country in the world, despite certain problems that we have to face within our family occasionally, be they problems concerning the economy, be they problems of language, be they problems arising out of discussions taking place among the provinces or between the provinces and the federal authority. We are darned lucky to have been born in this country, or to have elected to live in this country and to have accepted Canada as our home.

I am proud of being a participant in this debate and to join finally with the vast majority of Canadians in saying, "Yes, at last we have our own Constitution, a Constitution that we will work on, in order to improve it day by day."

I know some senators are going to oppose the Constitution. That is their privilege and their prerogative.

[*Translation*]

But as a representative of the Province of New Brunswick and as an Acadian, how can you expect me to object to a Constitution, to a Charter that says in Section 16:

> English and French are the official languages of New Brunswick and have equality of status and equal rights and privileges as to their use in all institutions of the legislature and government of New Brunswick.

How could I object to that?

Section 17 reads as follows:

> Everyone has the right to use English or French in any debates and other proceedings of Parliament.

And how could I object to that?

Section 18 reads:

> The statutes, records and journals of the legislature of New Brunswick shall be printed and published in English and French and both language versions are equally authoritative.

How could I object to that?

Section 19 reads:

> Either English or French may be used by any person in, or in any pleading in or process issuing from, any court of New Brunswick.

What objection could I have to that?

Section 20 reads:

> Any member of the public in New Brunswick has the right to communicate with, and to receive available services from, any office of an institution of the legislature or government of New Brunswick in English or French.

How could I object to a principle as fair as this one? What I just read is what the people of New Brunswick wanted when in 1970 New Brunswick was the first and only Canadian province to proclaim English and French as its two official languages.

This proclamation by an act of the legislature was made following the recommendations of the Laurendeau-Dunton Report, the report of the Commission on Bilingualism and Biculturalism.

In New Brunswick, about 67 per cent of the population is English-speaking and 33 per cent is Acadian or French-speaking. When the Laurendeau-Dunton Report was published, it contained a recommendation that bilingual districts be created in Canada in areas where about 10 per cent of the population spoke the other official language. The provincial government or legislature could declare these areas bilingual districts.

So I looked at the map of New Brunswick and I tried to find some bilingual districts. I said to myself: Where are we going to create a bilingual district? We cannot make small districts, we cannot make New Brunswick into a checker board. We are going to declare the entire province a bilingual district. The legislature unanimously agreed with the principle that the whole province would become a bilingual district. The government that succeeded mine also agreed with this concept. That is why the Constitution is a piece of legislation that suits us perfectly.

Of course, there are some shortcomings in the Charter and in the Resolution. It is sad to think that we were unable to get unanimous support. I would like to borrow an expression used by the Minister of Justice, Mr. Chrétien, who said: "I think there are nine and a half provinces that are in favour of the Charter".

I am always uneasy and I tend to get very upset, when I hear the expression "the nine English provinces". The nine English provinces have agreed to the principles contained in the Charter. The only French-speaking province does not agree.

I am from New Brunswick. My province is, first of all, Canadian. My province is not English. There may be a majority of English-speaking people, but my province is not an English province. We are not living in England. My province is not French either. We are not living in France. My province is bilingual.

Now if I do not speak French exactly the same way as Mr. Lévesque does, that is not my fault. I speak French to the best of my ability. I am just as francophone as René Lévesque, even if I do live in New Brunswick. People are also saying that a government totally foreign to Quebec wants to force this Charter on Quebec, and that government happens to be the Government of Canada. The Prime Minister's name is Trudeau, his Minister of Justice is called Chrétien, and the co-chairman of the committee that worked day and night to reach this settlement is called Joyal.

Are these people foreign to Quebec? Is Pierre De Bané a foreigner in Quebec? Is Marc Lalonde alien to Quebec? Is Yvon Pinard a stranger to Quebec? And are Charles Lapointe and Pierre Bussières not Quebecers?

I am astonished to hear people say that the people I have just mentioned are strangers to Quebec, that a foreign government is forcing certain things on Quebec.

I feel that concessions have been made for the benefit of Quebec with which I can agree wholeheartedly, such as fiscal compensation for opting out of joint projects. As far as language and culture are concerned I think that is excellent. Perhaps further amendments may be added. I repeat, this Charter is not perfect, but it is drafted in such a way that it can be improved over the years. Amendments have been submitted. There are already two, and there may be more.

• (1100)

[*English*]

These amendments, to some degree, make sense. I would like to discuss the amendment moved by Senator Walker last night to the effect that section 47 should be completely deleted because perhaps it has to do with the future of the Senate of Canada, as we know it. Honourable senators, I shall vote for the resolution *in toto*. Section 47 can only take effect if seven provinces, comprising a minimum of 50 per cent of the population of Canada, want to abolish the Senate. I do not believe that it is the wish of the majority of Canadians that the Senate

be abolished. If I believed that was the case, I would feel very uncomfortable sitting in this seat. I do not think that the Senate will ever be abolished. There may be some modifications or some reforms suggested as we go along, but the Senate of Canada cannot be abolished if we are to continue to live in the free and prosperous country that we have known for 114 years.

There are many things to be said about the Charter of Rights. If I were to go into it further, I would only be repeating what has already been said. There are those who say they will vote for it, but without the enthusiasm that they would like to have. Honourable senators, I am going to vote for it with a lot of enthusiasm because of the amending formula—because it is not in its final form; we can and we will improve upon it. I shall not abstain, honourable senators. I shall vote for this resolution with all of the enthusiasm at my command.

Hon. Joseph A. Sullivan: Honourable senators, I have waited patiently for the opportunity to come to this chamber to make a few brief comments on a particular aspect of this resolution. In order to do so, I am drawing on my previous addresses and speeches within the confines of this venerable chamber, elsewhere in this country, and in the United States.

I stand here today as the advocate for the rights of the unborn child. If anyone had heard my views in this regard about 10 years ago, there would be no question in his mind as to the position I took then and take today.

● (1110)

In the United States of America most states recognize that the unborn child does have rights under the law. A mother may sue for the support of her unborn child or may hold a defendant liable for injuries sustained by her unborn child as a result of accident or assault. An unborn child may share in an inheritance or in workmen's compensation benefits. A pregnant woman convicted of a capital crime may not be executed until after her baby is born. The United States Constitution, in the Fifth Amendment, provides that no person shall be deprived of life without due process.

It is certainly a matter of pause for the medical profession to decide whether two doctors in agreement, or even an "abortion committee," constitute due process. I wonder if the Minister of Justice can answer that question.

It seems ironic that, while we have established institutes of child health throughout the country which specifically direct their attention to child development from the time of conception, and while tens of millions are being spent by various national foundations to improve the lot of the unborn, we should see in this day a movement for more liberal fetal indications for abortion.

The acceleration of change in human society is, in large part, the end result of scientific innovations which sometimes, but not always, deserve to be called advances. In the amazing expansion of our scientific knowledge, however, there has been no proven contradiction of spiritual values, no valid opposition between science, on the one hand, and the basic concepts of morality in human society, or man's belief in the spirit of man or God, on the other.

[Senator Robichaud.]

To discover wisdom in human affairs we must turn to the best elaborations of human thought. They come from the past and the present. Scientific method may be of great help, but in the end truth is to be found in the minds of men.

Shakespeare expressed a basic truth when he put these words into the mouth of Richard II:

> My brain I'll prove the female to my soul,
>
> My soul the father: and these two beget
>
> A generation of still-breeding thoughts,
>
> And these same thoughts people this little world;

The materialist assertion that the brain and its mechanisms explain the mind is an unproven hypothesis. It is, if you like, a matter of faith, like the assumptions of the Christian church and the other religions.

The time has come when man must learn to control civilization on this earth. But time is short. Human society cannot survive without the institution of the family. By strengthening the modern family in the present context of society and establishing an accepted code of common morality and teaching reasonable self-discipline and service to others, civilization can be controlled.

In the other place the other day the word "dream" was used. That is nothing more than an aberration of conscience. I wish to demythologize the word "conscience." I have a most accommodating conscience, and I have come to the melancholy conclusion that my conscience is a somewhat untrustworthy guide when it permits me to do something I want to do, but is extremely trustworthy when it prevents, or at least tries to prevent, me from doing what I particularly wish to do. It is, I find, prudent and helpful to remember, to quote Hilaire Belloc, that "the devil is not so black as he has been painted"—a profound saying which is the clue to many modern troubles.

Honourable senators, ten years ago I felt compelled to speak to the amendments to the Criminal Code that were being introduced as a package, involving capital punishment, abortion and human sexuality, because I felt they were wrong. I feel the same today as I did then. I therefore intend to move an amendment to section 7 of the resolution.

MOTION IN AMENDMENT

Senator Sullivan: Honourable senators, I therefore move, seconded by Senator Macdonald:

> That section 7 of the Resolution be amended to read as follows:
>
> > 7. Everyone, including the unborn child, has the right to life, which life begins at conception and which right is assertable from the moment of conception. Everyone has the right to liberty and security of the person and the right not to be deprived thereof except in accordance with the principles of fundamental justice.

• (1120)

The Hon. the Speaker: Pursuant to the order adopted on December 2, 1981, the recorded division is deferred.

Hon. Frederick W. Rowe: Honourable senators, first, I would like to convey my congratulations to all those honourable senators who have spoken on this resolution so far. I cannot help feeling—and we have just had an example of it—that the speeches presented thus far have been of a very high quality. Indeed, they reflect, in my view—and, obviously, I would want to exclude myself from this generalization—the high calibre of representation which the people of Canada have in this historic chamber.

While I am on the matter of congratulations, I would particularly like to congratulate our esteemed colleague, Senator Hays, for the role he played during the weeks and months that the Special Joint Committee on the Constitution discussed the original draft of the resolution.

I realize that I may be accused of political partisanship in saying this, but I take advantage of this opportunity to express my personal congratulations to the Prime Minister of Canada, who, in my view, has acted in a manner which will be remembered in history and which in some respects takes us back to the very early days of this nation when Sir John A. Macdonald and his confrères were working in an attempt to bring about a union of the various parts of British North America.

It is very difficult, in participating in this debate, not to repeat what has already been said in many cases many times. However, I shall try to steer clear of such repetition. I shall say a few words on two matters relating to the resolution.

The first such matter refers to my native province of Newfoundland or, as we call it in Newfoundland, the Province of Newfoundland and Labrador. It struck me, as I am sure it did other Newfoundlanders, that there was a strong possibility, indeed, a probability that in the last year or so Newfoundland's role would be misunderstood and misinterpreted.

I think we have to remind ourselves that Newfoundland—and I do not say this in a boastful way—is different from other parts of Canada. The people there have a different background, historically, economically, and culturally. As a result, Newfoundland sometimes must plead for special consideration of one kind or another. Newfoundland has experienced a continuing history of economic problems. Although it is one of the oldest parts of European settlement in North America, Newfoundland has only on three occasions in its entire history experienced full employment. These were during the war of 1812-14, the latter years of World War I and the latter years of World War II. For the rest of the period, beginning from the early days of European settlement to the present, there has been relatively massive unemployment in the province. This, of course, is a factor which is always in the back of the minds of the people of Newfoundland. Newfoundlanders are very proud people, and they do not want massive unemployment as an integral part of their economic history, any more than the rest of Canada would want it.

Honourable senators, I am sure that most of Canada is not aware that the negotiations for the union of Newfoundland with Canada began with the early visit of Lord Durham to this country. Most Canadians are familiar with the negotiations which began in 1947-48 and resulted in Newfoundland joining Canada in 1949. In this report to the British Government in 1839, I believe, Lord Durham recommended that Newfoundland join Upper and Lower Canada. It is rather unfortunate that he was not able, through circumstances beyond his control, to follow through on what he had in mind at the time. After discussing the matter in central Canada, he intended to stop in Newfoundland to carry on negotiations with the legislature and the government there, with the view to inducing them to join Upper and Lower Canada. Unfortunately, this plan fell by the boards.

During the 1860s, while negotiations with regard to Confederation were going on in central Canada, it was hoped that Newfoundland, which was represented at the Quebec Conference, would join in Confederation. Unfortunately, that also fell through, and in the election of 1869 the entire idea was massively defeated by the people of Newfoundland.

During the 1880s Newfoundland established a reciprocity treaty with the United States which guaranteed the province access to American markets. Since Canada did not enjoy this access, it protested to the British government, which annulled the legislation. This created a great deal of bitterness among the people of Newfoundland and, indeed, it could be considered as one of the difficulties in the subsequent negotiations between Newfoundland and Canada.

In the 1890s Newfoundland suffered from a wholesale depression. There was an economic and financial collapse. Coincidentally, St. John's was literally destroyed by fire, and once more Newfoundland was in serious trouble. Negotiations to join Confederation were again opened with Canada. Unfortunately, the then Prime Minister, Sir Mackenzie Bowell, made the terms of union so stringent and so impossible that Newfoundland said it would rather starve to death than accept them, and again the idea fell through.

• (1130)

Of course, Newfoundlanders were the victims of the Great Depression which, curiously enough, did not hit that province until 1932, when there was a world-wide collapse of the fishery and of the mining markets. Once again, Newfoundland was prostrate, and again approaches were made to the Government of Canada. The then Prime Minister of Canada, The Right Honourable R. B. Bennett—and I do not say this critically—stated that some of the provinces of Canada were bankrupt and his responsibility was to them, and that he could do nothing for Newfoundland. He made it clear that, if Newfoundland expressed a desire to enter the union, the government at that time would not be interested. The matter was not raised again until 1946. Thus, for nearly 100 years Newfoundland negotiated to join the union.

This brings me to Newfoundland's attitude towards the constitutional resolution. When the terms of the union were agreed upon between Newfoundland and Canada in 1949, the

people of Newfoundland were assured—and, naturally, were anxious to believe—that those terms were inviolable. However, the feeling among some is that under this Constitution that may not be the case. I believe that for the most part those fears are groundless.

As one who played a role, however modest, in inducing the people of Newfoundland to join Confederation, I am prepared to support this present resolution. However, two or three matters need to be emphasized. I do not think that, in any projected constitution, we can ever hope to have unanimity; some degree of consensus, yes, but not unanimity. I think it is foolish to expect that. My support of this constitutional resolution does not mean that I regard it as perfect. It does not cover all the things I should like to see done, and it covers a few things that I would prefer not to see done. What is true of my feelings is probably true of the feelings of other Canadians who are familiar with this resolution. Given the circumstances, there is no way we will achieve unanimity.

We must be careful that we do not create a "bed of Procrustes." You will remember that in the Greek myth there was nothing wrong with the bed of Procrustes so long as you fitted into that bed. The trouble arose if you were a bit too long or a bit too short, and then you were in real trouble. We must apply that analogy to any constitution we adopt. There is no way that a constitution can be completely inviolable.

A constitution can only be as strong and as good as the people who construct it. The strength, the stability and the ultimate value of a constitution has to depend not on the constitution itself, since constitutions can be overthrown in 24 hours. What may, on paper, appear to be the best constitutions ever devised by the mind of man have, in practice, proved to be useless.

However, we do need a constitution. Senator Sullivan, just a moment ago, spoke of an "aberration." To me, it is an aberration of history that one sovereign nation should, for all the years since the Statute of Westminster, have its Constitution in the hands of another sovereign nation. If we are to maintain our self-respect and the respect of the rest of the world, we must patriate our Constitution.

This action will not revolutionize Canada overnight; it may not have much of an effect one way or another, although I think it will, but I will not go into that now. With our present economic, cultural and political problems, we should remind ourselves that we are still one of the favoured countries of the world. Like most honourable senators in this chamber, over the past 30 years I have had an opportunity to do a fair amount of travelling in other countries of the world. I learned from that experience that, given a chance, millions, and perhaps hundreds of millions of the world's people would like to come to Canada to live. That is no accident.

I believe this instrument will work, not because it is perfect, but because I believe in the integrity and the essential morality of the Canadian people. I have faith in this Constitution not because, as I said earlier, it is a perfect instrument, which it is not, but because I have faith in Canada.

[Senator Rowe.]

Hon. G. I. Smith: Honourable senators, I begin my remarks today by making it very clear that they are addressed only to the amendment moved by Senator Roblin and do not constitute what I hope will be my comments upon the resolution itself. I should read the amendment, to refresh our minds as to what it says. It states:

> That the proposed Constitution Act, 1981 be amended by striking out Section 40 and substituting the following therefor:
>
> "40. In the event that a province dissents from an amendment conferring legislative jurisdiction on Parliament, the Government of Canada shall provide reasonable compensation to the government of that province, taking into account the *per capita* costs to exercise that jurisdiction in the provinces which have approved the amendment.

Perhaps, at the same time, I should refresh our memories on the wording of section 40, which can be found at page xviii in the *Minutes of the Proceedings of the Senate* of December 2, 1981. That section reads as follows:

> 40. Where an amendment is made under subsection 38(1)—

Honourable senators will remember that an amendment under subsection 38(1) requires the approval of at least two-thirds of the provinces having at least 50 per cent of the population of all the provinces.

• (1140)

Honourable senators, to begin again, section 40 states:

> Where an amendment is made under subsection 38(1) that transfers provincial legislative powers relating to education or other cultural matters from provincial legislatures to Parliament, Canada shall provide reasonable compensation to any province to which the amendment does not apply.

As we have been told more than once, this does provide compensation, but compensation only in matters relating to education or other cultural matters. What the amendment seeks to do is simply enlarge the scope of section 40 from the limited application of compensation for legislative powers relating to education or other cultural matters to one of general application.

As I think Senator Roblin said, in moving his amendment, a provision for general compensation would not be anything new or startling. It was agreed to by all the provinces last April. Even the federal government has now accepted the principle because, as I understand the comments made a day or two ago by the Honourable Serge Joyal, the minister responsible for dealing with constitutional matters in Quebec, he says it can be done after patriation, which is clearly an acceptance of the principle. If the principle is accepted, why can it not be done now?

It is equally true to say—although I did not at any time so advocate, and do not so advocate now—that the clauses on women's rights and aboriginal rights could be dealt with after patriation. Those matters were considered urgent, and so

urgent that they ought to be included in the draft before us, and are so included—I certainly am glad to see them there—but if they could be included, so could the principle of general compensation. How can anything be more urgent than the preservation of Canada? Make no mistake about it, honourable senators, this amendment is aimed at improving the chance of preserving our country. It is aimed at removing, or, at least, lessening, the opportunity of the separatists, who argue that this whole constitutional document has the effect of isolating Quebec from the rest of Canada.

I agree, of course, that it is of no use whatsoever to try to convince the Premier of Quebec and his government to do anything, or to accept anything, which might be adverse to his and its avowed intention to separate from Canada—to destroy Canada as we know it. That would, indeed, be a foolish hope for us to spend any time upon. But it is a very different matter to avoid doing something which he would find useful, and which he would use in his efforts to convince the majority of the people of Quebec that Canada is not good for Quebec; that separatism is the thing that would be good for Quebec.

Honourable senators, I submit that if we leave things as they are, we will simply be giving Premier Lévesque a ground for argument he would dearly love to have, and love to have with some basis to back it up—a weapon to use against the federalists in that great province to the detriment of Canada and all Canadians. This amendment, if accepted, will help to avoid that. What possible reason can there be against adopting it now? What reason will outweigh the advantage of doing what we can to aid those who wish to preserve Canada? Is there anything better we could do than help those who are waging in Quebec the battle for Canada? Is there anything better that we could do to help those people than to avoid giving aid, comfort and weapons of argument to those who would destroy the country?

Surely, honourable senators, it would be very hard indeed for us to find a more worthy cause, a cause more deserving of our support, and a cause which, I submit, can be well served by adopting this amendment. If it is adopted, I think it will help to avoid giving that weapon to the separatist cause and will help, therefore, to advance the cause of those in Quebec willing to support, and desirous of fighting for, the cause of Canada there.

We will be wise to note, honourable senators—and to note well—that it is not only the separatists who are very unhappy not only with the way things are going, but the way they are now. Consider for a moment the attitude of Mr. Ryan, the Leader of the Liberal Party in Quebec and the Leader of the Opposition there. Mr. Ryan supported the adjournment of the National Assembly, the day before yesterday, as a form of protest against the adoption by the House of Commons of a constitutional resolution which has not the approval of the Province of Quebec. That is what he did. What did he say that day? What did this great advocate of federalism and friend of Canada say? I am sure he said it with a heavy heart and with great reluctance, but he said that he profoundly regrets "the fact that important decisions are taken in Ottawa that have not the support of the Province of Quebec." Of course, Mr. Ryan was not alone. The Liberal members of the National Assembly stood with him on the question of the adjournment. Mr. Ryan and his supporters apparently have plenty of company.

I should like to read from an article of the Montreal *Gazette* on December 3. Under the headline "Sovereignty option favored in poll", it goes on to say:

> OTTAWA (UPC)—A poll sponsored by the federal government found—

Not a poll sponsored by the separatist government of Quebec, but a poll sponsored by the federal government.

> —most Quebecers would have approved sovereignty-association for the province if a referendum had been held on the issue in September, a Toronto newspaper reported yesterday.
>
> The story said the survey, conducted in September for the government's Canadian Unity Information Office, found that 53 per cent of Quebecers would have voted for limited sovereignty, up from 40 per cent in the Parti Quebecois government's referendum last year.
>
> Justice Minister Jean Chrétien, who is responsible for the unity office, said yesterday he was unaware of any poll. Inquiries to the unity office were referred to Chrétien's office, which said it did not yet have enough information to confirm or comment on the story.

Apparently, the poll took place and, apparently, it is well known in Quebec, because, when watching the news on television last evening, I noted that the Premier of Quebec was interviewed on this very point. He tried to play it down for his own purposes, I suppose, and he said he had polls of his own which, in the context of the conversation, seemed to indicate to a listener—as it did to me, in any event—that he would rather pay attention to his own polls than to the federal polls.

• (1150)

Senator McElman: Would the honourable senator permit a question?

Senator Smith: Certainly.

Senator McElman: Is the honourable senator aware that it was reported in the media this morning that the same poll asked the question: "Do the people of Quebec support the Charter of Rights?", and that approximately 70 per cent or more said yes?

Senator Smith: No, I was not aware of that, but it does not surprise me that such a poll was taken and that such an answer was received. I am not arguing against the Charter of Rights. I am arguing against doing something that gives the people of Quebec the feeling of isolation. I am also arguing for something that I believe will remove, or assist in removing, that feeling.

Mr. Ryan, as is well known, is a federalist, one who played a large and impressive part in persuading 60 per cent of the voters of Quebec to support the federalist cause and support the campaign for Canada in the referendum of 1980. No doubt

Mr. Ryan, however disappointed he may be with the federal government at present, will continue to work effectively for the cause of Canada if we give him something to work with, and refrain from giving his separatist opponents the weapons with which to fight him.

As one honourable senator said yesterday, it is indeed bitter irony that out of the promise of the Prime Minister, in that campaign of eighteen months ago, to reform the Constitution of Canada in order to help the people of Quebec attain their hopes and aspirations within the framework of Canada, there has resulted something that has divided rather than united, has discouraged rather than given hope and good cheer, and seems to be a weapon for separatism rather than an incentive to Canadianism.

Is it any wonder, then, that Mr. Ryan feels that, good Canadian though he is, he must join in the protest and the symbolism of protest of the separatist government of that great province?

I speak of symbolism. In these matters of deep and great emotion, symbolism is often more important than actuality, and perception more important than fact. Just now it is, I believe, true that the people of Quebec, federalists as well as others, perceive that what is being done is of vital importance to Quebec as well as to Canada.

Obviously, Mr. Ryan perceives it as an unfriendly act. If one places any reliance whatever on the poll I mentioned, a great many of the people of the province of Quebec perceive it the same way—according to the poll, 53 per cent of them, which is a large increase indeed from the 40 per cent who voted for separatism in the referendum of 18 months ago.

This amendment, if accepted, would do much to improve that unfortunate perception and would help to remove the feeling of isolation which clearly now is in the hearts and minds of many of the people of Quebec, federalists as well as others. Here, I submit, is a golden chance to strike a blow for Canada, and I urge all honourable senators to support the amendment.

Senator Frith: May I ask a question with regard to the amendment? Perhaps either Senator Smith or another honourable senator may be able to answer it. If I understood the honourable senator correctly, he described the amendment to section 40 as being simply a removal of that portion of the section which deals with the transfer of powers relating to education or other cultural matters from provincial legislatures.

Senator Smith: I am not sure that I described it in exactly that fashion, although it may come to the same thing. I believe it extends the principle of compensation for matters of education and other cultural matters to compensation of general application, when the transfer to Canada of provincial legislative powers takes place as a result of a change in the Constitution.

Senator Frith: I agree with that. But when I read Senator Roblin's amendment, it seemed to repeat what Senator Smith has just said. However, there is a little more to it than that, and I am not sure whether the amendment goes further than relating to education or other cultural matters. Perhaps an honourable senator will explain it, or perhaps Senator Roblin will do so if he decides to close the debate on this amendment. Unfortunately, I will not be able to intervene at that time as his remarks may have the effect of closing the debate.

The section itself says:

> —to any province to which the amendment does not apply.

Senator Roblin, in drafting his amendment, said:

> In the event that a province dissents from an amendment—

I wonder what his reason is for putting it that way. It indicates that there may be other ways in which an amendment would not apply other than because of a particular province's dissent. Senator Roblin also added the words:

> —taking into account the per capita costs to exercise that jurisdiction in the provinces which have approved the amendment.

I am not suggesting that either of the changes is wrong. I merely want to know if they mean anything more than simply extending its scope beyond education and other cultural matters. Perhaps in the course of the debate someone will speak to that.

Senator Smith: I shall not attempt to speak for Senator Roblin or my leader on this matter, but when I drafted my remarks I had in mind certain things which perhaps bear upon the question.

Referring to the question of dissent, honourable senators will recall that this applies to an amendment made under section 38(1) which requires, as I believe I pointed out, the concurrence of two-thirds of the provinces—that means seven of the provinces—having 50 per cent of the population. Therefore, I would assume that seven provinces would have to agree with the amendment and, in consequence, would not be dissenters from it; that there could not be more than three provinces which did dissent and that the dissent would pinpoint up to three provinces who dissented from the views of the seven who were able to effect the amendment.

That was one point I had in mind. Regarding my other point, in section 40 the compensation is referred to as "reasonable compensation". The amendment says:

> —taking into account the *per capita* costs to exercise that jurisdiction—

It seems to me that this is somewhat more explicit in stating what is "reasonable compensation," because I cannot conceive of any compensation being reasonable unless it took into account the per capita costs to exercise that jurisdiction. It might also take into consideration other things, but that is what I had in mind when framing my comments. Perhaps Senator Roblin or the Leader of the Opposition will add to that.

• (1200)

Senator Frith: Honourable senators, I think that could easily be the explanation for the second part, and that Senator Roblin is simply saying that it is still a matter of reasonable compensation, but that he wants to be sure that one of the things that is taken into account in determining reasonable compensation is the per capita cost of exercising that jurisdiction in the province which approved the amendment. That makes sense to me.

With regard to the other point, perhaps it is a question of draftsmanship. It also may be a question of my splitting hairs. It occurs to me, however, that the draftsmanship in clause 40 is a little less restrictive, since it seems to me that it is possible, or would be possible, to argue that an amendment would not apply to certain provinces without their active dissension. It may be just a matter of draftsmanship, and I am grateful to Senator Smith for giving me his reaction to my two questions. Perhaps someone else will address the matter in the course of the debate. It is not really a very big matter, but I would like it to be clear.

Senator Flynn: I could tell the deputy leader that if the government is prepared to move another amendment apart from ours, but fulfilling the same objectives, we will give him leave to do that, and will withdraw ours immediately.

Senator Frith: I am very grateful for that offer, but I was merely seeking information. If I speak on this amendment I want to be sure that I understand it.

Hon. Eric Cook: Honourable senators—

The Hon. the Speaker: Honourable senators, it is a quarter past twelve.

Senator Cook: Honourable senators, I shall not be more than five minutes. I gather we do not adjourn until 12.30.

Some Hon. Senators: Go ahead.

Senator Cook: Honourable senators, on October 14, 1980, I had some harsh words to say in relation to the federal government and its proposed constitutional resolution. Much of my concern was caused by the lack of interest in two urgent problems facing Newfoundland and Labrador. I am happy now that both the problem of the export of Labrador hydro power and the problem of the offshore oil resources of Newfoundland are receiving serious and favourable consideration, and that steps are being taken towards solving both problems in a way which will be beneficial to both Canada and the Province of Newfoundland. Any special reason I might have had, therefore, to oppose any constitutional amendments, no longer exists.

Honourable senators, the resolution we are now considering is much different from, and much improved in comparison with, the original resolution. A very positive improvement is that the federal government has been diverted from following a more or less unilateral course of action. Thanks to the debates in both this chamber and the House of Commons the government has recognized that Canada is a federal state, and that fact has been confirmed by the Supreme Court.

Another great improvement is that all parties now agree that a reasonable consensus must exist for this and all future amendments. We now have a substantial, although, sadly, not complete, consensus. Here I should point out that I fully agree with Senator Robichaud when he says that because of a reasonable amending formula no door will be closed for all time against any group or any province.

Senator Flynn: How do you know?

Senator Cook: The way is always open in the future whereby, if parties come to a federal-provincial conference with hearts and minds dedicated to reaching an agreement, an agreement will be reached, and the Constitution will be amended in a fair, just and honourable way, which is, I am sure, the Canadian way.

As I have said on many occasions, I am not one of those who are overjoyed with the Charter of Rights, or with the consequent move away from the supremacy of each parliament in its own jurisdiction in favour of giving the final word to the courts. However, there now exists a consensus on this issue, and I think I should accept it, particularly as enacting improvements to the Constitution will be a continuing process, and therefore, in the future, as I have said, amendments may be considered and adopted in Canada.

Therefore, I will vote for the resolution, because it has now been produced in a democratic way, with a federal consensus.

Senator Flynn: You are speaking now from the point of view of Newfoundland, evidently.

Senator Cook: I speak from the point of view of Canada.

The document is not perfect, of course, but if we insist on perfection we shall remain stalled forever, because no two men, and certainly no two women, will agree on what is perfection.

The Senate adjourned during pleasure.

At 2.10 p.m. the sitting was resumed.

VISITORS IN GALLERY

STUDENTS FROM SMITHS FALLS COLLEGIATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, at 1.15 this afternoon I gave a short talk on the Senate to a group of students and their teacher, Bob Sneyd, from the Smiths Falls Collegiate. Smiths Falls is a neighbouring town to Perth in the County of Lanark, the county whose name serves as my designation in this chamber.

I see those students filing into the gallery, and wish to draw their presence to the attention of honourable senators.

Hon. Senators: Hear, hear.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—
DEBATE CONTINUED

The Senate resumed from earlier this day the debate on the motion of Senator Perrault that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada.

Hon. Douglas D. Everett: Honourable senators, in viewing this resolution I find myself somewhat ambivalent, because I think that the process of its maturation over the last year or two has both improved it and created some very real problems for this country. I have to say that I am not entirely happy with the final result but that I will vote for it, and I will try to explain to you why.

Such a resolution could be arrived at only in Canada. We take pride, in Canada, that the hallmark of our political negotiations is compromise, that compromise is "the Canadian way". I think, however, that this is a quality that we should not elevate too highly. This resolution is a product of what I would call intransigence on the part of the provinces of Canada, because, in an attempt to increase their provincial powers, for some considerable length of time they refused to agree to an amending formula. The resolution is the product of the desire of a Prime Minister for patriation of the Constitution and for a charter of rights. The result is this compromise.

I am mystified as to how, throughout this process, people were able to say that Mr. Trudeau was inflexible. In my view, he is about as inflexible as a boa constrictor. It seems to me that anybody who is going to be Prime Minister of Canada has to be a flexible person. Historically, the only Prime Minister I can recall being inflexible was Arthur Meighen, who, in his own words, was "unrevised, unrepentant" and, for the most part, unelected.

What worries me is that through this resolution we may have weakened Confederation rather than strengthened it. It is my belief that in Canada we need a strong central government. I am opposed to the thought that we are "a community of communities." We are not, as a recent Senate report said, a collection of eleven sovereign governments. We are a collection of eleven governments, but one is more sovereign than the other ten.

Upon examination of this resolution, one will notice such things as the fact that there is no property rights section. I understand that it is not included in the resolution because it would constitute an interference with property and civil rights, which honourable senators know have been within the ambit of authority of the provinces. It seems to me, however, that one of the hallmarks of a free society is the right to own property. Contrary to what a lot of leftist people think, I believe that economic freedom generally precedes and assures political freedom.

If one looks at the equalization section, one will see that it requires equalization of public services to a "reasonably comparable" level. At present, it is, largely, to a "reasonably adequate" level. In fact, 50 per cent of petroleum revenues are not taken into the equalization formula, because that would create a situation in which the cost to the federal government of bringing equalization to a comparable level would be more than the federal government could afford. This may turn out to be a danger when we try to emulate across Canada the level of public services that are available in some of the oil-rich provinces of this country.

I must say, honourable senators, that there are specific areas of the resolution that concern me. Take, for example, section 23(1)(a). It is a fact that somebody who has learned and understands a minority official language in a province can, in all provinces except Quebec, have his or her children educated in that minority language. This section does not apply to Quebec unless the Quebec Legislature chooses that it should. We have restricted mobility rights where the employment rate in a province is below that of the national employment rate. It seems to me that it could take a long and painful time to establish and develop the jurisprudence in respect of the definition of aboriginal rights and in respect of the conflicts that may exist between section 28 and section 15 relating to women's rights.

We have, included in the Charter of Rights, a "notwithstanding" section. In it we say that a provincial legislature or the federal Parliament can override equality, fundamental and legal rights by passing a "notwithstanding" section in an act or in a provision of an act and by renewing it every five years. I happen to view that as an improvement in the process. It is true that justices of the Supreme Court of the United States have indicated that their Supreme Court does follow public opinion. We can likely expect that our Supreme Court would do the same thing. Court decisions, however, can create an inflexibility that would be very difficult to cure. I think the "notwithstanding" clause has very much improved the operation of the Charter of Rights in those three areas.

● (1420)

I think the resolution was further improved by substituting the Vancouver formula for the Victoria formula. The Vancouver formula states that the Constitution can be amended by the agreement of the Parliament of Canada and seven provinces comprising 50 per cent of the population. Although I consider the Vancouver formula a great improvement, there is one part of it that bothers me greatly. That is the right of the three remaining provinces to opt out of the constitutional change. I suggest to you, honourable senators, that that is a most unwise provision in the resolution. I am only repeating others when I say that it could lead to a checkerboard Canada and to incremental separatism, and I believe, to use Mr. Trudeau's own words, that it denies the existence of a national will.

It has been said that the denial of financial compensation will tend to prevent those three provinces from opting out. In my opinion, that is really cold comfort. As Senator Roblin pointed out, most of the shared-cost programs in which there is fiscal compensation did not require a constitutional amendment. Already in the Charter it states that, if the amendment involves cultural or educational rights, compensation will be paid. It is my understanding that Mr. Serge Joyal has already

stated that one of the first things to be done after this Constitution is brought to Canada is to amend the compensation clause so that, regardless of the amendment, compensation will be paid.

There is also the argument that constitutional amendments will not occur very often; that they have not occurred very often in the past. Well, I do not find much comfort in that either. As a matter of fact, the opting-out provision may well make it more difficult to amend the Constitution, if it is known in advance that certain provinces might not go along with the amendment.

Senator Flynn: Do you prefer the Victoria Charter?

Senator Everett: No, I do not prefer the Victoria Charter. The Vancouver Charter is much better.

Senator Flynn: Well, what you have been referring to is the Vancouver Charter.

Senator Everett: The Vancouver Charter involves a much fairer way of amending the Constitution. However, that is not to say that the Vancouver Charter had to have an opting-out provision. I am against any formula that has an opting-out provision, because I think it is wrong and that we will live to regret it. I think it is a most unwise move.

Having said that, I still find myself in the position of supporting this resolution.

Senator Flynn: This is not surprising.

Senator Everett: I do so for two reasons. The first is that, indeed, the Constitution can now be amended. The second is that, in my opinion, this must not go back to the provinces, because, if it does go back into negotiation, I fear that we will have even greater decentralization in Canada than we have today.

For those reasons, honourable senators, as unattractive as many parts of this resolution are to me, I believe it has to be supported.

[*Translation*]

MOTION IN AMENDMENT

Hon. Arthur Tremblay: Honourable senators, I move, seconded by Senator Flynn:

> That Section 59 of the proposed Constitution Act 1981 be amended as follows:
>
> (a) by substituting, in the first line of subsection (1), the words "Paragraphs 23(1)(a), 23(1)(b) and subsections 23(2) and 23(3)" for the words "Paragraph 23(1)(a)";
>
> (b) by substituting, in the second line of subsection (3), the words "Paragraph 23(1)(a) or 23(1)(b) or subsection 23(2) or 23(3)" for the words "paragraph 23(1)(a)".

Honourable senators, I imagine that the meaning of the amendment as drafted is not immediately clear. That is why you have to read the section which I propose to amend. As indicated in the proposed amendment it is Section 59. Here is how it reads.

> 59. (1) Paragraph 23(1)(*a*) shall come into force in respect of Quebec on a day to be fixed by proclamation issued by the Queen or the Governor General under the Great Seal of Canada.
>
> (2) A proclamation under subsection (1) shall be issued only where authorized by the legislative assembly or government of Quebec.
>
> (3) This section may be repealed on the day paragraph 23(1)(*a*) comes into force in respect of Quebec and this Act amended and renumbered, consequential upon the repeal of this section, by proclamation issued by the Queen or the Governor General under the Great Seal of Canada.

So the intent of my amendment is to extend to each and every provision of Section 23 that part of Section 59 which applies to only one subsection of Section 23. Therefore we will refer to Section 23 to understand the precise meaning of Section 59 itself and the wider application which I am proposing. Section 23 has to do with the language of instruction and reads as follows:

> 23. (1) Citizens of Canada
>
> (*a*) whose first language learned and still understood is that of the English or French linguistic minority population of the province in which they reside, or
>
> (*b*) who have received their primary school instruction in Canada in English or French and reside in a province where the language in which they received that instruction is the language of the English or French linguistic minority population of the province,
>
> Those citizens of Canada—
>
> have the right to have their children receive primary and secondary school instruction in that language in that province.

I would not want to make an unfair comparison, but it is almost as easy to understand as my amendment is. Here now is Section 23(2):

> (2) Citizens of Canada of whom any child has received or is receiving primary or secondary school instruction in English or French in Canada, have the right to have all their children receive primary and secondary school instruction in the same language.

I think there is no need to read the third subsection. It can be easily summed up since it provides that the rights which have just been described apply only where numbers warrant.

So that is Section 23 as it reads now and the amendment I propose. Under Section 59 Quebec remains free to choose the date the mother tongue criterion will come into force. There is an explanation. I think it should be pointed out that we have here an amendment that is an improvement over the initial draft. The explanation is as follows: In Quebec people went through the painful experience of Bill 22 which was passed under the Bourassa government, and which was concerned with rating French or English language knowledge as a prerequisite for admission to French or English schools.

This led to the test "horror stories'. You may have read in the press at the time about the problems caused by this test criterion which included an evaluation of the knowledge of the language involved, that is, French or English. By including the mother tongue criterion, the draft resolution was again raising the problems caused by Bill 22. this is clear if we read Section 23(1)(a) carefully, and I shall read it again to prevent any misunderstanding:

> (a) whose first language learned and still understood is that of the . . . minority

How is one supposed to establish, without using some kind of test, that the first language learned is still understood? In any case, according to this formula there was still a possibility that some kind of test would have to be used.

I think this was pointed out several times, and the Canadian government, I suppose in agreement with the other First Ministers who had signed the Accord on November 5, decided to include another clause in the draft resolution which, to all intents and purposes, does not reinstate the mother tongue criterion and merely uses the parents' language of instruction, which is a simple fact that can be checked without a test. In this respect, Bill 101 was an improvement over Bill 22.

This fact was therefore recognized, and the automatic application of the mother tongue criterion was taken out of Section 23. Thus, it will be up to the Government of Quebec or the National Assembly to reinstate that criterion, if experience shows that is desirable. Meanwhile, the criterion for minority language education in Quebec will be the language of instruction.

I feel the meaning is now quite clear. The objective of the amendment I am proposing is to reinstate and to maintain, for Quebec, the situation with respect to language of instruction that prevailed in all provinces at the time of the conference at the beginning of November.

At that time, all provinces were entitled to decide freely whether Section 23 would apply to their jurisdictions. On November 5, the provinces freely decided to exercise that right by agreeing to have this article apply to their jurisdictions.

One province, Manitoba, signed the general Accord with a very significant qualification clause which appears in the margin next to the signature of the representative for Manitoba. The clause appearing on the Accord document reads as follows:

● (1430)

[*English*]

> Subject to approval of section 3(c) by the Legislative Assembly of Manitoba.

[*Translation*]

The section 3(c) referred to is section 3(c) of the Accord. That section is the one that refers to section 23 of the resolution, dealing with educational rights. This means that right now, under the November 5 agreement, that part of the Accord is not yet in force. The qualification to Manitoba's agreement to that section providing for legislative assembly approval means that this is not yet in force. The Manitoba assembly is still free either to concur or not with section 23.

Based on the principle that the other provinces already exercised their freedom of choice by signing the agreement, Manitoba's signature will be equivalent to those of the eight other provinces if and when the legislative assembly do so decide. Unless in the meantime the government itself waives that qualification. But, so long as such a waiver does not come, this is Manitoba's current status.

This will be the case until the constitutional act comes into force, which will happen under section 8 by proclamation issued by the Queen or the Governor General of Canada. In the meantime, if it so happens that Manitoba's legislative assembly or government decide to join the eight other provinces, proclamation will not impose section 23 on Manitoba. But if by proclamation date Quebec has not concurred with section 23, as far as language is concerned, with section 23 as a whole, well, proclamation will impose section 23 on Quebec, except the paragraph referred to in section 59, except the paragraph concerning the mother tongue criterion. Such is the status.

I will deal further with section 59. It was quoted earlier, but some comments might be worthwhile. First, I should stress the transitional nature of section 59. As soon as Quebec's legislative assembly, the National Assembly decided to implement the mother tongue criterion in its jurisdiction section 59 becomes obsolete. In that respect, my proposal changes nothing to the transitional nature of the section. The day either one of the clauses in section 23 is authorized or concurred with by the National Assembly, on that day section 59 will apply transitionally and will be repealed in whole or in part.

I see that Senator Frith is shaking his head. Is that about the meaning of what I just described about the transitional nature that is maintained, even if we extend section 59?

Senator Frith: As I understand the terms of paragraph 3, it is stated that this section may be repealed. Am I right in understanding your opinion is that this is automatic as of that date, or becomes obsolete as of that date?

Senator Tremblay: I accept the correction, the slight difference in meaning. It is not automatically obsolete, but it is something similar in my view; which means that to all practical purposes it will be repealed because it will serve no useful purposes. This leads me to submit it has a transitional nature, and to dissipate any possible confusion, I would stress that the addition of the other clauses in section 23 does not change that transitional nature.

Senator Frith: Obsolete instead of repealed, if my understanding is right.

Honorable Joseph-Philippe Guay: Honourable senators, on a point of order. Under what Senator Tremblay just suggested as far as Manitoba's signature of the agreement is concerned, the reason it was done this way is simply that the Manitoba government was waiting for the results of the provincial election.

Senator Flynn: No, not at all.

Senator Guay: Let me conclude. Since that time, the newly elected Manitoba premier let it be known he was supporting the other provinces that signed the Accord. I want to clarify that, in view of the point raised by Mr. Tremblay. Thank you.

Senator Tremblay: I did not ask myself what motives Manitoba could have had on November 5 for including this qualification. Its signature was made conditional to the Legislative Assembly's agreement. The motive may be what Senator Guay claims it is but the actual situation brought about by this qualification in the agreement is as I have described. You say that the new premier has indicated his agreement or his consent. I believe that what I said did not exclude this possibility.

In my opinion, there is no indication that this was done officially, but let us leave that aside. The case of Manitoba will be settled in this way, and I believe that even if the new Premier of Manitoba were to express his adhesion to the agreement positively, in a manner comparable to the signature of the others, it would only confirm my interpretation of the events, that the eight provinces, or rather the nine if Manitoba joins the others, have exercised their freedom of choice. Whether there are eight or nine makes no difference to my basic argument.

My amendment aims at giving back to Quebec the freedom of choice which all the others had and which would disappear because of Section 23 and the very specific character of section 59. That is my point. Regarding section 59 and its provisional nature, my amendment does not change anything. What the amendment does is to make the freedom of choices of the Quebec National Assembly apply not only to a specific clause, namely that of the maternal tongue, but to every part of clause 23.

Why did I use an enumeration in my amendment rather than saying, seemingly quite simply, section 23 in its entirety? There is a very concrete and very specific reason for this; as you know, subsection 3 of section 23 establishes the principle of where numbers warrant it.

However, this criterion was never used in Quebec in relation with the English-speaking minority. It seems to me that the Quebec National Assembly should at least be free not to apply a criterion which was never used in the past, and that is the paradox of the situation, that section 23 imposes a restriction to Quebec anglophones that Quebec itself has never used. You must admit that is a paradox for the Quebec anglophones. This is why I make an enumeration. The National Assembly could very well say that subsection 3 does not apply and that another provision does apply., You see the latitude that this enumeration provides while an apparently more simple formulation would not be as flexible, especially on a point such as this one.

● (1440)

[*English*]

Senator Godfrey: I would ask the honourable senator, on that very point concerning Quebec, if there are any places in the province of Quebec where there are English schools and where the numbers do not warrant them.

[*Translation*]

Senator Tremblay: If we may have a little history lesson, neither the Public Education Act, which is the blueprint legislation for the establishment of school boards, nor Bill 101 refer to numbers warranting a school or not.

This has always been left to the discretion of school commissioners or trustees of the minority group. The Public Education Act provides that the decision is left to the board of trustees, which may be Catholic or Protestant, depending on the minority. Whenever there are 12 dissenting families, I believe, these families may set up a board of trustees.

Most boards of trustees were established—pursuant to the legislation of 1846, if my memory serves me right. In this regard, Senator Flynn may have more accurate information, but as I recall, this sytem was really established by the legislation of 1846, about 20 years before Confederation.

Perhaps this goes as far back as 1824, but I cannot say for sure. The present system was certainly in place in 1846 and perhaps somewhat earlier. There is therefore no provision in Quebec legislation concerning the number of children needed to warrant a school.

Paradoxically, it was the members of the Protestant school boards, the minority group, who became aware of the need to group schools. They did so nearly 20 years before the Catholics. It may be because in their own judgment, the number of Protestant families was too low, especially in certain rural areas, so there appeared to be a need to group schools. At the request of the minority, an Act called the Act for the Protestant School Boards was passed in 1945 or 1946. I wish to emphasize this point. It was not the Parliament or the legislature of Quebec which wrote up the requirements for this system and even less a charter. Schools were grouped because of the perceptions of the minority administrators. I imagine that Ontario francophones have read these texts because they are asking that the Catholic minority in Ontario be treated in the same way as the Protestant minority in Quebec as far as the administration of their own schools is concerned. Just as Section 93 guarantees the rights of minorities on the basis of religion rather than that of language, the Quebec legislation provides the right to dissidence on the basis of religion. I believe that this should be mentioned.

What has happened? The Protestants in Quebec have had their schools and their school boards. However, for nearly 100 years, the francophone minority within the Protestant groups has not had its French schools. This issue was addressed only following the report of the Judge Tremblay Commission, as it was called. In the course of my work for this commission, I was shocked to discover that francophones within the Protestant minority in Quebec did not get French language schools until the 50s.

What was happening, meanwhile, on the Catholic side? The Catholics, who were in a majority, allowed the anglophone minority to have its own complete primary and secondary system. The legislation contains no obligation in this regard, because as I said earlier, it establishes the principle of dissent,

and therefore the right to establish schools, only on the basis of religious denomination. On the Protestant side, the francophone minority did not get schools, although there have been Protestant francophones in Quebec for a long time. On the Catholic side, Francophones allowed Catholic anglophones to have their own schools. I think this is the point that should be stressed, and today, when people are demanding that Quebec should have the right to be autonomous in this field, we should remember history has shown that threats to the minority have been considerably exaggerated by some people.

I should like to take a closer look at Section 23. I may point out that Section 59 acknowledges the principle that Quebec's National Assembly will decide when part of Section 23, namely the part concerned with the mother tongue criterion, will apply. Whether part or all of the section is concerned has no bearing on whether or not the principle exists. My amendment proposes to extend the principle to all of Section 23.

It would perhaps be useful to review Section 23 to see at least some of what I would call paradoxical effects. The application of 23(1)(a) is, pursuant to Section 59, left to the National Assembly to decide. We can assume that the National Assembly will not decide first thing tomorrow morning to reinstate the mother tongue criterion, in view of past experience in this respect. What remained, therefore, was the criterion of the parents' language of instruction. Let us read it or, rather, let us read it again.

> Citizens of Canada . . . who have received their primary school instruction in Canada in English or French and reside in a province—

Because we mean Quebec, let us say "in the province of Quebec".

> —in which they received that instruction—

Because the linguistic minority population in Quebec is English, let us say "English".

> —have the right to have their children receive primary and secondary school instruction in that language in that province.

What does the Canada clause mean to anglophones who reside in Quebec and who received their primary school instruction outside Canada? They have no longer the right to send their children to English schools in Quebec, under this Canada clause. On this, Bill 101 is more lenient. Section 73 of Bill 101 states:

> —may receive their instruction in English at the request of their father and mother—

I had better skip the first paragraph, for it is irrelevant to my argument. What is quite relevant indeed is paragraph (b):

> The children whose father or mother, on the date this act comes into force, is domiciled in Quebec, has received his or her primary school instruction in English outside Quebec . . .

Well, outside Quebec, that means also in other countries.

In this respect, the Canada clause has reduced this group of anglophones' rights to school instruction in their own language. I emphasized that a while ago, but I repeat it now. On the other hand, Subclause 3 which deals with "Application where numbers warrant" is essentially a step backward in comparison with what we have known in the past—

• (1450)

Hon. Pietro Rizzuto: Senator Tremblay, would you accept three questions? My first question concerns education which, in your opinion, should come under the jurisdiction of the Quebec legislature without it being guaranteed by the Constitution, or are you defending the rights of anglophones who will eventually become Canadian citizens? I find it hard to reconcile your two positions. According to you, should eventual immigrants be protected rather than Quebec minorities? Do you feel that Section 23 would deprive eventual anglophone immigrants of the rights they already enjoy under Bill 101?

This is somewhat of a contrast, but this I think I can understand. Would you agree that immigrants that would come from English-speaking countries in the future will have more rights than other immigrants from countries such as Poland, Italy, France? Would you be ready to consider two classes of immigrants?

Thirdly, if your amendment was agreed to, would Quebec give its consent?

Senator Tremblay: Senator Rizzuto, I would like to clear up the confusion in your mind. My intent at this time is not to amend Bill 101. If you want to have a specific answer to your question, Bill 101 does not make two classes of immigrants. I am not adding to Bill 101. I simply show how paradoxical are the Canada clause as drafted in Section 23 as well as certain aspects of Bill 101, in which part of the minority is better treated than under Section 23. If I may ask you to be a little more patient, the conclusion of my analysis, I think will show this clearly at the end of my comments.

I therefore repeat what I was saying earlier that the "where the number warrants" clause has also restricted the rights of anglophones in Quebec since in that province no such provision has ever been enacted in a piece of legislation or has ever been embodied in a concrete measure. Now, if one looks at it from the point of view of that category of anglophones being better treated under Bill 101 than under the Canada clause in Section 23, or from the point of view of the anglophones who were never subjected to the "where the number warrants" clause, I think one may conclude that for English-speaking Quebecers, the Charter is a backward step, even in relation to Bill 101. I think some of them have become more and more aware of it.

The Canada clause contained in Section 23 is more beneficial, more generous than Bill 101 only to anglophones coming to Quebec from other Canadian provinces. That is the bottom line. That will be the result if Section 23 is imposed as drafted. I did say "as drafted". Had everything not been botched up throughout the entire process, it would have been possible and rather simple to draft section 23 so as to take such problems into account. It would have been possible also to solve certain problems which Bill 101 does not solve. For instance, the problems of the descendants of English-speaking Quebecers

who are entitled to an English education but who are open minded towards Quebec and choose to send their children to French schools; mark me, "English-speaking Quebecers who choose to send their children to French schools".

As drafted Bill 101 does away with the right of those children because they will not have been educated in the language of the minority, that is English, but in French. It would be easy enough to draft a text which would state quite simply that the right of those children to attend English schools can be extended to their descendants even if they did not exercise it themselves. The right is not changed because it is exercised but, once it is established, it remains valid.

In short, it would have been possible to do things much more constructively. All things considered, if I were an English-speaking Quebecer, I would rather not have that section forced upon Quebec. Instead I would opt for the principle already recognized under section 59(1).

• (1500)

Senator Frith: But now that does not apply to future immigrants, does it?

Senator Tremblay: I do not know, the question of immigrants is something else. To my mind, however, the main thing is that section 59(1) does acknowledge the principle that the National Assembly makes the decision, as the other provinces have done, I mean the governments. This principle from which my proposition flows, extends to the entire section 23 the right of self-determination of Quebec's National Assembly. Quebec has the right, as do the other provinces, to decide on its own how to apply section 23. That section was not forced on the other provinces; they accepted it of their own free will on November 5. If I refer to Senator Guay's remarks, perhaps Manitoba has accepted it freely in recent days. In all fairness, it should be the same for Quebec. That is the unequivocal and clear purpose of my proposed amendment to section 59.

Senator Rizzuto: Honorable senators, I think that I was the first one in this house to rise and contest section 23 in the original resolution. I agree with the first part of Senator Tremblay's speech to the effect that section 23 1(a) of this resolution would have been hard to implement in Quebec. I addressed the issue and I think that one can read my speech in *Hansard* of October 27, 1980. I will always remember the date because it was very important for me to state that we could not keep section 23 as it was first presented. I certainly agree that that part of section 23 cannot be implemented, that we have already had problems with Quebec's Bill 22. But when senator Tremblay says that subsection B is not acceptable because only those Canadians who have received their primary education either in the French or the English minority school system are entitled to send their children to those minority language schools which they have themselves attended. Besides, I think we should first protect the rights of our fellow Canadian citizens before concerning ourselves with the immigrants who will be coming here eventually.

I think, Senator Tremblay, that you and I are upholding the rights of Quebecers; that is what I keep trying to do, because I am a Quebecer myself, but I also have to take into account the interests of all Canadians and of minority groups, whether they be French or English, inside or outside Quebec.

With respect to the two issues that you raise, if your amendment were to be accepted and with Quebec having authority over the educational rights of Quebecers, are you aware that the rights of the English-speaking Quebecers would not be guaranteed if ever the Quebec government were to prevent them from attending English schools? There would be no one then to ensure that their rights are secured.

I personally prefer to guarantee the rights of those new Canadians who are here now, rather than think of the future, that is the Australians, Americans or others who will come to this country in ten years time.

If I look at it as an immediate concern, then I cannot agree with the amendment. I must protect the minorities, whether they be the francophones outside Quebec or the anglophones within Quebec, but protect the anglophones in Canada I must and not the anglophones of other countries who may emigrate here in the future.

Again I put my last question to Senator Tremblay: Would it lead to an agreement with Quebec because, if it did, then perhaps I could vote for it. Can you answer that question for me?

Senator Frith: Is the honourable senator putting a question that requires an answer or is it just a rhetorical question which forms part of his speech? Am I to understand that this will not bring the debate on the amendment to a close?

[*English*]

• (1510)

Senator Roblin: You cannot terminate it.

Senator Frith: Only on the amendment.

Senator Roblin: It is an amendment to the main motion.

Senator Frith: He has the right to terminate it.

Senator Roblin: No, he doesn't; on an amendment you do not get a second chance.

[*Translation*]

Senator Tremblay: That is a big question mark. It seems to me there was a big question mark in the tone of Senator Rizzuto and in the contents of his question. May I reply to Senator Rizzuto since in fact he was asking a question? If I understood Senator Rizzuto correctly, he wanted to know whether or not the Quebec government would agree.

Quite frankly, I do not know; but it seems to me that whether or not the Quebec government agrees is not important; what counts is the fact that the action I am suggesting, is justified, namely a freedom enjoyed by others, which Quebec will lose through the restoration of taxation.

I'd like to ask one question maybe to clear—

[*English*]

Senator Godfrey: May I ask a question of the honourable senator to clear up any misunderstanding? Possibly the inter-

pretation was not correct. The way it came through to me was that the honourable senator said that the Charter would reduce the rights that people have under Bill 101. Does the honourable senator mean that in Quebec they could not be more generous than is provided for in the Charter, or does he mean the legal rights, because they can still go further in Bill 101 than is provided for in the Charter. I merely want to clear up that point.

Senator Tremblay: Honourable senators, section 23, as I read it, reduces the rights already existing for anglophones in Quebec. If the honourable senator reads the comments of some of the anglophones, he will find that they have read it the same way as I have.

Senator Godfrey: Would it be illegal for Bill 101 to continue to give more rights to the anglophones in Quebec than are provided for in the Charter? That is what I am trying to make clear. I realize that in certain respects they do not have as many rights guaranteed under the Charter as they actually have under Bill 101, but they can still keep those rights under Bill 101; is that not so?

Senator Flynn: That is a good question.

Senator Tremblay: That is a question, the answer to which will come in time. In a sense that is a legal question, and I will not dare to go too far. Would it be illegal for Quebec to apply the Charter as it is? Would the Charter prevail over everything else? The question is hypothetical. In fact, Quebec has never acted toward its minority just within the limits of section 23. And in a sense it raises a problem. If in the past we had behaved as other provinces have behaved, so much so that the "numbers warranting" rule would be required for Quebec as well as for those provinces that have asked for it, we would not have any problem of consistency with the Charter.

To solve that problem, to keep the numbers warranting for other provinces and to retain the Quebec tradition, we have to write two clauses. That is another aspect of the special character of Quebec. In that case it is a character of generosity. I cannot impose generosity on Ontario, but I would not like to become less generous, which could be the effect of section 23.

Senator Frith: Honourable senators, I have passed a note to Senator Tremblay. I believe there is a typographical error in the last line of his amendment. It should read "23(2)" rather than "23(c)".

Senator Tremblay: That's right.

Senator Frith: That will be corrected. I have the same difficulty as Senator Godfrey, namely, that the legal question does not seem to me to be that subtle. If the position taken by Senator Tremblay is that Bill 101 is more generous than the Canada clause to the anglophone minority in Quebec, because such a bill does not exist elsewhere, then I cannot see that 23(1)(b)—which of course, applies to provinces other than Quebec and will apply also to Quebec, since it is not subject to the so-called opting-out provision—will reduce any rights. That may indeed be a question of some legal complexity. However, in my view the basic rule is that such sections would always be interpreted in a generous way, namely, to create rights rather than to limit rights.

It might be worthwhile for me to say a word on the amendment. As to sections 59 and 23, it is my understanding and conviction that the minority language education rights that go into effect immediately—and I do not believe we disagree on this—are the "Canada" section, section 23(1)(b), and the continuation of education rights or the "if any, then all" clause, which is section 23(2). The mother tongue test applies elsewhere, but does not apply in Quebec unless Quebec says so.

● (1520)

I also understood that the reason for that was the same as that given by Senator Rizzuto, namely, that section 23(1)(a) creates complications in Quebec. Perhaps some of the complications are the ones that Senator Tremblay has outlined for us.

I would not have any trouble understanding, before his speech or after his speech, why Senator Tremblay would support the fact that Section 23(1)(a) should not go into effect until it gets approval in Quebec; but I cannot understand why he would not want those other sections to come into effect, because it seems to me that from the point of view not just of Quebec, but from the overall point of view—and what we are looking at here is a Constitution for all of Canada—these two sections, namely the ones that stay in effect, 23(1)(b) and 23(2), provide the minimun of reciprocity between Quebec and the other provinces. Unless I misunderstood, the Government of Quebec itself acknowledged this as desirable in the St. Andrews 1977 and Montreal 1978 agreements with the other provinces, and that such provision was included in Bill 101. In fact, unless I am assigning it to a different conference, it seems to me that it was at the 1977 St. Andrews conference that Premier Lévesque made a pretty strong point when he said, "Don't talk to me about these rights until we can talk about reciprocity," and it seems to me that the reciprocity exists in the application of the two clauses, namely the "Canada" clause, and the "if any, then all" or "continuing education" clause.

In fact, it seems to me that the resolution we are debating here does little more than give effect to section 86 of Bill 101. That has been something that Quebec was unable to do, because the consent of the other provinces was a prior requirement—that is, they could not do it across the board. That consent has now been achieved through the Charter of Rights.

It seems to me that those two clauses should be perfectly acceptable to Quebec as they now stand, and that in fact they reflect a principle of reciprocity that I understood the Quebec government itself has always favoured. The Charter that we are looking at also, of course, gives Quebec the right to opt into constitutional provisions protecting the language and education rights of citizens according to their mother tongue if they decide that that does not create unnecessary complications. If they do not want it to apply, it need not apply.

It seems to me, therefore, that the positive parts of it are what they themselves have always wanted. They are positive because Quebec has said in the past that they are positive and desirable. They say, "We have problems with 23(1)(a)," and we say, "All right; it does not apply." So the constitutional resolution does nothing more than protect the minority language of education rights, which the PQ government itself has already approved in principle and for which it has made its own legal provision. This, therefore, it seems to me, in no way threatens Quebec's cultural and linguistic heritage. On the contrary, it strengthens and protects the cultural and linguistic heritage of French Canada as a whole, and not just that of Quebec. That is something that I understood the Quebec government was in favour of.

In that way it confirms and extends to other provinces the principles of fairness towards linguistic minorities, namely, those very principles of fairness which have been, I thought, the cornerstone of the position of the present Quebec government throughout these previous conferences.

Senator Smith: I wonder if I could ask Senator Frith a question with relation to what he has just been saying. I hasten to say that I do not pretend for a moment to be competent to discuss with him the relative provisions in Bill 101 and this.

My question is: Did he take into consideration, in expressing his views, the provisions of section 32(1)(b) of the draft resolution? Section 32(1) begins "This Charter applies . . ." and then continues in (b):

> (b) to the legislature and government of each province in respect of all matters within the authority of the legislature of each province.

It would seem to me at first reading that that simply means that no matter what the legislature of the province may say, the provisions of this document apply, and supersede any legislation of the province which deals with the same subject.

Senator Frith: I think that would be true if it were not for section 59. It is section 59 that specifically says that section 23(1)(a) is not to apply until Quebec approves it.

Senator Smith: Yes, I understand that.

Senator Frith: So the Charter, generally, applies to all legislatures, as Senator Smith has pointed out, but the Charter includes section 59, and that exempts Quebec from 23(1)(a). As I understand it, Senator Tremblay wants section 59 to apply to all of it.

Senator Flynn: That is, to all or part.

Senator Frith: Yes; but in his amendment he wants to include 23(1)(a), which is not now included. Clause 59 now includes 23(1)(a), but he says he does not want the "Canada" clause to apply in Quebec unless Quebec agrees, and that he does not want what is sometimes called the "continuing education", or "continuity of instruction" clause—although I think it is better described as the "if any, then all" clause—because that is what it says. If one child takes the education and qualifies, then all other children can qualify too. What Senator Tremblay is saying, I think—and that is what I tried to make my remarks relate to on the amendment—is that not only should 23(1)(a), which many people think creates complications in Quebec, not apply unless Quebec agrees, but that the other clauses should not apply either. My position, in essence, is that those clauses have in them the principles that Quebec has always supported, namely, reciprocity and continuity of education, if I am to believe what they have said at other conferences. That is where Senator Tremblay and I differ.

● (1530)

Senator Flynn: Honourable senators, I should like to say a few words on the amendment which I seconded.

Senator Marshall: Sure, take as long as you want.

Senator Flynn: I shall not take more time than you are prepared to give me. My first point is that in the agreement of November 5 last each province that signed it accepted for itself section 23. That was a voluntary agreement. The provinces were not bound to agree. No province said, "I will accept it if another province accepts it." Each province accepted it for itself. As was mentioned, even Manitoba agreed, subject to the approval of the Legislative Assembly of Manitoba, which indicates that the federal government, for its part, was willing to accept this conditional Accord as far as Manitoba was concerned. The federal government was not imposing this clause upon any of the signatories.

It is only upon Quebec that, by force, section 23 is imposed. The federal government did not dare impose section 133 upon Ontario. Nothing contained in this Charter was imposed upon any province, yet this section and the amending formula, which has been mentioned, are imposed upon Quebec. We say that if the provinces were free, at the time of the Accord, to accept the application of section 23, Quebec should be free to accept it as well. That is the basis of the amendment which would make this section subject to the adoption by the National Assembly of its application. That is the first argument.

My second argument is that, under section 23, there are less rights for the anglophones in Quebec.

Senator Frith: Are you referring to all of section 23?

Senator Flynn: Yes. Senator Tremblay has explained that point. The only advantage in section 23 is the "Canada" clause versus the "Quebec" clause. That is the point, and that has been criticized. Even Mr. Lévesque at times has said that eventually this ought to be corrected.

You then ask me, "Can't you give more?" Well, I don't know about that. It is an interesting question. I will tell you this: If the consequences of the forcible application upon Quebec of section 23 result in the change of some provisions of Bill 101, there will be an incitation. If the legislation has to change to conform to section 23, it will do so, as well, on the basis of what section 23 takes away from the anglophones. If you propose to tell the National Assembly of Quebec to change its law because it must conform to section 23, naturally it will say, "Why not? All right, we will conform to section 23. Since section 23 has the rule of the number, we will use that."

In Quebec, at present, the confessional system is in force. I believe the same system, more or less, is in use in Manitoba as well. These provisions were contained in the B.N.A. Act and cannot be changed. Because it is a confessional system, based on religion, there is protection afforded in a different way. However, the independence of the anglophone Protestant group is ensured in the present legislation. Of course, there is the tradition of fairness. You do not have to doubt for a moment that I would prefer Bill 101 to be amended to provide for the "Canada" clause rather than the "Quebec" clause, but there should be no incitation by means of this Charter to take away the other advantages that you have in Quebec. Those advantages should not be reduced in this way.

Because the spirit of the Accord of November 5 was not to impose this clause on any other provinces, I suggest to you that, by not forcing this clause on the National Assembly of Quebec, you prepare the ground for an improvement. Even if the letter sent by Mr. Lévesque to Mr. Clark was not too convincing, he did admit therein that, perhaps in the coming two years, there should probably be an adjustment made to Bill 101. However, this adjustment will not be achieved by imposing something on Quebec in this manner. You will not have improvements. You will have only the possibility of a reduction to the minimum provided in section 23. I think it is unwise to impose only on Quebec something that Quebec refuses.

In this respect, I believe that the opinion of the official opposition in Quebec is substantially the same as that of the government. Mr. Ryan has said that he would favour the "Canada" clause over the "Quebec" clause, but he certainly will not take away any of the other rights that are provided for the minorities in Quebec.

I repeat, I think it is unwise, under these circumstances, to impose section 23 upon Quebec. I suggest that it is proper, in this instance, to at least give the National Assembly the chance to consider the amendments that are provided herein by making the adoption of this section optional. There is no doubt, I think, that in this way the only pressure that will be put on Quebec will be to ameliorate the situation by providing the "Canada" clause. If, however, you impose this section on Quebec, you might impose, at the same time, conditions that are worse than those already in existence.

Senator Frith: Honourable senators, I believe I have lost my chance to speak on the amendment. I hope, however, that someone else will deal with the key word in Senator Flynn's intervention, which is "imposition."

Senator Flynn: Yes.

Senator Frith: I suggest that the implication is that the federal government is imposing this clause upon Quebec.

Senator Flynn: Yes, that is right.

Senator Frith: That, to me, ignores the fact that what we are looking at here is the result of an Accord, not an imposition.

Senator Flynn: Quebec was not in the Accord.

[Senator Flynn.]

Senator Frith: I agree. The Accord can result in the effectiveness of this clause against the wishes of some in Quebec.

Senator Flynn: Oh, yes.

Senator Frith: But that goes for any agreement. Any time you make an agreement you agree to accept it.

Senator Flynn: Would you impose section 133 on Ontario? Would you dare to do that?

Senator Frith: Personally?

Senator Flynn: Yes.

Senator Frith: You know I would, personally.

Senator Flynn: Well, personally—your government. Come on!

Senator Frith: In any event, this is not an imposition by the federal government.

Senator Flynn: It certainly is.

Senator Frith: It is an imposition, if you call it that, or it is a provision that flows from an Accord, and the implication—

Senator Flynn: An Accord to which Quebec was not a party.

Senator Frith: —the implication that the federal government is imposing this on Quebec is not consistent with the present resolution's being the product of an Accord of nine provinces plus the federal government.

Senator Flynn: For God's sake!

Senator Roblin: There is a point of correction which surely must be made here, honourable senators. My honourable friend cannot have read the Accord that the provinces issued when they were consolidating their position here just a few days ago. That Accord sets out in detail what they agreed to.

Senator Flynn: Sure.

Senator Roblin: The nine provinces agreed on language, but there were nothing in that Accord by which the nine provinces imposed on the Province of Quebec what they were willing to accept for themselves.

Senator Flynn: That's right.

Senator Roblin: Not only that, but they made those concessions in respect of language without condition in respect of the Province of Quebec. There was no condition that Quebec had to come in or they would not do it. There was no condition there that they wanted to impose their view in this matter on the Province of Quebec.

Senator Flynn: Hear, hear.

Senator Roblin: That is a very important correction of fact that should be made, because otherwise we get a totally erroneous view of the genesis of this particular matter.

Senator Flynn: That's right.

Senator Roblin: It did not come out of what the provinces agreed to when they made their concord in respect of this matter, and it is wrong to say on that line of reasoning that they are imposing this on Quebec.

Senator Flynn: That is correct.

Senator Frith: The provinces that I referred to agreed to the resolution that is before us.

Senator Flynn: Not Quebec!

Senator Frith: The provinces that signed the Accord agreed to the resolution that we are debating.

Senator Flynn: Are you imposing it on Quebec by this resolution? Do you know what you are talking about?

Senator Frith: What do you mean, am I imposing it? The resolution—

Senator Flynn: Does it impose it on Quebec?

Senator Frith: The answer is that section 23, like all the other sections, applies to Quebec.

Senator Flynn: By what?

Senator Frith: They apply to Quebec because the Constitution is a constitution that is to apply to all provinces. And it applies to Quebec without Quebec's having signed the Accord, and, therefore, that goes for section 23 and it goes for every other section, including the so-called isolation aspect, as if Quebec, because it did not sign the Accord, is suddenly no longer able to participate in the future in constitutional amendments. Of course it is.

Section 23 applies to Quebec. For rhetorical purposes, if I wanted to pick another phrase instead of "applies to", I would say "imposed on."

Senator Flynn: It is imposed.

Senator Frith: Sure it is imposed in that sense. So is every other section imposed on Parliament and every other province.

Senator Flynn: By their agreement.

Senator Frith: That's right. So if you carry your argument—

Senator Roblin: You don't impose something by agreement. We did not impose it on the other provinces. They agreed to it.

Senator Frith: The point is—

Senator Roblin: That is not an imposition.

Senator Frith: The point is that it is simply another way of saying that Quebec should not be bound by the resolution. It is another way of expressing the unanimity rule, which was turned down by the Supreme Court of Canada as neither legally, nor constitutionally, nor traditionally required. It is, in effect, saying, "Look, don't apply section 23 to Quebec, because Quebec did not sign the Accord."

Senator Flynn: That's right.

Senator Frith: You can make that same argument for every other section. If you open the door to section 23 and say, "By George, that must be right," and you vote for this amendment, then you should vote against the whole Constitution on the basis that you want the rule of unanimity.

Senator Flynn: Utter nonsense! Utter nonsense!

Senator Roblin: I should think you have opened it yourself.

• (1540)

Senator Flynn: Utter nonsense.

Senator Roblin: You voted for it yourself.

Senator Flynn: This has the effect of changing the Constitution with regard to Quebec without its agreement.

Senator Frith: Of course.

Senator Flynn: Then I ask you, are you prepared to accept an amendment which would impose section 133 on Ontario?

Senator Frith: That is another question.

Senator Flynn: Utter nonsense. Try to be logical and stop uttering stupid comments.

Senator Frith: It does not change the fact—

The Hon. the Speaker: Order, honourable senators. I give the floor to Senator Godfrey.

Senator Godfrey: Honourable senators, I rise to answer Senator Flynn's question. If at the meeting in 1977, at St. Andrews, Ontario had agreed with Quebec and the other provinces that they would include the equivalent of section 133, and if there was a similar agreement to this one, I would have imposed it on Ontario.

Senator Flynn: Move an amendment.

Senator Frith: Why? Quebec asked for this very thing at St. Andrews.

Senator Smith: Honourable senators, I have not spoken on this matter yet, although I did ask a question.

Senator Frith: You started it off.

Senator Smith: I have tried to understand the meaning of the answer which the Honourable Senator Frith gave to my question.

Senator Flynn: Unbelievable!

Senator Smith: I find it very difficult to agree with him. What we were talking about was the effect of section 32(1)(b) upon section 23. As I understood the honourable senator, he raised the point that I should not worry about this because section 59 definitely cured the problem which I was raising; namely, that section 23(1) applies. But when I examined section 59 carefully, I saw that it dealt only with section 23(1)(a). I was talking about the rest of section 23.

It seems to me that the answer to the question I asked is that all of section 23, except section 23(1)(*a*), does apply, not only to the province of Quebec but to every other province and that there are no exceptions, whether it be, for example, Quebec or Nova Scotia, no matter what the law of Quebec or Nova Scotia may be.

Senator Frith: "Everything except 23(1)(*a*)"?

Senator Smith: Therefore, as section 59 now stands, it has nothing to do with the question I asked. It would have something to do with the question I asked if Senator Tremblay's

amendment was accepted, because it includes in section 59 the same type of provision as at present applies to section 23(1)(*a*). So there is really no doubt in my mind, at least—nor, I hope, in the mind of Senator Frith—that as section 59 now stands it makes the provisions of this resolution the law in Quebec, Nova Scotia and all the other provinces of Canada, no matter what their law may be on the particular point which is covered under the balance of section 23. That must be as clear as can be. There can be no doubt whatever.

Senator Frith: Otherwise, there would be no need for the amendment. That is why the amendment is being proposed.

Senator Smith: Certainly, and that is the point I am making. The answer which the honourable senator gave me, referring me to section 59, really was no answer at all, because none of section 59 dealt with the question I asked.

However, since I now seem to have gone beyond the point of asking a question, I suppose I should exercise my right to speak on this amendment. I shall extend my comments just a little beyond the content of a question and say, now that we have established clearly that section 59 does not apply to anything in section 23, except section 23(1)(*a*), it follows then that section 23(1)(*b*) does impose upon every province of Canada, including the province of Quebec, the rest of the provisions of section 23.

As to my learned friend's comment that there is no distinction between what we are talking about here and other sections, I respectfully draw to his attention that that is not so at all. Section 59 specifically states that section 23(1)(a) shall not apply to the province of Quebec except in certain circumstances with the consent of Quebec.

It is equally correct to apply his argument to section 23 as it is to any other section, but when it comes to section 23(1)(a), then that difficulty is recognized and the Province of Quebec is given the right to say that this shall not apply until a certain time.

Senator Frith: Nothing beyond section 23(1)(a) is in issue.

Senator Smith: The honourable senator expanded the scope of the discussion into every part of the document by saying that the same argument would have to be applied to every other section in the Charter.

Senator Frith: The same principle, yes.

Senator Smith: Having expanded it himself, he can hardly now say that we are not talking about the rest of it. I am merely pointing out to him that when he raised the argument that we should not worry about section 23 because it was no more of an imposition on Quebec than all the other sections were, he was wrong. That was recognized in section 23(1)(a) by making it subject to the consent of Quebec.

Senator Flynn: He would use any argument; don't worry about that.

Senator Smith: I have always found that he sticks to an argument which has some colour of right, but I do not know where he can find that to pursue the argument he has just made. It is clear that the right of Quebec to decide when section 23(1)(a) shall apply was preserved. The right of Quebec to say when the other portions of section 23 would apply was not preserved. That is as clear as anything can be. In the one case there was imposition, and in the other case there was no imposition.

Senator Tremblay's amendment would give the same right to Quebec, which is the right to choose whether the rest of section 23 would apply to it, as is already given under section 23(1)(a).

Senator Frith: I think we certainly agree—on that statement anyway.

Senator Smith: It took us a long while to get to that stage, and having reached that stage, then he should recognize the validity of Senator Tremblay's argument.

Senator Frith: That is too big a jump.

Senator Flynn: It is beyond your comprehension; there is no doubt about that.

Senator Frith: Logically, it is too big a jump.

Hon. George J. McIlraith: Honourable senators, if the debate on the amendment has ended for the moment, I should like to make some general remarks which will not be applicable to this particular amendment.

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

Hon. Senators: Agreed.

Senator McIlraith: Honourable senators, the resolution before us is certainly very different from that which we were discussing some seven months ago. When the matter first came before us, there was no resolution or address before us, although most honourable senators conducted the debate as if there were. There was simply a motion to set up a committee to discuss a paper that was not before Parliament. After some months of work by the joint committee, that committee reported.

The Hon. the Speaker: Senator McIlraith, may I have one moment, please?

Senator McIlraith: Certainly, Your Honour.

[*Translation*]

The Hon. the Speaker: Pursuant to the order made by this honourable chamber on December 2, 1981, the recorded vote is deferred. This applies to Senator Tremblay's motion in amendment.

• (1550)

[*English*]

Senator McIlraith: On February 13 of this year the committee reported. That report contained the resolution which was debated at length, and I took part in that debate. We now have before us a new resolution which, it is true, contains most of the same sections, but which, in point of fact, is very different from the earlier resolution.

I am one of those who regard the Constitution and constitutional change as being a little different from an ordinary

statute, in this sense, that in constitutional matters the language of the particular sections, as well as the process, is important; whereas in ordinary statutes or legislation only the language of the sections is important. That is a fundamental difference, but I cannot emphasize too strongly the importance of process as well as substance in constitutional amendments.

I took part in the debate on that resolution on March 17, 1981. I assure Senator Riley and others of the Irish persuasion that the choice of date was not significant; it was merely the date on which my turn to speak arose.

Senator Roblin: A good deed on a good day.

Senator McIlraith: On that occasion I spoke strongly against what was then before us. Or, at least, I tried to, and I am not sure whether or not I was successful. I tried to go to considerable lengths to point out that our system of government was and had to be, by the nature of the country, its history and geography, a federal system; and that that federal system, which was expressed through the British North America Act of 1867, gave the provinces sovereign jurisdiction in local and regional matters. They are all set out in the act rather clearly.

In my view, it was wrong for us to seek to override the legislation in those areas of provincial jurisdiction by unilateral action of the two houses of the Parliament of Canada without the concurrence of the provinces.

I rather dislike the practice of quoting oneself, but, in an effort to make it clear, I shall quote from my own remarks as they appear at page 2072 of Senate *Hansard*. At that time I stated:

> However, where I part company with the government is in their attempt to procure basic amendments to the long-established sovereignty of the legislatures of the provinces in the spheres of jurisdiction assigned to them, and to do this without the concurrence of the legislatures of the provinces, and, knowing they cannot do it directly, also seeking to have it done by the United Kingdom.

In that respect, the legislation before us is totally changed. A judgment of the Supreme Court setting out at some length the constitutional practice resulted in a conference or meeting with the provinces. As a result of that conference an accord or agreement—whatever terminology you wish to use—was achieved, consistent with the judgment of the Supreme Court of Canada. The premiers of all the provinces, with one exception—an exception I very much regret, by the way—concurred in the agreement. The objection I had made earlier was corrected by the meeting with the provinces, and I am very glad of that because I considered the following of the correct constitutional practice in that respect even more important than has been recognized since the Accord was reached.

Regrettably, the Premier of Quebec did not agree with that Accord, and that is his privilege. I could not refrain this afternoon from reflecting on that. We have substantial evidence that a majority of the people of Quebec agree with it, because I note that all the elected representatives in the other place from that province, except three, voted in favour of this resolution. When you bear in mind the enormous majority they get in that province, and speaking as one who has fought in many elections—

Senator Flynn: They were elected under false pretenses.

Senator McIlraith: Well, having fought in many elections, I am always rather amazed at the enormous majority some of them get. My point is that there is some evidence that the majority of people in that province, by the vote of their elected representatives, supported this resolution. To some extent, that relieves my concern with the fact that Premier Lévesque, the leader of the government of that great province, did not concur. I can only express the hope that all those concerned with this subject will continue to work to achieve full accord by whatever means are available. I think I express the views of all parliamentarians on both sides of both houses on that point.

In my speech on March 17, the other ground I strongly opposed in the resolution of the government was that they had not let matters of legality, which had been raised by the provinces, go to the Supreme Court of Canada before proceeding with the proposal for a joint address. I pressed that argument as firmly as I could. Perhaps I can sum it up in one sentence of my speech:

> I do not understand the reluctance of the federal government to refer these parts of the resolution to the courts for decision.

I have picked that sentence out of context to make this point.

Later, however, the government did agree to wait for the decision of the Supreme Court of Canada. The court delivered a long judgment, but it is now in printed form and is available for everyone to read. I hope it is studied a good deal more as the months and years go by.

We did follow that process of having the courts determine the outstanding legal questions which arose out of the earlier resolution. That judgment resulted in my earlier objection being totally removed, and I am very content with that result.

Those two objections having been removed, there is much one could say about individual sections, but that is not my purpose in speaking today. I could argue about the drafting of various sections to try to attain perfection in them. I view these matters as being exercises in doing the best you can under the circumstances at a given time relative to the proposed legislation. While this a somewhat pragmatic approach, looking at what has been achieved in the present resolution—thanks to the courts, the provincial premiers and the Right Honourable the Prime Minister—I believe it is a good result. On balance, I am not about to condemn the resolution because of any particular section I might wish to have drafted differently. There is one section whose true significance I believe has been overlooked, except by Senator Roblin and a few other honourable senators. It is what has been referred to as the "notwithstanding" section. Because of its importance, it might be useful if I read it into the record. It is section 33, which reads as follows:

• (1600)

33.(1) Parliament or the legislature of a province may expressly declare in an Act of Parliament or of the legislature, as the case may be, that the Act or a provision thereof shall operate notwithstanding a provision included in section 2 or sections 7 to 15 of this Charter.

Then there is the following very important subsection:

(2) An Act or a provision of an Act in respect of which a declaration made under this section is in effect shall have such operation as it would have but for the provision of this Charter referred to in the declaration.

That is clear enough. It continues:

(3) A declaration made under subsection (1) shall cease to have effect five years after it comes into force or on such earlier date as may be specified in the declaration.

There are then two further subsections which perhaps are not relevant.

My point is that the provisions of the Charter are very wide and are in general language. By the very nature of things it is necessary for parliaments to enact legislation that is often of a regulatory nature of one sort or another, and that applies even more so to provincial legislatures. They have all kinds of regulatory provisions with respect to licensing motor vehicle operators, certain practices dealing with juveniles, and so on.

Senator Flynn: It could not be worse at the provincial level. We have here 15 volumes of ordinary regulations.

Senator McIlraith: If honourable senators look at the absolute nature of the provisions of some of the sections of the Charter—bearing in mind that the provinces were not involved in the detailed drafting of the Charter—they will see that something could arise in the future which might require, with the concurrence of everyone concerned, a different treatment, but which might be in violation of those clauses as they stand, without any method of relief from them. I can think of some, on the basis of age and sex, for instance.

In any event, this provides a measure of safety from the absolute nature of those provisions. Since the Accord was reached, I have heard some regret expressed that the "notwithstanding" section was included. There has been some suggestion that it lessens the benefit or the protection provided by the Charter of Rights. I cannot see it that way. I think it improves the protective quality of the Charter of Rights, and I shall explain why. When those cases arise,

A declaration made under subsection (1) shall cease to have effect five years after it comes into force—

I would also point out that there has to be a general election, by virtue of other provisions, in less than five years in all legislatures, whether federal or provincial; which means that that piece of legislation has to be an issue in that election campaign if the public has any awareness of what is happening. There is the opportunity for all the people in a particular jurisdiction affected to pass on that exception and whether or not it was really justified.

[Senator McIlraith.]

That, in my opinion, is an effective check, because through the years I have come to respect and believe in the sovereignty of the people as expressed in a fairly conducted general election. I have found that to be really the best protection of the freedoms and rights that we have. It is true that except for that provision we rely on the courts; we have transferred to the courts the ultimate responsibility for deciding on whether or not the Charter is being properly followed. I believe the provisions of section 33 are an even better protection of our rights than a reference to the courts. This is very ingenious. Whoever drafted it did a rather excellent job, I think, and I commend him for it, because it returns the decision, as to whether the Charter of Rights and Freedoms is being adequately followed, to the people themselves, for their own decision. I know no better authority than that. I like the provision, and as far as I am concerned it greatly enhances the resolution.

I do not like section 47 because I think it should have been dealt with under the subject matter of the reform of Parliament. I happen to be one who wishes to get into the subject of parliamentary reform, and I would like very much to deal with that subject. When I speak of reform of Parliament, of course, I do not mean the reform of one house of Parliament only.

In any event, that section takes away a certain protection from the provinces. I suspect the provinces did not fully realize its significance when they agreed to it. If this place has any validity, it is for two reasons. One is that it is, and was originally intended to be, a place where regional rights find protection. That, to me, seems necessary by reason of the very large and sprawling nature of our country, geographically speaking. The other reason is one that has only come to the fore in the last few years. The Senate is one of the few remaining checks on the use of power by the government. It seems to me that a lot of the other checks on the use of power have been eroded in the last few years. That, of course, is a slightly different subject, which I would love to discuss later; but the Senate has come to be, as I sometimes call it in my remarks, the last remaining check on the improper use of power by governments. I therefore deplore this section.

I can provide no better example of what I am referring to than the very resolution that was before us earlier, and in this connection I have already quoted from my own speech. But what was the date of that speech? March 17. What is the date today? December 4. How many days have elapsed between those two dates? I leave you to do your own arithmetic. Would the right of the provinces to be heard on this basic matter of constitutional reform have been upheld had this place not raised the question of the impropriety of proceeding without consultation with the provinces? I ask you that question. I do not purport to give the answer. You honourable ladies and gentlemen are competent to do your own arithmetic and to answer the question in your own way.

In any event, the section is there, and I hope that the provinces, when they come to think about it, will be sufficiently alert to think the section through when they come to deal with questions of constitutional reform in the future.

The section is rather imperfect. It reads as follows:

> 47. (1) An amendment to the Constitution of Canada made by proclamation under section 38, 41, 42 or 43 may be made without a resolution of the Senate authorizing the issue of the proclamation if, within one hundred and eighty days after the adoption by the House of Commons of a resolution authorizing its issue, the Senate has not adopted such a resolution and if, at any time after the expiration of that period, the House of Commons again adopts the resolution.

● (1610)

Honourable senators, I should like to deal with section 47(2), which I will read in its entirety.

> (2) Any period when Parliament is prorogued or dissolved shall not be counted in computing the one hundred and eighty day period referred to in subsection (1).

Honourable senators, how often has there been a long adjournment of the house, other than by prorogation or dissolution? Indeed, the practice of adjournment rather than prorogation, has always been used during parliamentary sessions in the last few years. If you take, therefore, an adjournment of four or five months, which is not uncommonly long, you will see where your 180 days go. The period of adjournment counts in the 180 days.

Though I mention small points with regard to this particular section, to me they are basic. Perhaps they represent an area where the first ministers of the provinces slipped a little in examining them. However, they can, and, I am sure, will be corrected when the question of parliamentary reform is being dealt with. I am not too worried about this because I can see the provincial premiers beginning to realize what it implies, at some point when they actually deal with the section.

Honourable senators, I could deal with other sections in more detail, but that is not my purpose. I felt that those two sections should be specifically drawn to the attention of honourable senators. Considering the entire constitutional package and notwithstanding what I have said about the section concerning the Parliament of Canada—which, in my view, is improperly dragged into the subject before us at this time—I must come to the conclusion that the process to which I objected last March has been corrected. I believe that the process in achieving the resolution before us is the correct one. On balance, the resolution is such that I would not wish to oppose it. I rather feel that it is now, by process and content, one which I can support. Accordingly, I shall vote for the resolution.

On motion of Senator Macquarrie, debate adjourned.

The Senate adjourned until Monday, December 7, at 2 p.m.

THE SENATE

Monday, December 7, 1981

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

Prayers.

BUSINESS OF THE SENATE

Hon. Gildas L. Molgat: Honourable senators, it had been my intention to ask leave to move that when the Senate adjourns today it stand adjourned until tomorrow at 10 a.m. rather than the normal time but, in view of the absence of both the Leader of the Opposition and his deputy leader, I will ask leave later this day to revert to Notices of Motions in order to make that proposition. There is a long list of speakers and we consider it important that everyone who wishes to speak have an opportunity to do so within the time limits we have established.

Hon. David Walker: Your Honour, it would be a fine thing if we could shorten Question Period in order to proceed with the debate on the resolution.

Hon. Senators: Hear, hear.

The Hon. the Speaker: It is up to honourable senators to do that.

Senator Walker: Touché!

Senator Molgat: I can assure the honourable senator that there will be no objection from this side.

QUESTION PERIOD

[*English*]

ECONOMIC DEVELOPMENT

INVESTMENT PROJECTIONS—EFFECT ON UNEMPLOYMENT

Hon. C. William Doody: Honourable senators, I have a question for the minister responsible for economic development. It relates once again to the unemployment record, and particularly, and perhaps more importantly, to investment intentions and how they affect the unemployed. The Canadian Manufacturers Association survey of investments indicates that the real growth in investment is likely to be only a little over 6 per cent in 1981 as opposed to the recent projection of 10 per cent by Statistics Canada. Will the minister tell us whether that 10 per cent objective is unrealistic, or whether the projection of 6.2 per cent by the Canadian Manufacturers Association is out of whack?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, what Senator Doody is asking me for is not information, but an opinion as to whether one set of opinions that has been put forward is more valid than another set. I think much depends on the assumptions on which such opinions are based. We are well aware of the fact that the relatively high interest rates that we were experiencing up until a few weeks ago did have a dampening effect on investment intentions, but I suppose it is equally true to say that the present significantly lower interest rates may, in fact, enhance investment projections.

Senator Doody: Honourable senators, I must rephrase the question. I certainly did not ask the minister for his own personal opinion. I simply stated that the Canadian Manufacturers Association survey indicates that a 6.2 per cent growth rate in investment is likely for 1981, as compared to the recent projection of 10 per cent by Statistics Canada. I am wondering which of these two is accurate. Surely the professional people who advise the minister have told him that either 6.2 per cent or 10 per cent is a reasonable projection.

Senator Olson: Honourable senators, whether my honourable friend likes it or not, that is asking for an opinion, but I will check his question out and see what assumptions have gone into both sides.

The other part of the honourable senator's question that is a little confusing is his reference to projections for 1981. Those would not be projections any more. They would almost be past history. Perhaps he would like to revise the question and state those factors that he would like me to look into.

● (1410)

Senator Doody: That is fine as it is, even with a month left.

Hon. Raymond J. Perrault (Leader of the Government): There are no delayed answers today, honourable senators, I am pleased to announce.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—DEBATE CONTINUED

The Senate resumed from Friday, December 4, 1981, the debate on the motion of Senator Perrault:

THAT, WHEREAS in the past certain amendments to the Constitution of Canada have been made by the Parliament of the United Kingdom at the request and with the consent of Canada;

AND WHEREAS it is in accord with the status of Canada as an independent state that Canadians be able to amend their Constitution in Canada in all respects;

AND WHEREAS it is also desirable to provide in the Constitution of Canada for the recognition of certain fundamental rights and freedoms and to make other amendments to that Constitution;

A respectful address be presented to Her Majesty the Queen in the following words:

To the Queen's Most Excellent Majesty:
Most Gracious Sovereign:

We, Your Majesty's loyal subjects, the Senate of Canada in Parliament assembled, respectfully approach Your Majesty, requesting that you may graciously be pleased to cause to be laid before the Parliament of the United Kingdom a measure containing the recitals and clauses hereinafter set forth:

CONSIDÉRANT :
que le Parlement du Royaume-Uni a modifié à plusieurs reprises la Constitution du Canada à la demande et avec le consentement de celui-ci;

que, de par le statut d'État indépendant du Canada, il est légitime que les Canadiens aient tout pouvoir pour modifier leur Constitution au Canada;

qu'il est souhaitable d'inscrire dans la Constitution du Canada la reconnaissance de certains droits et libertés fondamentaux et d'y apporter d'autres modifications,

il est proposé que soit présentée respectueusement à Sa Majesté la Reine l'adresse dont la teneur suit :

A Sa Très Excellente Majesté la Reine,
Très Gracieuse Souveraine :

Nous, membres du Sénat du Canada réunis en Parlement, fidèles sujets de Votre Majesté, demandons respectueusement à Votre Très Gracieuse Majesté de bien vouloir faire déposer devant le Parlement du Royaume-Uni un projet de loi ainsi conçu :

ANNEXE A—SCHEDULE A

An Act to give effect to a request by the Senate and House of Commons of Canada

Loi donnant suite à une demande du Sénat et de la Chambre des communes du Canada

Whereas Canada has requested and consented to the enactment of an Act of the Parliament of the United Kingdom to give effect to the provisions hereinafter set forth and the Senate and the House of Commons of Canada in Parliament assembled have submitted an address to Her Majesty requesting that Her Majesty may graciously be pleased to cause a Bill to be laid before the Parliament of the United Kingdom for that purpose.

Sa Très Excellente Majesté la Reine, considérant :

qu'à la demande et avec le consentement du Canada, le Parlement du Royaume-Uni est invité à adopter une loi visant à donner effet aux dispositions énoncées ci-après et que le Sénat et la Chambre des communes du Canada réunis en Parlement ont présenté une adresse demandant à Sa Très Gracieuse Majesté de bien vouloir faire déposer devant le Parlement du Royaume-Uni un projet de loi à cette fin,

Be it therefore enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

sur l'avis et du consentement des Lords spirituels et temporels et des Communes réunis en Parlement, et par l'autorité de celui-ci, édicte :

Constitution Act, 1981 enacted

1. The *Constitution Act, 1981* set out in Schedule B to this Act is hereby enacted for and shall have the force of law in Canada and shall come into force as provided in that Act.

Adoption de la *Loi constitutionnelle de 1981*

1. La *Loi constitutionnelle de 1981*, énoncée à l'annexe B, est édictée pour le Canada et y a force de loi. Elle entre en vigueur conformément à ses dispositions.

Termination of power to legislate for Canada

2. No Act of the Parliament of the United Kingdom passed after the *Constitution Act, 1981* comes into force shall extend to Canada as part of its law.

Cessation du pouvoir de légiférer pour le Canada

2. Les lois adoptées par le Parlement du Royaume-Uni après l'entrée en vigueur de la *Loi constitutionnelle de 1981* ne font pas partie du droit du Canada.

French version

3. So far as it is not contained in Schedule B, the French version of this Act is set out in Schedule A to this Act and has the same authority in Canada as the English version thereof.

Version française

3. La partie de la version française de la présente loi qui figure à l'annexe A a force de loi au Canada au même titre que la version anglaise correspondante.

Short title

4. This Act may be cited as the *Canada Act*.

Titre abrégé

4. Titre abrégé de la présente loi : *Loi sur le Canada*.

SCHEDULE B

CONSTITUTION ACT, 1981

PART I

CANADIAN CHARTER OF RIGHTS AND FREEDOMS

Whereas Canada is founded upon principles that recognize the supremacy of God and the rule of law:

Guarantee of Rights and Freedoms

Rights and freedoms in Canada

1. The *Canadian Charter of Rights and Freedoms* guarantees the rights and freedoms set out in it subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society.

Fundamental Freedoms

Fundamental freedoms

2. Everyone has the following fundamental freedoms:

(*a*) freedom of conscience and religion;

(*b*) freedom of thought, belief, opinion and expression, including freedom of the press and other media of communication;

(*c*) freedom of peaceful assembly; and

(*d*) freedom of association.

Democratic Rights

Democratic rights of citizens

3. Every citizen of Canada has the right to vote in an election of members of the House of Commons or of a legislative assembly and to be qualified for membership therein.

Maximum duration of legislative bodies

4. (1) No House of Commons and no legislative assembly shall continue for longer than five years from the date fixed for the return of the writs at a general election of its members.

Continuation in special circumstances

(2) In time of real or apprehended war, invasion or insurrection, a House of Commons may be continued by Parliament and a legislative assembly may be continued by the legislature beyond five years if such continuation is not opposed by the votes of more than one-third of the members of the House

ANNEXE B

LOI CONSTITUTIONNELLE DE 1981

PARTIE I

CHARTE CANADIENNE DES DROITS ET LIBERTÉS

Attendu que le Canada est fondé sur des principes qui reconnaissent la suprématie de Dieu et la primauté du droit :

Garantie des droits et libertés

Droits et libertés au Canada

1. La *Charte canadienne des droits et libertés* garantit les droits et libertés qui y sont énoncés. Ils ne peuvent être restreints que par une règle de droit, dans des limites qui soient raisonnables et dont la justification puisse se démontrer dans le cadre d'une société libre et démocratique.

Libertés fondamentales

Libertés fondamentales

2. Chacun a les libertés fondamentales suivantes :

a) liberté de conscience et de religion;

b) liberté de pensée, de croyance, d'opinion et d'expression, y compris la liberté de la presse et des autres moyens de communication;

c) liberté de réunion pacifique;

d) liberté d'association.

Droits démocratiques

Droits démocratiques des citoyens

3. Tout citoyen canadien a le droit de vote et est éligible aux élections législatives fédérales ou provinciales.

Mandat maximal des assemblées

4. (1) Le mandat maximal de la Chambre des communes et des assemblées législatives est de cinq ans à compter de la date fixée pour le retour des brefs relatifs aux élections générales correspondantes.

Prolongations spéciales

(2) Le mandat de la Chambre des communes ou celui d'une assemblée législative peut être prolongé respectivement par le Parlement ou par la législature en question au-delà de cinq ans en cas de guerre, d'invasion ou d'insurrection, réelles ou appréhendées, pourvu que cette prolongation ne fasse pas

of Commons or the legislative assembly, as the case may be.

l'objet d'une opposition exprimée par les voix de plus du tiers des députés de la Chambre des communes ou de l'assemblée législative.

Annual sitting of legislative bodies

5. There shall be a sitting of Parliament and of each legislature at least once every twelve months.

5. Le Parlement et les législatures tiennent une séance au moins une fois tous les douze mois.

Séance annuelle

Mobility Rights

Liberté de circulation et d'établissement

Mobility of citizens

6. (1) Every citizen of Canada has the right to enter, remain in and leave Canada.

6. (1) Tout citoyen canadien a le droit de demeurer au Canada, d'y entrer ou d'en sortir.

Liberté de circulation

Rights to move and gain livelihood

(2) Every citizen of Canada and every person who has the status of a permanent resident of Canada has the right

(*a*) to move to and take up residence in any province; and

(*b*) to pursue the gaining of a livelihood in any province.

(2) Tout citoyen canadien et toute personne ayant le statut de résident permanent au Canada ont le droit :

a) de se déplacer dans tout le pays et d'établir leur résidence dans toute province;

b) de gagner leur vie dans toute province.

Liberté d'établissement

Limitation

(3) The rights specified in subsection (2) are subject to

(*a*) any laws or practices of general application in force in a province other than those that discriminate among persons primarily on the basis of province of present or previous residence; and

(*b*) any laws providing for reasonable residency requirements as a qualification for the receipt of publicly provided social services.

(3) Les droits mentionnés au paragraphe (2) sont subordonnés :

a) aux lois et usages d'application générale en vigueur dans une province donnée, s'ils n'établissent entre les personnes aucune distinction fondée principalement sur la province de résidence antérieure ou actuelle;

b) aux lois prévoyant de justes conditions de résidence en vue de l'obtention des services sociaux publics.

Restriction

Affirmative action programs

(4) Subsections (2) and (3) do not preclude any law, program or activity that has as its object the amelioration in a province of conditions of individuals in that province who are socially or economically disadvantaged if the rate of employment in that province is below the rate of employment in Canada.

(4) Les paragraphes (2) et (3) n'ont pas pour objet d'interdire les lois, programmes ou activités destinés à améliorer, dans une province, la situation d'individus défavorisés socialement ou économiquement, si le taux d'emploi dans la province est inférieur à la moyenne nationale.

Programmes de promotion sociale

Legal Rights

Garanties juridiques

Life, liberty and security of person

7. Everyone has the right to life, liberty and security of the person and the right not to be deprived thereof except in accordance with the principles of fundamental justice.

7. Chacun a droit à la vie, à la liberté et à la sécurité de sa personne; il ne peut être porté atteinte à ce droit qu'en conformité avec les principes de justice fondamentale.

Vie, liberté et sécurité

Search or seizure

8. Everyone has the right to be secure against unreasonable search or seizure.

8. Chacun a droit à la protection contre les fouilles, les perquisitions ou les saisies abusives.

Fouilles, perquisitions ou saisies

Detention or imprisonment

9. Everyone has the right not to be arbitrarily detained or imprisoned.

9. Chacun a droit à la protection contre la détention ou l'emprisonnement arbitraires.

Détention ou emprisonnement

Arrest or detention

10. Everyone has the right on arrest or detention

(*a*) to be informed promptly of the reasons therefor;

(*b*) to retain and instruct counsel without delay and to be informed of that right; and

(*c*) to have the validity of the detention determined by way of *habeas corpus* and to be released if the detention is not lawful.

Proceedings in criminal and penal matters

11. Any person charged with an offence has the right

(*a*) to be informed without unreasonable delay of the specific offence;

(*b*) to be tried within a reasonable time;

(*c*) not to be compelled to be a witness in proceedings against that person in respect of the offence;

(*d*) to be presumed innocent until proven guilty according to law in a fair and public hearing by an independent and impartial tribunal;

(*e*) not to be denied reasonable bail without just cause;

(*f*) except in the case of an offence under military law tried before a military tribunal, to the benefit of trial by jury where the maximum punishment for the offence is imprisonment for five years or a more severe punishment;

(*g*) not to be found guilty on account of any act or omission unless, at the time of the act or omission, it constituted an offence under Canadian or international law or was criminal according to the general principles of law recognized by the community of nations;

(*h*) if finally acquitted of the offence, not to be tried for it again and, if finally found guilty and punished for the offence, not to be tried or punished for it again; and

(*i*) if found guilty of the offence and if the punishment for the offence has been varied between the time of commission and the time of sentencing, to the benefit of the lesser punishment.

Arrestation ou détention

10. Chacun a le droit, en cas d'arrestation ou de détention :

a) d'être informé dans les plus brefs délais des motifs de son arrestation ou de sa détention;

b) d'avoir recours sans délai à l'assistance d'un avocat et d'être informé de ce droit;

c) de faire contrôler, par *habeas corpus,* la légalité de sa détention et d'obtenir, le cas échéant, sa libération.

Affaires criminelles et pénales

11. Tout inculpé a le droit :

a) d'être informé sans délai anormal de l'infraction précise qu'on lui reproche;

b) d'être jugé dans un délai raisonnable;

c) de ne pas être contraint de témoigner contre lui-même dans toute poursuite intentée contre lui pour l'infraction qu'on lui reproche;

d) d'être présumé innocent tant qu'il n'est pas déclaré coupable, conformément à la loi, par un tribunal indépendant et impartial à l'issue d'un procès public et équitable;

e) de ne pas être privé sans juste cause d'une mise en liberté assortie d'un cautionnement raisonnable;

f) sauf s'il s'agit d'une infraction relevant de la justice militaire, de bénéficier d'un procès avec jury lorsque la peine maximale prévue pour l'infraction dont il est accusé est un emprisonnement de cinq ans ou une peine plus grave;

g) de ne pas être déclaré coupable en raison d'une action ou d'une omission qui, au moment où elle est survenue, ne constituait pas une infraction d'après le droit interne du Canada ou le droit international et n'avait pas de caractère criminel d'après les principes généraux de droit reconnus par l'ensemble des nations;

h) d'une part de ne pas être jugé de nouveau pour une infraction dont il a été définitivement acquitté, d'autre part de ne pas être jugé ni puni de nouveau pour une infraction dont il a été définitivement déclaré coupable et puni;

i) de bénéficier de la peine la moins sévère, lorsque la peine qui sanctionne l'infraction dont il est déclaré coupable est

modifiée entre le moment de la perpétration de l'infraction et celui de la sentence.

Treatment or punishment

12. Everyone has the right not to be subjected to any cruel and unusual treatment or punishment.

12. Chacun a droit à la protection contre tous traitements ou peines cruels et inusités. Cruauté

Self-crimination

13. A witness who testifies in any proceedings has the right not to have any incriminating evidence so given used to incriminate that witness in any other proceedings, except in a prosecution for perjury or for the giving of contradictory evidence.

13. Chacun a droit à ce qu'aucun témoignage incriminant qu'il donne ne soit utilisé pour l'incriminer dans d'autres procédures, sauf lors de poursuites pour parjure ou pour témoignages contradictoires. Témoignage incriminant

Interpreter

14. A party or witness in any proceedings who does not understand or speak the language in which the proceedings are conducted or who is deaf has the right to the assistance of an interpreter.

14. La partie ou le témoin qui ne peuvent suivre les procédures, soit parce qu'ils ne comprennent pas ou ne parlent pas la langue employée, soit parce qu'ils sont atteints de surdité, ont droit à l'assistance d'un interprète. Interprète

Equality Rights

Droits à l'égalité

Equality before and under law and equal protection and benefit of law

15. (1) Every individual is equal before and under the law and has the right to the equal protection and equal benefit of the law without discrimination and, in particular, without discrimination based on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.

15. (1) La loi ne fait acception de personne et s'applique également à tous, et tous ont droit à la même protection et au même bénéfice de la loi, indépendamment de toute discrimination, notamment des discriminations fondées sur la race, l'origine nationale ou ethnique, la couleur, la religion, le sexe, l'âge ou les déficiences mentales ou physiques. Égalité devant la loi, égalité de bénéfice et protection égale de la loi

Affirmative action programs

(2) Subsection (1) does not preclude any law, program or activity that has as its object the amelioration of conditions of disadvantaged individuals or groups including those that are disadvantaged because of race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.

(2) Le paragraphe (1) n'a pas pour effet d'interdire les lois, programmes ou activités destinés à améliorer la situation d'individus ou de groupes défavorisés, notamment du fait de leur race, de leur origine nationale ou ethnique, de leur couleur, de leur religion, de leur sexe, de leur âge ou de leurs déficiences mentales ou physiques. Programmes de promotion sociale

Official Languages of Canada

Langues officielles du Canada

Official languages of Canada

16. (1) English and French are the official languages of Canada and have equality of status and equal rights and privileges as to their use in all institutions of the Parliament and government of Canada.

16. (1) Le français et l'anglais sont les langues officielles du Canada; ils ont un statut et des droits et privilèges égaux quant à leur usage dans les institutions du Parlement et du gouvernement du Canada. Langues officielles du Canada

Official languages of New Brunswick

(2) English and French are the official languages of New Brunswick and have equality of status and equal rights and privileges as to their use in all institutions of the

(2) Le français et l'anglais sont les langues officielles du Nouveau-Brunswick; ils ont un statut et des droits et privilèges égaux quant à leur usage dans les institutions de la Légis- Langues officielles du Nouveau-Brunswick

legislature and government of New Brunswick.

Advancement of status and use

(3) Nothing in this Charter limits the authority of Parliament or a legislature to advance the equality of status or use of English and French.

Proceedings of Parliament

17. (1) Everyone has the right to use English or French in any debates and other proceedings of Parliament.

Proceedings of New Brunswick legislature

(2) Everyone has the right to use English or French in any debates and other proceedings of the legislature of New Brunswick.

Parliamentary statutes and records

18. (1) The statutes, records and journals of Parliament shall be printed and published in English and French and both language versions are equally authoritative.

New Brunswick statutes and records

(2) The statutes, records and journals of the legislature of New Brunswick shall be printed and published in English and French and both language versions are equally authoritative.

Proceedings in courts established by Parliament

19. (1) Either English or French may be used by any person in, or in any pleading in or process issuing from, any court established by Parliament.

Proceedings in New Brunswick courts

(2) Either English or French may be used by any person in, or in any pleading in or process issuing from, any court of New Brunswick.

Communications by public with federal institutions

20. (1) Any member of the public in Canada has the right to communicate with, and to receive available services from, any head or central office of an institution of the Parliament or government of Canada in English or French, and has the same right with respect to any other office of any such institution where

(*a*) there is a significant demand for communications with and services from that office in such language; or

lature et du gouvernement du Nouveau-Brunswick.

Progression vers l'égalité

(3) La présente charte ne limite pas le pouvoir du Parlement et des législatures de favoriser la progression vers l'égalité de statut ou d'usage du français et de l'anglais.

Travaux du Parlement

17. (1) Chacun a le droit d'employer le français ou l'anglais dans les débats et travaux du Parlement.

Travaux de la Législature du Nouveau-Brunswick

(2) Chacun a le droit d'employer le français ou l'anglais dans les débats et travaux de la Législature du Nouveau-Brunswick.

Documents parlementaires

18. (1) Les lois, les archives, les comptes rendus et les procès-verbaux du Parlement sont imprimés et publiés en français et en anglais, les deux versions des lois ayant également force de loi et celles des autres documents ayant même valeur.

Documents de la Législature du Nouveau-Brunswick

(2) Les lois, les archives, les comptes rendus et les procès-verbaux de la Législature du Nouveau-Brunswick sont imprimés et publiés en français et en anglais, les deux versions des lois ayant également force de loi et celles des autres documents ayant même valeur.

Procédures devant les tribunaux établis par le Parlement

19. (1) Chacun a le droit d'employer le français ou l'anglais dans toutes les affaires dont sont saisis les tribunaux établis par le Parlement et dans tous les actes de procédure qui en découlent.

Procédures devant les tribunaux du Nouveau-Brunswick

(2) Chacun a le droit d'employer le français ou l'anglais dans toutes les affaires dont sont saisis les tribunaux du Nouveau-Brunswick et dans tous les actes de procédure qui en découlent.

Communications entre les administrés et les institutions fédérales

20. (1) Le public a, au Canada, droit à l'emploi du français ou de l'anglais pour communiquer avec le siège ou l'administration centrale des institutions du Parlement ou du gouvernement du Canada ou pour en recevoir les services; il a le même droit à l'égard de tout autre bureau de ces institutions là où, selon le cas :

a) l'emploi du français ou de l'anglais fait l'objet d'une demande importante;

b) l'emploi du français et de l'anglais se justifie par la vocation du bureau.

(*b*) due to the nature of the office, it is reasonable that communications with and services from that office be available in both English and French.

Communications by public with New Brunswick institutions

(2) Any member of the public in New Brunswick has the right to communicate with, and to receive available services from, any office of an institution of the legislature or government of New Brunswick in English or French.

(2) Le public a, au Nouveau-Brunswick, droit à l'emploi du français ou de l'anglais pour communiquer avec tout bureau des institutions de la législature ou du gouvernement ou pour en recevoir les services.

Communications entre les administrés et les institutions du Nouveau-Brunswick

Continuation of existing constitutional provisions

21. Nothing in sections 16 to 20 abrogates or derogates from any right, privilege or obligation with respect to the English and French languages, or either of them, that exists or is continued by virtue of any other provision of the Constitution of Canada.

21. Les articles 16 à 20 n'ont pas pour effet, en ce qui a trait à la langue française ou anglaise ou à ces deux langues, de porter atteinte aux droits, privilèges ou obligations qui existent ou sont maintenus aux termes d'une autre disposition de la Constitution du Canada.

Maintien en vigueur de certaines dispositions

Rights and privileges preserved

22. Nothing in sections 16 to 20 abrogates or derogates from any legal or customary right or privilege acquired or enjoyed either before or after the coming into force of this Charter with respect to any language that is not English or French.

22. Les articles 16 à 20 n'ont pas pour effet de porter atteinte aux droits et privilèges, antérieurs ou postérieurs à l'entrée en vigueur de la présente charte et découlant de la loi ou de la coutume, des langues autres que le français ou l'anglais.

Droits préservés

Minority Language Educational Rights

Droits à l'instruction dans la langue de la minorité

Language of instruction

23. (1) Citizens of Canada

(*a*) whose first language learned and still understood is that of the English or French linguistic minority population of the province in which they reside, or

(*b*) who have received their primary school instruction in Canada in English or French and reside in a province where the language in which they received that instruction is the language of the English or French linguistic minority population of the province,

have the right to have their children receive primary and secondary school instruction in that language in that province.

23. (1) Les citoyens canadiens :

a) dont la première langue apprise et encore comprise est celle de la minorité francophone ou anglophone de la province où ils résident,

b) qui ont reçu leur instruction, au niveau primaire, en français ou en anglais au Canada et qui résident dans une province où la langue dans laquelle ils ont reçu cette instruction est celle de la minorité francophone ou anglophone de la province,

ont, dans l'un ou l'autre cas, le droit d'y faire instruire leurs enfants, aux niveaux primaire et secondaire, dans cette langue.

Langue d'instruction

Continuity of language instruction

(2) Citizens of Canada of whom any child has received or is receiving primary or secondary school instruction in English or French in Canada, have the right to have all their children receive primary and secondary school instruction in the same language.

(2) Les citoyens canadiens dont un enfant a reçu ou reçoit son instruction, au niveau primaire ou secondaire, en français ou en anglais au Canada ont le droit de faire instruire tous leurs enfants, aux niveaux primaire et secondaire, dans la langue de cette instruction.

Continuité d'emploi de la langue d'instruction

Application where numbers warrant

(3) The right of citizens of Canada under subsections (1) and (2) to have their children receive primary and secondary school instruction in the language of the English or French linguistic minority population of a province

(*a*) applies wherever in the province the number of children of citizens who have such a right is sufficient to warrant the provision to them out of public funds of minority language instruction; and

(*b*) includes, where the number of those children so warrants, the right to have them receive that instruction in minority language educational facilities provided out of public funds.

Justification par le nombre

(3) Le droit reconnu aux citoyens canadiens par les paragraphes (1) et (2) de faire instruire leurs enfants, aux niveaux primaire et secondaire, dans la langue de la minorité francophone ou anglophone d'une province :

a) s'exerce partout dans la province où le nombre des enfants des citoyens qui ont ce droit est suffisant pour justifier à leur endroit la prestation, sur les fonds publics, de l'instruction dans la langue de la minorité;

b) comprend, lorsque le nombre de ces enfants le justifie, le droit de les faire instruire dans des établissements d'enseignement de la minorité linguistique financés sur les fonds publics.

Enforcement

Recours

Enforcement of guaranteed rights and freedoms

24. (1) Anyone whose rights or freedoms, as guaranteed by this Charter, have been infringed or denied may apply to a court of competent jurisdiction to obtain such remedy as the court considers appropriate and just in the circumstances.

Recours en cas d'atteinte aux droits et libertés

24. (1) Toute personne, victime de violation ou de négation des droits ou libertés qui lui sont garantis par la présente charte, peut s'adresser à un tribunal compétent pour obtenir la réparation que le tribunal estime convenable et juste eu égard aux circonstances.

Exclusion of evidence bringing administration of justice into disrepute

(2) Where, in proceedings under subsection (1), a court concludes that evidence was obtained in a manner that infringed or denied any rights or freedoms guaranteed by this Charter, the evidence shall be excluded if it is established that, having regard to all the circumstances, the admission of it in the proceedings would bring the administration of justice into disrepute.

Irrecevabilité d'éléments de preuve qui risqueraient de déconsidérer l'administration de la justice

(2) Lorsque, dans une instance visée au paragraphe (1), le tribunal a conclu que des éléments de preuve ont été obtenus dans des conditions qui portent atteinte aux droits ou libertés garantis par la présente charte, ces éléments de preuve sont écartés s'il est établi, eu égard aux circonstances, que leur utilisation est susceptible de déconsidérer l'administration de la justice.

General

Dispositions générales

Aboriginal rights and freedoms not affected by Charter

25. The guarantee in this Charter of certain rights and freedoms shall not be construed so as to abrogate or derogate from any aboriginal, treaty or other rights or freedoms that pertain to the aboriginal peoples of Canada including

(*a*) any rights or freedoms that have been recognized by the Royal Proclamation of October 7, 1763; and

(*b*) any rights or freedoms that may be acquired by the aboriginal peoples of Canada by way of land claims settlement.

Maintien des droits et libertés des autochtones

25. Le fait que la présente charte garantit certains droits et libertés ne porte pas atteinte aux droits ou libertés — ancestraux, issus de traités ou autres — des peuples autochtones du Canada, notamment :

a) aux droits ou libertés reconnus par la Proclamation royale du 7 octobre 1763;

b) aux droits ou libertés acquis par règlement de revendications territoriales.

Other rights and freedoms not affected by Charter

26. The guarantee in this Charter of certain rights and freedoms shall not be con-

Maintien des autres droits et libertés

26. Le fait que la présente charte garantit certains droits et libertés ne constitue pas

strued as denying the existence of any other rights or freedoms that exist in Canada.

une négation des autres droits ou libertés qui existent au Canada.

Multicultural heritage

27. This Charter shall be interpreted in a manner consistent with the preservation and enhancement of the multicultural heritage of Canadians.

27. Toute interprétation de la présente charte doit concorder avec l'objectif de promouvoir le maintien et la valorisation du patrimoine multiculturel des Canadiens.

Maintien du patrimoine culturel

Rights guaranteed equally to both sexes

28. Notwithstanding anything in this Charter, the rights and freedoms referred to in it are guaranteed equally to male and female persons.

28. Indépendamment des autres dispositions de la présente charte, les droits et libertés qui y sont mentionnés sont garantis également aux personnes des deux sexes.

Égalité de garantie des droits pour les deux sexes

Rights respecting certain schools preserved

29. Nothing in this Charter abrogates or derogates from any rights or privileges guaranteed by or under the Constitution of Canada in respect of denominational, separate or dissentient schools.

29. Les dispositions de la présente charte ne portent pas atteinte aux droits ou privilèges garantis en vertu de la Constitution du Canada concernant les écoles séparées et autres écoles confessionnelles.

Maintien des droits relatifs à certaines écoles

Application to territories and territorial authorities

30. A reference in this Charter to a province or to the legislative assembly or legislature of a province shall be deemed to include a reference to the Yukon Territory and the Northwest Territories, or to the appropriate legislative authority thereof, as the case may be.

30. Dans la présente charte, les dispositions qui visent les provinces, leur législature ou leur assemblée législative visent également le territoire du Yukon, les territoires du Nord-Ouest ou leurs autorités législatives compétentes.

Application aux territoires

Legislative powers not extended

31. Nothing in this Charter extends the legislative powers of any body or authority.

31. La présente charte n'élargit pas les compétences législatives de quelque organisme ou autorité que ce soit.

Non-élargissement des compétences législatives

Application of Charter

Application de la charte

Application of Charter

32. (1) This Charter applies

(*a*) to the Parliament and government of Canada in respect of all matters within the authority of Parliament including all matters relating to the Yukon Territory and Northwest Territories; and

(*b*) to the legislature and government of each province in respect of all matters within the authority of the legislature of each province.

32. (1) La présente charte s'applique :

a) au Parlement et au gouvernement du Canada, pour tous les domaines relevant du Parlement, y compris ceux qui concernent le territoire du Yukon et les territoires du Nord-Ouest;

b) à la législature et au gouvernement de chaque province, pour tous les domaines relevant de cette législature.

Application de la charte

Exception

(2) Notwithstanding subsection (1), section 15 shall not have effect until three years after this section comes into force.

(2) Par dérogation au paragraphe (1), l'article 15 n'a d'effet que trois ans après l'entrée en vigueur du présent article.

Restriction

Exception where express declaration

33. (1) Parliament or the legislature of a province may expressly declare in an Act of Parliament or of the legislature, as the case may be, that the Act or a provision thereof shall operate notwithstanding a provision included in section 2 or sections 7 to 15 of this Charter.

33. (1) Le Parlement ou la législature d'une province peut adopter une loi où il est expressément déclaré que celle-ci ou une de ses dispositions a effet indépendamment d'une disposition donnée de l'article 2 ou des articles 7 à 15 de la présente charte.

Dérogation par déclaration expresse

Operation of exception

(2) An Act or a provision of an Act in respect of which a declaration made under this section is in effect shall have such operation as it would have but for the provision of this Charter referred to in the declaration.

(2) La loi ou la disposition qui fait l'objet d'une déclaration conforme au présent article et en vigueur a l'effet qu'elle aurait sauf la disposition en cause de la charte.

Effet de la dérogation

Five year limitation

(3) A declaration made under subsection (1) shall cease to have effect five years after it comes into force or on such earlier date as may be specified in the declaration.

(3) La déclaration visée au paragraphe (1) cesse d'avoir effet à la date qui y est précisée ou, au plus tard, cinq ans après son entrée en vigueur.

Durée de validité

Re-enactment

(4) Parliament or a legislature of a province may re-enact a declaration made under subsection (1).

(4) Le Parlement ou une législature peut adopter de nouveau une déclaration visée au paragraphe (1).

Nouvelle adoption

Five year limitation

(5) Subsection (3) applies in respect of a re-enactment made under subsection (4).

(5) Le paragraphe (3) s'applique à toute déclaration adoptée sous le régime du paragraphe (4).

Durée de validité

Citation

Titre

Citation

34. This Part may be cited as the *Canadian Charter of Rights and Freedoms.*

34. Titre de la présente partie : *Charte canadienne des droits et libertés.*

Titre

PART II

RIGHTS OF THE ABORIGINAL PEOPLES OF CANADA

PARTIE II

DROITS DES PEUPLES AUTOCHTONES DU CANADA

Recognition of existing aboriginal and treaty rights

35. (1) The existing aboriginal and treaty rights of the aboriginal peoples of Canada are hereby recognized and affirmed.

35. (1) Les droits existants — ancestraux ou issus de traités — des peuples autochtones du Canada sont reconnus et confirmés.

Confirmation des droits existants des peuples autochtones

Definition of "aboriginal peoples of Canada"

(2) In this Act, "aboriginal peoples of Canada" includes the Indian, Inuit and Métis peoples of Canada.

(2) Dans la présente loi, «peuples autochtones du Canada» s'entend notamment des Indiens, des Inuit et des Métis du Canada.

Définition de «peuples autochtones du Canada»

PART III

EQUALIZATION AND REGIONAL DISPARITIES

PARTIE III

PÉRÉQUATION ET INÉGALITÉS RÉGIONALES

Commitment to promote equal opportunities

36. (1) Without altering the legislative authority of Parliament or of the provincial legislatures, or the rights of any of them with respect to the exercise of their legislative authority, Parliament and the legislatures, together with the government of Canada and the provincial governments, are committed to

(*a*) promoting equal opportunities for the well-being of Canadians;

(*b*) furthering economic development to reduce disparity in opportunities; and

(*c*) providing essential public services of reasonable quality to all Canadians.

36. (1) Sous réserve des compétences législatives du Parlement et des législatures et de leur droit de les exercer, le Parlement et les législatures, ainsi que les gouvernements fédéral et provinciaux, s'engagent à :

a) promouvoir l'égalité des chances de tous les Canadiens dans la recherche de leur bien-être;

b) favoriser le développement économique pour réduire l'inégalité des chances;

c) fournir à tous les Canadiens, à un niveau de qualité acceptable, les services publics essentiels.

Engagements relatifs à l'égalité des chances

Commitment respecting public services

(2) Parliament and the government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation.

Engagement relatif aux services publics

(2) Le Parlement et le gouvernement du Canada prennent l'engagement de principe de faire des paiements de péréquation propres à donner aux gouvernements provinciaux des revenus suffisants pour les mettre en mesure d'assurer les services publics à un niveau de qualité et de fiscalité sensiblement comparables.

PART IV

CONSTITUTIONAL CONFERENCE

PARTIE IV

CONFÉRENCE CONSTITUTIONNELLE

Constitutional conference

37. (1) A constitutional conference composed of the Prime Minister of Canada and the first ministers of the provinces shall be convened by the Prime Minister of Canada within one year after this Part comes into force.

Conférence constitutionnelle

37. (1) Dans l'année suivant l'entrée en vigueur de la présente partie, le premier ministre du Canada convoque une conférence constitutionnelle réunissant les premiers ministres provinciaux et lui-même.

Participation of aboriginal peoples

(2) The conference convened under subsection (1) shall have included in its agenda an item respecting constitutional matters that directly affect the aboriginal peoples of Canada, including the identification and definition of the rights of those peoples to be included in the Constitution of Canada, and the Prime Minister of Canada shall invite representatives of those peoples to participate in the discussions on that item.

Participation des peuples autochtones

(2) Sont placées à l'ordre du jour de la conférence visée au paragraphe (1) les questions constitutionnelles qui intéressent directement les peuples autochtones du Canada, notamment la détermination et la définition des droits de ces peuples à inscrire dans la Constitution du Canada. Le premier ministre du Canada invite leurs représentants à participer aux travaux relatifs à ces questions.

Participation of territories

(3) The Prime Minister of Canada shall invite elected representatives of the governments of the Yukon Territory and the Northwest Territories to participate in the discussions on any item on the agenda of the conference convened under subsection (1) that, in the opinion of the Prime Minister, directly affects the Yukon Territory and the Northwest Territories.

Participation des territoires

(3) Le premier ministre du Canada invite des représentants élus des gouvernements du territoire du Yukon et des territoires du Nord-Ouest à participer aux travaux relatifs à toute question placée à l'ordre du jour de la conférence visée au paragraphe (1) et qui, selon lui, intéresse directement le territoire du Yukon et les territoires du Nord-Ouest.

PART V

PROCEDURE FOR AMENDING CONSTITUTION OF CANADA

PARTIE V

PROCÉDURE DE MODIFICATION DE LA CONSTITUTION DU CANADA

General procedure for amending Constitution of Canada

38. (1) An amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by

(*a*) resolutions of the Senate and House of Commons; and

(*b*) resolutions of the legislative assemblies of at least two-thirds of the provinces

Procédure normale de modification

38. (1) La Constitution du Canada peut être modifiée par proclamation du gouverneur général sous le grand sceau du Canada, autorisée à la fois :

a) par des résolutions du Sénat et de la Chambre des communes;

b) par des résolutions des assemblées législatives d'au moins deux tiers des provinces dont la population confondue repré-

that have, in the aggregate, according to the then latest general census, at least fifty per cent of the population of all the provinces.

sente, selon le recensement général le plus récent à l'époque, au moins cinquante pour cent de la population de toutes les provinces.

Majority of members

(2) An amendment made under subsection (1) that derogates from the legislative powers, the proprietary rights or any other rights or privileges of the legislature or government of a province shall require a resolution supported by a majority of the members of each of the Senate, the House of Commons and the legislative assemblies required under subsection (1).

(2) Une modification faite conformément au paragraphe (1) mais dérogatoire à la compétence législative, aux droits de propriété ou à tous autres droits ou privilèges d'une législature ou d'un gouvernement provincial exige une résolution adoptée à la majorité des sénateurs, des députés fédéraux et des députés de chacune des assemblées législatives du nombre requis de provinces.

Majorité simple

Expression of dissent

(3) An amendment referred to in subsection (2) shall not have effect in a province the legislative assembly of which has expressed its dissent thereto by resolution supported by a majority of its members prior to the issue of the proclamation to which the amendment relates unless that legislative assembly, subsequently, by resolution supported by a majority of its members, revokes its dissent and authorizes the amendment.

(3) La modification visée au paragraphe (2) est sans effet dans une province dont l'assemblée législative a, avant la prise de la proclamation, exprimé son désaccord par une résolution adoptée à la majorité des députés, sauf si cette assemblée, par résolution également adoptée à la majorité, revient sur son désaccord et autorise la modification.

Désaccord

Revocation of dissent

(4) A resolution of dissent made for the purposes of subsection (3) may be revoked at any time before or after the issue of the proclamation to which it relates.

(4) La résolution de désaccord visée au paragraphe (3) peut être révoquée à tout moment, indépendamment de la date de la proclamation à laquelle elle se rapporte.

Levée du désaccord

Restriction on proclamation

39. (1) A proclamation shall not be issued under subsection 38(1) before the expiration of one year from the adoption of the resolution initiating the amendment procedure thereunder, unless the legislative assembly of each province has previously adopted a resolution of assent or dissent.

39. (1) La proclamation visée au paragraphe 38(1) ne peut être prise dans l'année suivant l'adoption de la résolution à l'origine de la procédure de modification que si l'assemblée législative de chaque province a préalablement adopté une résolution d'agrément ou de désaccord.

Restriction

Idem

(2) A proclamation shall not be issued under subsection 38(1) after the expiration of three years from the adoption of the resolution initiating the amendment procedure thereunder.

(2) La proclamation visée au paragraphe 38(1) ne peut être prise que dans les trois ans suivant l'adoption de la résolution à l'origine de la procédure de modification.

Idem

Compensation

40. Where an amendment is made under subsection 38(1) that transfers provincial legislative powers relating to education or other cultural matters from provincial legislatures to Parliament, Canada shall provide reasonable compensation to any province to which the amendment does not apply.

40. Le Canada fournit une juste compensation aux provinces auxquelles ne s'applique pas une modification faite conformément au paragraphe 38(1) et relative, en matière d'éducation ou dans d'autres domaines culturels, à un transfert de compétences législatives provinciales au Parlement.

Compensation

Amendment by unanimous consent

41. An amendment to the Constitution of Canada in relation to the following matters

41. Toute modification de la Constitution du Canada portant sur les questions suivan-

Consentement unanime

may be made by proclamation issued by the Governor General under the Great Seal of Canada only where authorized by resolutions of the Senate and House of Commons and of the legislative assembly of each province:

(*a*) the office of the Queen, the Governor General and the Lieutenant Governor of a province;

(*b*) the right of a province to a number of members in the House of Commons not less than the number of Senators by which the province is entitled to be represented at the time this Part comes into force;

(*c*) subject to section 43, the use of the English or the French language;

(*d*) the composition of the Supreme Court of Canada; and

(*e*) an amendment to this Part.

Amendment by general procedure

42. (1) An amendment to the Constitution of Canada in relation to the following matters may be made only in accordance with subsection 38(1):

(*a*) the principle of proportionate representation of the provinces in the House of Commons prescribed by the Constitution of Canada;

(*b*) the powers of the Senate and the method of selecting Senators;

(*c*) the number of members by which a province is entitled to be represented in the Senate and the residence qualifications of Senators;

(*d*) subject to paragraph 41(*d*), the Supreme Court of Canada;

(*e*) the extension of existing provinces into the territories; and

(*f*) notwithstanding any other law or practice, the establishment of new provinces.

Exception

(2) Subsections 38(2) to (4) do not apply in respect of amendments in relation to matters referred to in subsection (1).

Amendment of provisions relating to some but not all provinces

43. An amendment to the Constitution of Canada in relation to any provision that applies to one or more, but not all, provinces, including

(*a*) any alteration to boundaries between provinces, and

tes se fait par proclamation du gouverneur général sous le grand sceau du Canada, autorisée par des résolutions du Sénat, de la Chambre des communes et de l'assemblée législative de chaque province :

a) la charge de Reine, celle de gouverneur général et celle de lieutenant-gouverneur;

b) le droit d'une province d'avoir à la Chambre des communes un nombre de députés au moins égal à celui des sénateurs par lesquels elle est habilitée à être représentée lors de l'entrée en vigueur de la présente partie;

c) sous réserve de l'article 43, l'usage du français ou de l'anglais;

d) la composition de la Cour suprême du Canada;

e) la modification de la présente partie.

Procédure normale de modification

42. (1) Toute modification de la Constitution du Canada portant sur les questions suivantes se fait conformément au paragraphe 38(1) :

a) le principe de la représentation proportionnelle des provinces à la Chambre des communes prévu par la Constitution du Canada;

b) les pouvoirs du Sénat et le mode de sélection des sénateurs;

c) le nombre des sénateurs par lesquels une province est habilitée à être représentée et les conditions de résidence qu'ils doivent remplir;

d) sous réserve de l'alinéa 41*d*), la Cour suprême du Canada;

e) le rattachement aux provinces existantes de tout ou partie des territoires;

f) par dérogation à toute autre loi ou usage, la création de provinces.

Exception

(2) Les paragraphes 38(2) à (4) ne s'appliquent pas aux questions mentionnées au paragraphe (1).

Modification à l'égard de certaines provinces

43. Les dispositions de la Constitution du Canada applicables à certaines provinces seulement ne peuvent être modifiées que par proclamation du gouverneur général sous le grand sceau du Canada, autorisée par des résolutions du Sénat, de la Chambre des

(*b*) any amendment to any provision that relates to the use of the English or the French language within a province,

may be made by proclamation issued by the Governor General under the Great Seal of Canada only where so authorized by resolutions of the Senate and House of Commons and of the legislative assembly of each province to which the amendment applies.

communes et de l'assemblée législative de chaque province concernée. Le présent article s'applique notamment :

a) aux changements du tracé des frontières interprovinciales;

b) aux modifications des dispositions relatives à l'usage du français ou de l'anglais dans une province.

Amendments by Parliament

44. Subject to sections 41 and 42, Parliament may exclusively make laws amending the Constitution of Canada in relation to the executive government of Canada or the Senate and House of Commons.

44. Sous réserve des articles 41 et 42, le Parlement a compétence exclusive pour modifier les dispositions de la Constitution du Canada relatives au pouvoir exécutif fédéral, au Sénat ou à la Chambre des communes.

Modification par le Parlement

Amendments by provincial legislatures

45. Subject to section 41, the legislature of each province may exclusively make laws amending the constitution of the province.

45. Sous réserve de l'article 41, une législature a compétence exclusive pour modifier la constitution de sa province.

Modification par les législatures

Initiation of amendment procedures

46. (1) The procedures for amendment under sections 38, 41, 42 and 43 may be initiated either by the Senate or the House of Commons or by the legislative assembly of a province.

46. (1) L'initiative des procédures de modification visées aux articles 38, 41, 42 et 43 appartient au Sénat, à la Chambre des communes ou à une assemblée législative.

Initiative des procédures

Revocation of authorization

(2) A resolution of assent made for the purposes of this Part may be revoked at any time before the issue of a proclamation authorized by it.

(2) Une résolution d'agrément adoptée dans le cadre de la présente partie peut être révoquée à tout moment avant la date de la proclamation qu'elle autorise.

Possibilité de révocation

Amendments without Senate resolution

47. (1) An amendment to the Constitution of Canada made by proclamation under section 38, 41, 42 or 43 may be made without a resolution of the Senate authorizing the issue of the proclamation if, within one hundred and eighty days after the adoption by the House of Commons of a resolution authorizing its issue, the Senate has not adopted such a resolution and if, at any time after the expiration of that period, the House of Commons again adopts the resolution.

47. (1) Dans les cas visés à l'article 38, 41, 42 ou 43, il peut être passé outre au défaut d'autorisation du Sénat si celui-ci n'a pas adopté de résolution dans un délai de cent quatre-vingts jours suivant l'adoption de celle de la Chambre des communes et si cette dernière, après l'expiration du délai, adopte une nouvelle résolution dans le même sens.

Modification sans résolution du Sénat

Computation of period

(2) Any period when Parliament is prorogued or dissolved shall not be counted in computing the one hundred and eighty day period referred to in subsection (1).

(2) Dans la computation du délai visé au paragraphe (1), ne sont pas comptées les périodes pendant lesquelles le Parlement est prorogé ou dissous.

Computation du délai

Advice to issue proclamation

48. The Queen's Privy Council for Canada shall advise the Governor General to issue a proclamation under this Part forthwith on the adoption of the resolutions

48. Le Conseil privé de la Reine pour le Canada demande au gouverneur général de prendre, conformément à la présente partie, une proclamation dès l'adoption des résolu-

Demande de proclamation

required for an amendment made by proclamation under this Part.

Constitutional conference

49. A constitutional conference composed of the Prime Minister of Canada and the first ministers of the provinces shall be convened by the Prime Minister of Canada within fifteen years after this Part comes into force to review the provisions of this Part.

PART VI

AMENDMENT TO THE CONSTITUTION ACT, 1867

Amendment to *Constitution Act, 1867*

50. The *Constitution Act, 1867* (formerly named the *British North America Act, 1867*) is amended by adding thereto, immediately after section 92 thereof, the following heading and section:

"*Non-Renewable Natural Resources, Forestry Resources and Electrical Energy*

Laws respecting non-renewable natural resources, forestry resources and electrical energy

92A. (1) In each province, the legislature may exclusively make laws in relation to

(*a*) exploration for non-renewable natural resources in the province;

(*b*) development, conservation and management of non-renewable natural resources and forestry resources in the province, including laws in relation to the rate of primary production therefrom; and

(*c*) development, conservation and management of sites and facilities in the province for the generation and production of electrical energy.

Export from provinces of resources

(2) In each province, the legislature may make laws in relation to the export from the province to another part of Canada of the primary production from non-renewable natural resources and forestry resources in the province and the production from facilities in the province for the generation of electrical energy, but such laws may not authorize or provide for discrimination in prices or in supplies exported to another part of Canada.

tions prévues par cette partie pour une modification par proclamation.

Conférence constitutionnelle

49. Dans les quinze ans suivant l'entrée en vigueur de la présente partie, le premier ministre du Canada convoque une conférence constitutionnelle réunissant les premiers ministres provinciaux et lui-même, en vue du réexamen des dispositions de cette partie.

PARTIE VI

MODIFICATION DE LA LOI CONSTITUTIONNELLE DE 1867

Modification de la *Loi constitutionnelle de 1867*

50. La *Loi constitutionnelle de 1867* (antérieurement désignée sous le titre : *Acte de l'Amérique du Nord britannique, 1867*) est modifiée par insertion, après l'article 92, de la rubrique et de l'article suivants :

«*Ressources naturelles non renouvelables, ressources forestières et énergie électrique*

Compétence provinciale

92A. (1) La législature de chaque province a compétence exclusive pour légiférer dans les domaines suivants :

a) prospection des ressources naturelles non renouvelables de la province;

b) exploitation, conservation et gestion des ressources naturelles non renouvelables et des ressources forestières de la province, y compris leur rythme de production primaire;

c) aménagement, conservation et gestion des emplacements et des installations de la province destinés à la production d'énergie électrique.

Exportation hors des provinces

(2) La législature de chaque province a compétence pour légiférer en ce qui concerne l'exportation, hors de la province, à destination d'une autre partie du Canada, de la production primaire tirée des ressources naturelles non renouvelables et des ressources forestières de la province, ainsi que de la production d'énergie électrique de la province, sous réserve de ne pas adopter de lois autorisant ou prévoyant des disparités de prix ou des disparités dans les exportations destinées à une autre partie du Canada.

Authority of Parliament

(3) Nothing in subsection (2) derogates from the authority of Parliament to enact laws in relation to the matters referred to in that subsection and, where such a law of Parliament and a law of a province conflict, the law of Parliament prevails to the extent of the conflict.

Taxation of resources

(4) In each province, the legislature may make laws in relation to the raising of money by any mode or system of taxation in respect of

(*a*) non-renewable natural resources and forestry resources in the province and the primary production therefrom, and

(*b*) sites and facilities in the province for the generation of electrical energy and the production therefrom,

whether or not such production is exported in whole or in part from the province, but such laws may not authorize or provide for taxation that differentiates between production exported to another part of Canada and production not exported from the province.

"Primary production"

(5) The expression "primary production" has the meaning assigned by the Sixth Schedule.

Existing powers or rights

(6) Nothing in subsections (1) to (5) derogates from any powers or rights that a legislature or government of a province had immediately before the coming into force of this section."

Idem

51. The said Act is further amended by adding thereto the following Schedule:

"THE SIXTH SCHEDULE

Primary Production from Non-Renewable Natural Resources and Forestry Resources

1. For the purposes of section 92A of this Act,

Pouvoir du Parlement

(3) Le paragraphe (2) ne porte pas atteinte au pouvoir du Parlement de légiférer dans les domaines visés à ce paragraphe, les dispositions d'une loi du Parlement adoptée dans ces domaines l'emportant sur les dispositions incompatibles d'une loi provinciale.

Taxation des ressources

(4) La législature de chaque province a compétence pour prélever des sommes d'argent par tout mode ou système de taxation :

a) des ressources naturelles non renouvelables et des ressources forestières de la province, ainsi que de la production primaire qui en est tirée;

b) des emplacements et des installations de la province destinés à la production d'énergie électrique, ainsi que de cette production même.

Cette compétence peut s'exercer indépendamment du fait que la production en cause soit ou non, en totalité ou en partie, exportée hors de la province, mais les lois adoptées dans ces domaines ne peuvent autoriser ou prévoir une taxation qui établisse une distinction entre la production exportée à destination d'une autre partie du Canada et la production non exportée hors de la province.

«Production primaire»

(5) L'expression «production primaire» a le sens qui lui est donné dans la sixième annexe.

Pouvoirs ou droits existants

(6) Les paragraphes (1) à (5) ne portent pas atteinte aux pouvoirs ou droits détenus par la législature ou le gouvernement d'une province lors de l'entrée en vigueur du présent article.»

Idem

51. Ladite loi est en outre modifiée par adjonction de l'annexe suivante :

«SIXIÈME ANNEXE

Production primaire tirée des ressources naturelles non renouvelables et des ressources forestières

1. Pour l'application de l'article 92A :

(*a*) production from a non-renewable natural resource is primary production therefrom if

(i) it is in the form in which it exists upon its recovery or severance from its natural state, or

(ii) it is a product resulting from processing or refining the resource, and is not a manufactured product or a product resulting from refining crude oil, refining upgraded heavy crude oil, refining gases or liquids derived from coal or refining a synthetic equivalent of crude oil; and

(*b*) production from a forestry resource is primary production therefrom if it consists of sawlogs, poles, lumber, wood chips, sawdust or any other primary wood product, or wood pulp, and is not a product manufactured from wood."

a) on entend par production primaire tirée d'une ressource naturelle non renouvelable :

(i) soit le produit qui se présente sous la même forme que lors de son extraction du milieu naturel,

(ii) soit le produit non manufacturé de la transformation, du raffinage ou de l'affinage d'une ressource, à l'exception du produit du raffinage du pétrole brut, du raffinage du pétrole brut lourd amélioré, du raffinage des gaz ou des liquides dérivés du charbon ou du raffinage d'un équivalent synthétique du pétrole brut;

b) on entend par production primaire tirée d'une ressource forestière la production constituée de billots, de poteaux, de bois d'œuvre, de copeaux, de sciure ou d'autre produit primaire du bois, ou de pâte de bois, à l'exception d'un produit manufacturé en bois.»

PART VII

GENERAL

Primacy of Constitution of Canada

52. (1) The Constitution of Canada is the supreme law of Canada, and any law that is inconsistent with the provisions of the Constitution is, to the extent of the inconsistency, of no force or effect.

Constitution of Canada

(2) The Constitution of Canada includes

(*a*) the *Canada Act*, including this Act;

(*b*) the Acts and orders referred to in Schedule I; and

(*c*) any amendment to any Act or order referred to in paragraph (*a*) or (*b*).

Amendments to Constitution of Canada

(3) Amendments to the Constitution of Canada shall be made only in accordance with the authority contained in the Constitution of Canada.

Repeals and new names

53. (1) The enactments referred to in Column I of Schedule I are hereby repealed or amended to the extent indicated in Column II thereof and, unless repealed, shall continue as law in Canada under the names set out in Column III thereof.

PARTIE VII

DISPOSITIONS GÉNÉRALES

Primauté de la Constitution du Canada

52. (1) La Constitution du Canada est la loi suprême du Canada; elle rend inopérantes les dispositions incompatibles de toute autre règle de droit.

Constitution du Canada

(2) La Constitution du Canada comprend :

a) la *Loi sur le Canada*, y compris la présente loi;

b) les textes législatifs et les décrets figurant à l'annexe I;

c) les modifications des textes législatifs et des décrets mentionnés aux alinéas *a*) ou *b*).

Modification

(3) La Constitution du Canada ne peut être modifiée que conformément aux pouvoirs conférés par elle.

Abrogation et nouveaux titres

53. (1) Les textes législatifs et les décrets énumérés à la colonne I de l'annexe I sont abrogés ou modifiés dans la mesure indiquée à la colonne II. Sauf abrogation, ils restent en vigueur en tant que lois du Canada sous les titres mentionnés à la colonne III.

Consequential amendments

(2) Every enactment, except the *Canada Act*, that refers to an enactment referred to in Schedule I by the name in Column I thereof is hereby amended by substituting for that name the corresponding name in Column III thereof, and any British North America Act not referred to in Schedule I may be cited as the *Constitution Act* followed by the year and number, if any, of its enactment.

Modifications corrélatives

(2) Tout texte législatif ou réglementaire, sauf la *Loi sur le Canada,* qui fait mention d'un texte législatif ou décret figurant à l'annexe I par le titre indiqué à la colonne I est modifié par substitution à ce titre du titre correspondant mentionné à la colonne III; tout Acte de l'Amérique du Nord britannique non mentionné à l'annexe I peut être cité sous le titre de *Loi constitutionnelle* suivi de l'indication de l'année de son adoption et éventuellement de son numéro.

Repeal and consequential amendments

54. Part IV is repealed on the day that is one year after this Part comes into force and this section may be repealed and this Act renumbered, consequential upon the repeal of Part IV and this section, by proclamation issued by the Governor General under the Great Seal of Canada.

Abrogation et modifications qui en découlent

54. La partie IV est abrogée un an après l'entrée en vigueur de la présente partie et le gouverneur général peut, par proclamation sous le grand sceau du Canada, abroger le présent article et apporter en conséquence de cette double abrogation les aménagements qui s'imposent à la présente loi.

French version of Constitution of Canada

55. A French version of the portions of the Constitution of Canada referred to in Schedule I shall be prepared by the Minister of Justice of Canada as expeditiously as possible and, when any portion thereof sufficient to warrant action being taken has been so prepared, it shall be put forward for enactment by proclamation issued by the Governor General under the Great Seal of Canada pursuant to the procedure then applicable to an amendment of the same provisions of the Constitution of Canada.

Version française de certains textes constitutionnels

55. Le ministre de la Justice du Canada est chargé de rédiger, dans les meilleurs délais, la version française des parties de la Constitution du Canada qui figurent à l'annexe I; toute partie suffisamment importante est, dès qu'elle est prête, déposée pour adoption par proclamation du gouverneur général sous le grand sceau du Canada, conformément à la procédure applicable à l'époque à la modification des dispositions constitutionnelles qu'elle contient.

English and French versions of certain constitutional texts

56. Where any portion of the Constitution of Canada has been or is enacted in English and French or where a French version of any portion of the Constitution is enacted pursuant to section 55, the English and French versions of that portion of the Constitution are equally authoritative.

Versions française et anglaise de certains textes constitutionnels

56. Les versions française et anglaise des parties de la Constitution du Canada adoptées dans ces deux langues ont également force de loi. En outre, ont également force de loi, dès l'adoption, dans le cadre de l'article 55, d'une partie de la version française de la Constitution, cette partie et la version anglaise correspondante.

English and French versions of this Act

57. The English and French versions of this Act are equally authoritative.

Versions française et anglaise de la présente loi

57. Les versions française et anglaise de la présente loi ont également force de loi.

Commencement

58. Subject to section 59, this Act shall come into force on a day to be fixed by proclamation issued by the Queen or the Governor General under the Great Seal of Canada.

Entrée en vigueur

58. Sous réserve de l'article 59, la présente loi entre en vigueur à la date fixée par proclamation de la Reine ou du gouverneur général sous le grand sceau du Canada.

Commencement of paragraph 23(1)(*a*) in respect of Quebec

59. (1) Paragraph 23(1)(*a*) shall come into force in respect of Quebec on a day to be

Entrée en vigueur de l'alinéa 23(1)*a*) pour le Québec

59. (1) L'alinéa 23(1)*a*) entre en vigueur pour le Québec à la date fixée par proclama-

fixed by proclamation issued by the Queen or the Governor General under the Great Seal of Canada.

Authorization of Quebec

(2) A proclamation under subsection (1) shall be issued only where authorized by the legislative assembly or government of Quebec.

Repeal of this section

(3) This section may be repealed on the day paragraph 23(1)(*a*) comes into force in respect of Quebec and this Act amended and renumbered, consequential upon the repeal of this section, by proclamation issued by the Queen or the Governor General under the Great Seal of Canada.

Short title and citations

60. This Act may be cited as the *Constitution Act, 1981*, and the Constitution Acts 1867 to 1975 (No. 2) and this Act may be cited together as the *Constitution Acts, 1867 to 1981*.

tion de la Reine ou du gouverneur général sous le grand sceau du Canada.

Autorisation du Québec

(2) La proclamation visée au paragraphe 23(1) ne peut être prise qu'après autorisation de l'assemblée législative ou du gouvernement du Québec.

Abrogation du présent article

(3) Le présent article peut être abrogé à la date d'entrée en vigueur de l'alinéa 23(1)*a*) pour le Québec, et la présente loi faire l'objet, dès cette abrogation, des modifications et changements de numérotation qui en découlent, par proclamation de la Reine ou du gouverneur général sous le grand sceau du Canada.

Titres

60. Titre abrégé de la présente annexe : *Loi constitutionnelle de 1981*; titre commun des lois constitutionnelles de 1867 à 1975 (nº 2) et de la présente loi : *Lois constitutionnelles de 1867 à 1981*.

SCHEDULE I

to the

CONSTITUTION ACT, 1981

MODERNIZATION OF THE CONSTITUTION

Item	Column I Act Affected	Column II Amendment	Column III New Name
1.	British North America Act, 1867, 30-31 Vict., c. 3 (U.K.)	(1) Section 1 is repealed and the following substituted therefor: "1. This Act may be cited as the *Constitution Act, 1867*." (2) Section 20 is repealed. (3) Class 1 of section 91 is repealed. (4) Class 1 of section 92 is repealed.	Constitution Act, 1867
2.	An Act to amend and continue the Act 32-33 Victoria chapter 3; and to establish and provide for the Government of the Province of Manitoba, 1870, 33 Vict., c. 3 (Can.)	(1) The long title is repealed and the following substituted therefor: "*Manitoba Act, 1870*." (2) Section 20 is repealed.	Manitoba Act, 1870
3.	Order of Her Majesty in Council admitting Rupert's Land and the North-Western Territory into the union, dated the 23rd day of June, 1870		Rupert's Land and North-Western Territory Order
4.	Order of Her Majesty in Council admitting British Columbia into the Union, dated the 16th day of May, 1871		British Columbia Terms of Union
5.	British North America Act, 1871, 34-35 Vict., c. 28 (U.K.)	Section 1 is repealed and the following substituted therefor: "1. This Act may be cited as the *Constitution Act, 1871*."	Constitution Act, 1871
6.	Order of Her Majesty in Council admitting Prince Edward Island into the Union, dated the 26th day of June, 1873		Prince Edward Island Terms of Union
7.	Parliament of Canada Act, 1875, 38-39 Vict., c. 38 (U.K.)		Parliament of Canada Act, 1875
8.	Order of Her Majesty in Council admitting all British possessions and Territories in North America and islands adjacent thereto into the Union, dated the 31st day of July, 1880		Adjacent Territories Order

ANNEXE I

LOI CONSTITUTIONNELLE DE 1981

ACTUALISATION DE LA CONSTITUTION

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
1.	Acte de l'Amérique du Nord britannique, 1867, 30-31 Vict., c. 3 (R.-U.)	(1) L'article 1 est abrogé et remplacé par ce qui suit : «1. Titre abrégé : *Loi constitutionnelle de 1867*.» (2) L'article 20 est abrogé. (3) La catégorie 1 de l'article 91 est abrogée. (4) La catégorie 1 de l'article 92 est abrogée.	Loi constitutionnelle de 1867
2.	Acte pour amender et continuer l'acte trente-deux et trente-trois Victoria, chapitre trois, et pour établir et constituer le gouvernement de la province de Manitoba, 1870, 33 Vict., c. 3 (Canada)	(1) Le titre complet est abrogé et remplacé par ce qui suit : «*Loi de 1870 sur le Manitoba*.» (2) L'article 20 est abrogé.	Loi de 1870 sur le Manitoba
3.	Arrêté en conseil de Sa Majesté admettant la Terre de Rupert et le Territoire du Nord-Ouest, en date du 23 juin 1870		Décret en conseil sur la terre de Rupert et le territoire du Nord-Ouest
4.	Arrêté en conseil de Sa Majesté admettant la Colombie-Britannique, en date du 16 mai 1871		Conditions de l'adhésion de la Colombie-Britannique
5.	Acte de l'Amérique du Nord britannique, 1871, 34-35 Vict., c. 28 (R.-U.)	L'article 1 est abrogé et remplacé par ce qui suit : «1. Titre abrégé : *Loi constitutionnelle de 1871*.»	Loi constitutionnelle de 1871
6.	Arrêté en conseil de Sa Majesté admettant l'Île-du-Prince-Édouard, en date du 26 juin 1873		Conditions de l'adhésion de l'Île-du-Prince-Édouard
7.	Acte du Parlement du Canada, 1875, 38-39 Vict., c. 38 (R.-U.)		Loi de 1875 sur le Parlement du Canada
8.	Arrêté en conseil de Sa Majesté admettant dans l'Union tous les territoires et possessions britanniques dans l'Amérique du Nord, et les îles adjacentes à ces territoires et possessions, en date du 31 juillet 1880		Décret en conseil sur les territoires adjacents

SCHEDULE I

to the

CONSTITUTION ACT, 1981—*Continued*

Item	Column I Act Affected	Column II Amendment	Column III New Name
9.	British North America Act, 1886, 49-50 Vict., c. 35 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act, 1886*."	Constitution Act, 1886
10.	Canada (Ontario Boundary) Act, 1889, 52-53 Vict., c. 28 (U.K.)		Canada (Ontario Boundary) Act, 1889
11.	Canadian Speaker (Appointment of Deputy) Act, 1895, 2nd Sess., 59 Vict., c. 3 (U.K.)	The Act is repealed.	
12.	The Alberta Act, 1905, 4-5 Edw. VII, c. 3 (Can.)		Alberta Act
13.	The Saskatchewan Act, 1905, 4-5 Edw. VII, c. 42 (Can.)		Saskatchewan Act
14.	British North America Act, 1907, 7 Edw. VII, c. 11 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1907*."	Constitution Act, 1907
15.	British North America Act, 1915, 5-6 Geo. V, c. 45 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act, 1915*."	Constitution Act, 1915
16.	British North America Act, 1930, 20-21 Geo. V, c. 26 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act, 1930*."	Constitution Act, 1930
17.	Statute of Westminster, 1931, 22 Geo. V, c. 4 (U.K.)	In so far as they apply to Canada, (*a*) section 4 is repealed; and (*b*) subsection 7(1) is repealed.	Statute of Westminster, 1931
18.	British North America Act, 1940, 3-4 Geo. VI, c. 36 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1940*."	Constitution Act, 1940
19.	British North America Act, 1943, 6-7 Geo. VI, c. 30 (U.K.)	The Act is repealed.	

ANNEXE I (*suite*)

LOI CONSTITUTIONNELLE DE 1981

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
9.	Acte de l'Amérique du Nord britannique, 1886, 49-50 Vict., c. 35 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle de 1886.*»	Loi constitutionnelle de 1886
10.	Acte du Canada (limites d'Ontario) 1889, 52-53 Vict., c. 28 (R.-U.)		Loi de 1889 sur le Canada (frontières de l'Ontario)
11.	Acte concernant l'Orateur canadien (nomination d'un suppléant) 1895, 2e session, 59 Vict., c. 3 (R.-U.)	La loi est abrogée.	
12.	Acte de l'Alberta, 1905, 4-5 Ed. VII, c. 3 (Canada)		Loi sur l'Alberta
13.	Acte de la Saskatchewan, 1905, 4-5 Ed. VII, c. 42 (Canada)		Loi sur la Saskatchewan
14.	Acte de l'Amérique du Nord britannique, 1907, 7 Ed. VII, c. 11 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1907.*»	Loi constitutionnelle de 1907
15.	Acte de l'Amérique du Nord britannique, 1915, 5-6 Geo. V, c. 45 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle de 1915.*»	Loi constitutionnelle de 1915
16.	Acte de l'Amérique du Nord britannique, 1930, 20-21 Geo. V, c. 26 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle de 1930.*»	Loi constitutionnelle de 1930
17.	Statut de Westminster, 1931, 22 Geo. V, c. 4 (R.-U.)	Dans la mesure où ils s'appliquent au Canada : *a*) l'article 4 est abrogé; *b*) le paragraphe 7(1) est abrogé.	Statut de Westminster de 1931
18.	Acte de l'Amérique du Nord britannique, 1940, 3-4 Geo. VI, c. 36 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1940.*»	Loi constitutionnelle de 1940
19.	Acte de l'Amérique du Nord britannique, 1943, 6-7 Geo. VI, c. 30 (R.-U.)	La loi est abrogée.	

SCHEDULE I

to the

CONSTITUTION ACT, 1981—*Continued*

Item	Column I Act Affected	Column II Amendment	Column III New Name
20.	British North America Act, 1946, 9-10 Geo. VI, c. 63 (U.K.)	The Act is repealed.	
21.	British North America Act, 1949, 12-13 Geo. VI, c. 22 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Newfoundland Act*."	Newfoundland Act
22.	British North America (No. 2) Act, 1949, 13 Geo. VI, c. 81 (U.K.)	The Act is repealed.	
23.	British North America Act, 1951, 14-15 Geo. VI, c. 32 (U.K.)	The Act is repealed.	
24.	British North America Act, 1952, 1 Eliz. II, c. 15 (Can.)	The Act is repealed.	
25.	British North America Act, 1960, 9 Eliz. II, c. 2 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1960*."	Constitution Act, 1960
26.	British North America Act, 1964, 12-13 Eliz. II, c. 73 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1964*."	Constitution Act, 1964
27.	British North America Act, 1965, 14 Eliz. II, c. 4, Part I (Can.)	Section 2 is repealed and the following substituted therefor: "2. This Part may be cited as the *Constitution Act, 1965*."	Constitution Act, 1965
28.	British North America Act, 1974, 23 Eliz. II, c. 13, Part I (Can.)	Section 3, as amended by 25-26 Eliz. II, c. 28, s. 38(1) (Can.), is repealed and the following substituted therefor: "3. This Part may be cited as the *Constitution Act, 1974*."	Constitution Act, 1974

ANNEXE I (*suite*)

LOI CONSTITUTIONNELLE DE 1981

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
20.	Acte de l'Amérique du Nord britannique, 1946, 9-10 Geo. VI, c. 63 (R.-U.)	La loi est abrogée.	
21.	Acte de l'Amérique du Nord britannique, 1949, 12-13 Geo. VI, c. 22 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi sur Terre-Neuve.*»	Loi sur Terre-Neuve
22.	Acte de l'Amérique du Nord britannique (N° 2), 1949, 13 Geo. VI, c. 81 (R.-U.)	La loi est abrogée.	
23.	Acte de l'Amérique du Nord britannique, 1951, 14-15 Geo. VI, c. 32 (R.-U.)	La loi est abrogée.	
24.	Acte de l'Amérique du Nord britannique, 1952, 1 Eliz. II, c. 15 (Canada)	La loi est abrogée.	
25.	Acte de l'Amérique du Nord britannique, 1960, 9 Eliz. II, c. 2 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1960.*»	Loi constitutionnelle de 1960
26.	Acte de l'Amérique du Nord britannique, 1964, 12-13 Eliz. II, c. 73 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1964.*»	Loi constitutionnelle de 1964
27.	Acte de l'Amérique du Nord britannique, 1965, 14 Eliz. II, c. 4, Partie I (Canada)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé de la présente partie : *Loi constitutionnelle de 1965.*»	Loi constitutionnelle de 1965
28.	Acte de l'Amérique du Nord britannique, 1974, 23 Eliz. II, c. 13, Partie I (Canada)	L'article 3, modifié par le paragraphe 38(1) de la loi 25-26 Elizabeth II, c. 28 (Canada), est abrogé et remplacé par ce qui suit : «3. Titre abrégé de la présente partie : *Loi constitutionnelle de 1974.*»	Loi constitutionnelle de 1974

SCHEDULE I

to the

CONSTITUTION ACT, 1981—*Concluded*

Item	Column I Act Affected	Column II Amendment	Column III New Name
29.	British North America Act, 1975, 23-24 Eliz. II, c. 28, Part I (Can.)	Section 3, as amended by 25-26 Eliz. II, c. 28, s. 31 (Can.), is repealed and the following substituted therefor: "3. This Part may be cited as the *Constitution Act (No. 1), 1975*."	Constitution Act (No. 1), 1975
30.	British North America Act (No. 2), 1975, 23-24 Eliz. II, c. 53 (Can.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act (No. 2), 1975*."	Constitution Act (No. 2), 1975

ANNEXE I (*fin*)

LOI CONSTITUTIONNELLE DE 1981

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
29.	Acte de l'Amérique du Nord britannique, 1975, 23-24 Eliz. II, c. 28, Partie I (Canada)	L'article 3, modifié par l'article 31 de la loi 25-26 Elizabeth II, c. 28 (Canada), est abrogé et remplacé par ce qui suit : «3. Titre abrégé de la présente partie : *Loi constitutionnelle nº 1 de 1975*.»	Loi constitutionnelle nº 1 de 1975
30.	Acte de l'Amérique du Nord britannique nº 2, 1975, 23-24 Eliz. II, c. 53 (Canada)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle nº 2 de 1975*.»	Loi constitutionnelle nº 2 de 1975

Hon. Heath Macquarrie: Honourable senators, things are moving so rapidly this afternoon that I scarcely have my platform of old *Hansards* ready, let alone my thoughts collected. Nevertheless, I am happy to participate in this debate. I am always happy to speak in this chamber and, what is rare for a politician, I am happy to listen. I enjoy the debates here because the speeches are, almost invariably, whole and complete of themselves. They may be totally in error, in my lights, but they are well presented, well structured and well executed. It is as much an honour to participate with those who have gone before me as it will be with those who follow me.

As my colleagues have pointed out, honourable senators, there have been many changes since we last debated this important matter. The courts have been heard from. The provinces are now part of the operation and the unilateralism which distressed so many people is gone. An amending formula has been agreed upon. All of these things are essential and we are glad that they came about, because the confrontations were becoming most hurtful to Canada. The divisions were getting deeper and the resentments more intense. The breakthrough was welcome. I think we could all detect that feeling among our citizenry.

There was relief that the Accord was achieved, along with some dazzlement, if I may use that word, about the precise manner in which it was achieved. Not having a Sanhedrin or a Supreme Soviet here, we are not accustomed to midnight meetings, but apparently the Accord was reached at midnight. It was a welcome meeting of minds. It is said that we are not a dramatic people, but the element of drama was indeed present on this occasion.

As is usual with dramatic events, it was uncertain the next day as to what was agreed upon. We were not clear on the terms of the Accord. We do not know what form this vital agreement took, whether it was written on a cigarette box or on bits and pieces of paper. In other words, in a short time it became apparent that, while the nation rejoiced at the Accord, there were many significant omissions. Whether the women of Canada or the Indian people were the first to note what had not happened, it is difficult to say. It was not long, however, before these two groups—one a majority and one a minority—were heard from. Honourable senators, it is a good thing they were heard from because the omission of the rights of these two groups was indeed a monstrous one.

Since it has become apparent that vital points had either been forgotten, discarded or dropped, none of which is wholesome in constitution-making, I suggest that it would not be the wisest thing to take this hastily conceived document and say that now the real course of citizenship is to move it as fast as is humanly possible. When one hears of errors and omissions in such a document, it seems to me that it is not the best course of action to roll on into high speed just as quickly as we can. I am not the only one interpreting the move as being one of high speed. Shortly after the Accord was announced, I read an item from the Canadian Press, as follows:

> After urging MPs to do their duty by putting "gentle pressure" on the provinces, Chrétien proceeded to apply some gentle pressure himself by promising the federal government would recognize aboriginal rights in areas of federal jurisdiction if native leaders agreed to the proposal by next Tuesday.

● (1415)

Why by next Tuesday? Why the hurry? Those people were here long before Confederation and long before us. They have found egregious errors and fearful omissions. Why would it have to be next Tuesday? Why even next Thursday?

An Hon. Senator: They've got a veto.

Senator Murray: Who said that?

Senator Macquarrie: Sometimes I have thought in those hours that some of the legislating and negotiating had about all the presence of an operation to sell last year's potatoes. There must be a little more to constitution-making than crass dealing. I hope there is.

In another Canadian Press dispatch a few days later we read that "Privy Council President Yvon Pinard told reporters he hopes debate in the Commons and Senate can be finished by the end of the week,"—that's last week—"with the new constitution winging its way to Britain next week and home by Christmas."

We may be shattering the railways, but we are in the jet age in this. The jet age is fine. I am all for expedition, if it is not apparent that an opposite course is better. Many things have been brought forward that would seem to me to advise that we think and not hasten.

A young man of whom I had never heard before and whose newspaper I must confess I did not know, Mitchell Beer of the *News/North* from Yellowknife said some days ago on a CBC program:

> How typically Canadian, a cynic might say, for a Charter of Rights and Freedoms to become so fraught with mechanics that it loses the principles. Or for inalienable rights in a democratic society to become subordinate to political whim. The process that was supposed to include all Canadians degenerated over the months into political horse-trading so convoluted and morally bankrupt that most of us threw up our hands in dismay. The

ideals were left 'way behind, in the first leg of a year-long bureaucratic maze.

Sad!

As we take part in this debate we all want to be fair and reasonable and objective, but it is hard to forget some of the things that were said in its earlier phases. How often the nation was told that nothing could be worse than a checkerboard Canada; how often we were told that nothing could be more heinous than bargaining resources for rights. But isn't the document changed? Aren't some of the principles surely altered? We cannot forget that; we listened so carefully at an earlier time.

Senator Everett, in his excellent speech the other day, said that many things have been improved, but that new problems have been created. So we are back with the challenge to be thoughtful, and to be as sure as we can be, that what we are doing is a matter of public good and not the opposite. I think essentially on this we have to ask ourselves whether the adoption of this Address by this house and its forwarding will help our country and its people, or will do the opposite. There are highly respectable opinions in the land supporting each side of that question.

The Prime Minister himself told the press that as he looked upon the new document he was filled with remorse. Some of his followers are jubilant, exhuberant. I have read more than once that this is "the finest charter of liberties in the whole world." Now, it is good to feel that your team is the best; it is good to feel that you have the best school;—I was going to say "the best wife," but I will take that one out—it is good to feel that you have the best neighbourhood. It is good to feel that everything of ours is the best, but that is not the same thing as wisdom. To say that "ours is the best," especially if you have not looked at some of the others, is perhaps more euphoric than sound.

● (1420)

When compared to those of other countries, this Charter is not the most generous or the most satisfactory. Certainly, it is not the most literate, whether it is compared to the American Constitution or the charters of France, West Germany and many other countries. Will the clauses in this document before us be recited by Canadian children for generations to come? Does anybody really believe that many will commit this document to memory? Will we and, more particularly, those who follow us in future generations, find in this the inspiration that Americans have found for many years in some of the gems that they have in the Declaration of Independence or, more appropriately, the American Constitution itself?

I have heard it said in this debate that we should not try to be perfectionists; that if we keep striving for perfection, we will do nothing at all and that perfectionists never accomplish anything. I would be the last person to even come close to receiving the label of "perfect"—far from it. Nor can I recall meeting anyone on Parliament Hill or off it who struck me as even being close to perfect. They used to say that the Roman Catholics go to mass every week at least, that the Anglicans say every Sunday that they left undone the things they should have done and did the things they shoudn't have done, and that the Presbyterians say that they are filled with the blackest of iniquities and that they are vile creatures before the Lord.

Hon. Orville H. Phillips: Some of them.

Senator Macquarrie: The honourable senator says "some of them"—I make no exceptions, nor does God. Though we all live in an imperfect world, there is nothing to stop us from asking for something better. Surely progress and great nations are made upon the constant striving for something better.

This document is verbose, dull, heavy and it is sometimes unclear in its construction. Senator Walker, who is a brilliant lawyer, pointed out the other night some outrageous contradictions between one clause and others. We were never told to expect beautiful English from lawyers but, rather, to expect legal English. And in the case of a lawyer who is also a bureaucrat, apparently the product is worse. Clearly, this document is an example of the detrimental results of too much haste. A little time and a little more effort would have produced a document with greater clarity, greater lucidity and, perhaps, if I may use the expression, greater class.

I said long ago, and I say now, though it is too late—and probably it was too late long ago—that a matter so important as a constitution should have the leisure in time and the careful consideration that a constitutional convention would give it. At that convention, along with the politicians, the statesmen and the learned jurists, there might be a few people who were expert at English, and who would be at hand as advisers or, perhaps, as members. When I was at Mount Allison University the other day, I suggested as one such adviser or member, Margaret Laurence, an old university classmate and friend. The students began to laugh. Whether or not it was because they had read too many of her four-letter words, I do not know, but I think that someone of that calibre might have helped us a bit with the "whereases," the "wherefores" and the "notwithstandings."

I was honoured to be in the town of Borden, Prince Edward Island, on November 11. After the ceremonies, I was involved in a little discussion in the secretary's office. One of the people present, who was a world war veteran, began to talk about the Bill of Rights and asked those present whether any of them knew it. None of us answered in the affirmative. Then he began to say that he knew it, and he quoted those immortal words that are in the lower right-hand corner of the Diefenbaker Bill of Rights:

> I am a Canadian, a free Canadian, free to speak without fear, free to worship God in my own way, free to stand for what I think right, free to oppose what I believe wrong, free to choose those who shall govern my country. This heritage of freedom I pledge to uphold for myself and all mankind.

Like others here in this chamber, I heard the former Prime Minister utter those words. They are evocative and inspiring, and we might have had something like them in the document before us.

• (1425)

I should like now to say a few words about the amendment moved by Senator Walker to which I had the honour of being seconder. We listened to Senator Walker's cogent arguments and to his concise presentation. We all know that a suspensive veto would be sufficient for an upper chamber. I have always felt that section 47 had an element of the back door about it, and I do not think that is good enough for this historic chamber. It also puzzled me that so much was dropped from the former document as it went through the process prior to the midnight conclave but, in this instance, something was inserted. Interesting!

Senate reform is an old story. It first hit the pages of the newspapers during the first political convention in 1893. Then McGregor Dawson described Mackenzie King's theory of reform—the substitution of live Grits for dead Tories. However, now there is a modern argument.

When provincial politicians talk about reforming the Senate, they think the recipe for doing so, which would result in the end of all the troubles, the total panacea, would be to have a different assembly, the members of which would be appointed by the provinces. They seem to feel that appointments made by the provinces would lead to perfection, whereas the present imperfections result from federal government appointees who have not been performing well. It pays to look at some of these arguments at least twice.

Although I know that the country can live without the Senate and the Senate could live without my presence, I was a little surprised to know that, at a time when legislation is vaster and more complex than ever before, a federal government would say it would be in its interests not to have a second chamber in a bicameral parliament. I think this would be the worst of times to destroy our historic bicameralism. Therefore, I support and commend the amendment.

Honourable senators, we have before us an unusally large number of amendments. It is almost as strenuous as on Friday, when we were being showered by goodies as each minister got up and announced what benefices were falling upon us. To add to this, I will move yet another amendment to which I will speak very briefly. However, that is not to say that my proposal does not merit very careful and full attention. I believe the arguments in favour are very cogent and very strong.

MOTION IN AMENDMENT

Senator Macquarrie: I believe that those who take the position that the Senate of Canada has a special role in preserving, explaining and elucidating the rights of minorities are describing a very fine purpose of this illustrious body. I am firmly convinced that the legislatures of the two territories and the people they represent have not been well treated in this process. They are being put in a position whereby their political freedom is being diminished more than that of the people of any existing province. Therefore, I should like to move, seconded by Senator Nurgitz:

[Senator Macquarrie.]

That the proposed Constitution Act, 1981, be amended by striking out paragraphs (e) and (f) of subsection 42(1).

What is at the root of this amendment? Why am I proffering it and why am I supporting it? A long history of propriety and common sense has established a formula—

The Hon. the Speaker: Honourable senator, may I read your motion?

Senator Macquarrie: Yes, certainly.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Macquarrie, seconded by Honourable Senator Nurgitz:

That the proposed Constitution Act, 1981, be amended by striking out paragraphs (e) and (f) of subsection 42(1).

Pursuant to the order adopted on December 2, a recorded division will be deferred.

Senator Macquarrie: My apologies, Your Honour. Overwhelmed by having such an important role as to actually move an amendment, I am afraid it went to my head and I did not sit down when I should have.

• (1430)

The way paragraphs 42(1)(e) and (f) stand, it is clear that the people of the Northwest Territories, before they ever become a province, will not only have to express their views—

Senator Lucier: And the Yukon.

Senator Macquarrie: Of course, the Yukon Territory as well. Excuse me. The territories will not only have to get their own peoples government's support, and now, for the first time, support from other provinces. They will play a role in this.

That is something quite different. When the various provinces entered Confederation, they conducted negotiations with the Government of Canada, and after suitable agreements, became a part of the Dominion. For the Northwest Territories and the Yukon Territory it will be different.

How do they react to this? Are some of them upset? Honourable senators, all of the 22 members of the Northwest Territories legislature came to Ottawa, stayed for some days, talked to people and put their case to them. They very strongly revealed an injustice. The legislatures of both territories sent a unanimous resolution asking simply that paragraphs (e) and (f) be dropped. Is it too much to make that small change in this document? I say that it is not too much. Why should we impose upon the people of the two territories restrictions, inhibitions and curtailments that the people of our own provinces did not have imposed on them?

The Province of Prince Edward Island did not have to consult with other provinces, and they did not give them a veto over provincehood. Neither did any of the other provinces. Why lay it on the people of the north? Do you wonder that they feel alienated; do you wonder that they feel poorly done by? Are you surprised, honourable senators, that every one of them should ask us to remedy that wrong?

I just do not know how that got in there. I was not at the meetings in the afternoon or the evening, but the *Globe and*

Mail has some suspicions. I do not often read editorials into the record, and the *Globe and Mail* is not my most beloved newspaper, but it had a cogent editorial entitled: "Selling of the North", on November 21, 1981. That editorial reads as follows:

> The people of the Northwest Territories and the Yukon—both natives and whites—have been used as bargaining counters in the constitutional argument between the Prime Minister and the premiers. In one very important area they did not even know what was happening until the bargain had been struck.
>
> Last week the 22 members of the Legislative Assembly of the Northwest Territories . . . decided they must go to Ottawa and ask Prime Minister Pierre Trudeau to give them the help he had promised . . . He met them for 20 minutes.

The editorial goes on to state:

> The constitutional resolution now before Parliament, and agreed to by nine of the premiers . . . includes two new clauses—

Which we now have before us. This is the kind of thing the *Globe and Mail* has said. It is a bit harsh. The editorial continues:

> This was obviously a federal sop to the provinces, several of which have shown a desire to expand into the territories.

I do not go in for that putative imperialism or raging provincialism. I think it is up to the people of the Northwest Territories to decide if they want to join some of the provinces to the south of them. Certainly, if the Yukon Territory wishes to join British Columbia, let the Yukon Territory decide that, but do not put those people in a position whereby the provinces who might covet their territory, to use a good biblical term, will be the ones which will forestall them in their operations and movements towards provincehood.

With respect to the Honourable Senator Lucier, who said the other evening that he was not in favour of provincehood now, perhaps that is not the course; perhaps the question is one of time, but I say the question is one of right.

Senator Lucier: Honourable senators, I rise on a point of order. I have just been accused of being against provincial status. If Senator Macquarrie will read my speech, he will see that I am not, and never have been, opposed to provincial status. I stated that clearly. I said that provincial status for both the Yukon Territory and the Northwest Territories is not "if;" it is "when." I am sure it was a slip of the tongue, and I would not like to have the record show that I am opposed to provincial status for the Yukon.

• (1435)

Senator Macquarrie: I certainly am sorry. Perhaps my language was somewhat convoluted. I did say, or considered, that it was a question of time. I presumed that I heard the honourable senator's speech, listened to every word of it and remembered it fully. Certainly I would not suggest that he is an anti-provincehood man, but there are some who want it now, some who want it later, and some who say let it take its course. I do not enter into that. I am not a man of the territories. I am concerned about their right to proceed towards provincehood in the same way that the residents of my province and all the other provinces did. That is what I am interested in here. I will not get involved in the politics of the Northwest Territories. I have enough trouble with that in other areas.

The *Globe and Mail* editorial concludes:

> Canada has treated the people of the territories as less than citizens, has given them no role in constitutional debates, very little autonomy, and allowed them to be run by politicians and bureaucrats thousands of miles away, many of whom have never even seen the North.
>
> Section 41(1)(e) and (f) should be stricken from the resolution.

So says the *Globe and Mail*, and so say I.

I commend also to honourable senators a very fine article written by a member of the legislature, Bob Macquarrie, the M.L.A. from Yellowknife Centre in the Northwest Territories, responding to that editorial. He says:

> We appeal to the Prime Minister and to provincial premiers to leave us with the right to look forward to responsible government and provincial status under the same terms and conditions that all other territorial/colonial peoples in Canada have enjoyed in the past.
>
> We appeal to all Canadians to urge the Prime Minister and provincial premiers to get rid of clause 41(1)(f)—

He closes with these questions:

> Do we ask for too much in asking that? Can we possibly respect the new constitution with its ringing call for freedom if what we ask is not granted?

I do not pretend that I have any special concern for the Northwest Territories or for the Yukon Territory, nor am I a specialist, but I feel that I would not be somehow fully respondent to the history of my own party, to the memory of John Diefenbaker and to the great work of people like Alvin Hamilton, if I did not find time to speak to these people who have not had an adequate voice in discussions so far. I appeal with all the strength at my command for support in this. It's not too late, as the evangelists say. It is never too late. By lifting those two small sections we will then be able to say that we, at least, have provided justice for those who need it the most.

Finally—I almost said "finally, brethern" but I would not dare—finally, I get back to the same position that Senator Manning spelled out so well the other evening, as to what we do and say after we weigh all the pros and cons, after we use our best and most objective judgment, after we listen to our colleagues and after we read all the arguments. I think this is a very important debate. I would like to be able to say that this is our finest hour, and that I was never so happy in my life. Most of us prefer being happy rather than being doubtful or querulous. I do not suppose there are that many prospects for

dancing in the street, but, metaphorically, it is a happy posture.

I look at what we are in the process of doing in this country, but I cannot rejoice. I cannot find it in my heart to rejoice, or in my hands to applaud, or in my mind to support. I ask if what we are doing is good enough for our country at this time. It will not surprise you if I say, honourable senators, that my major anxiety, beyond what I have said about the north, is the whole question of national unity. I hear people say "That's a pretty good bargain. Nine out of ten we got." But we all know that when the one left out is Quebec, it is not nearly as good as the mere mathematics might suggest—

• (1440)

Some Hon. Senators: Hear, hear.

Senator Macquarrie: —and no one makes it any better by saying "It's really nine and a half, and the rest are just a half." Down through the years we have known that the essential question has been the relationship between Quebec and the rest, or the rest and Quebec, whichever way we want to put it. It is not at all an accident that we see out yonder, on the lawn of Parliament Hill, statues not only of Macdonald and Cartier, but also of Baldwin and Lafontaine. It has been an endless story that great men realized that the unity and co-operation of the two groups was of the essence. That is why I support the amendments of Senator Roblin and Senator Tremblay, and endorse, with all the ardour at my command, the words of Senator Smith on Friday when he asked whether there was anything better we could do than help those who are waging in Quebec the battle for Canada; was there anything better we could do to help those people than to avoid giving comfort and weapons of argument to those who would destroy this country. Those were highly perceptive words and I have no difficulty in answering.

These are troubled times. Senator Bird invoked Tom Paine. They are troubled times in Canada. There is political and social turbulence, and economic challenge that is perhaps almost overwhelming. Certainly there is turbulence within Quebec, and angry sounds are emanating from that province. We note the discord even within parties. The Premier of Quebec is suffering the slings and arrows of his discontented supporters, and Claude Ryan—a man I have known for many years, and honoured and respected—faces troubles. Perhaps it is a question of one getting the arrows in front, and the other the knives behind. It is a difficult time in that province. But who is to say that out of that turmoil, that uncertainty, that restlessness, something new and helpful might not develop?

Some of the things that I see developing are not particularly wholesome. I am not getting into Quebec politics, but I noticed that someone paid money for inserting a newspaper ad calling the members of Parliament in that province traitors. They are not traitors. They may be wrong from time to time, and many of them are wrong politically, but they are not traitors; they are fine men and women, trying to do their best. That sort of thing is no good; it is not good to resort to that sort of vituperation.

As I followed the Parti Québécois meeting, I was thinking of the old poem that people of my generation were brought up on, *Lays of Ancient Rome*. I suppose that most people here are too young to know it. We read about when Horatius was defending the bridge against the great Etruscan army:

> But those behind cried "Forward!"
>
> And those before cried "Back!"

The backroom boys wanted to rush forward into the fray, but Premier Lévesque, who has been "there," doesn't want to do that.

Another thing that went through my mind, as I looked at the face of the Premier of Quebec, is the old American expression: With friends like that, who needs enemies?

But, I repeat, it is an uncertain time, it is never a hopeless time, and in that uncertainty it would be most unwise to say there is no more time, that we cannot discuss anything further with anyone, that we cannot wait. The big question is still Quebec and the rest of us, and we must not, for one moment, pass any measure that might risk further widening of the gulf that exists between us. So long as Quebec is disquieted, alienated and apart, it is not the best course to say, "Full steam ahead."

There are enough people in this country who will exacerbate our differences and who will try to block the avenues of co-operation and understanding, but as for me, honourable senators, neither by voice nor vote will I take on the slightest chance of aiding confrontation or averting co-operation.

Hon. Paul Lucier: I wonder if the honourable senator will permit one or two questions.

Senator Perrault: Of course he will.

Senator Lucier: I have a problem understanding his position in moving an amendment to paragraphs 42(1)(e) and (f) concerning the two territories. First, I should like to know if the honourable senator has discussed this with his present leader. As I stated in my remarks last Thursday, the position of Joe Clark, the then Prime Minister, was quite clear. There was no doubt about his position, which was that all premiers had to agree before the Yukon Territory became a province. Is this a Joe Clark flip-flop, is it a party flip-flop, or is it something that the honourable senator is doing on his own?

Concerning my other question, the Prime Minister was told that he did not have provincial agreement on many things and that he should go back and get that agreement. One of the conditions of provincial agreement was that paragraphs (42)(1)(e) and (f) should be put in. Is the honourable senator now suggesting that we should say, "To hell with the premiers," and that we should remove paragraphs 42(1)(e) and (f) against their wishes?

You were the ones who said, "Go and get their consent." We went and got it—this was one of the conditions of it—and you are now saying, "Take this out; don't listen to the premiers; they don't know what they are talking about."

Senator Smith: Is the honourable senator making a speech?

Senator Lucier: I am not making a speech. I am simply asking some questions, but if I wish to make a speech, I will not ask the honourable senator's permission. I should like to know whether or not this is the new position of the Conservative Party.

Senator Macquarrie: Honourable senators, I would hardly presume to be the new father of the Conservative Party. I can answer the honourable senator's first question quite easily. The amendment which I have just put forward, for the support of the Senate, is precisely and exactly the amendment which Mr. Clark voted for in the other place a few days ago. So far as I know, he has never brought before either house of Parliament any document which looked like section 42, or the items thereof to which I refer.

Concerning the other matter, I have always believed it is quite wrong and improper, and indeed unconstitutional, for the federal government to be moving into areas which are in the provincial jurisdiction, and that is why my colleagues and I, for many weeks, have said that the unilateral approach was quite wrong because the document dealt with more than federal jurisdiction, and therefore should have had more than federal input.

I contend that the matter of creating new provinces is one for the federal government and the area concerned and is not, in my judgment, opened for provincial veto or jurisdiction. If you ask me whether the premiers think that also, I would say that they probably don't, but, of course, it is their responsibility to be wrong if they wish.

Hon. John M. Godfrey: Honourable senators, I should like to ask a question. The honourable senator referred to section 47 and said that it had been put into this resolution. Would it not be more accurate to say that it was restored to the resolution? It was in the first resolution, and I believe it was numbered section 44. It was dropped from that resolution during the committee stage, and this really restores it. It is not put in as a brand new section.

Senator Macquarrie: Honourable senators, my recollection of the framework of the literary exercise, which, when orated, became my speech, is that I began by saying that much had happened since we looked at the last document, and it was not in that last document.

Hon. Paul C. Lafond: Honourable senators, it is always a delight to hear and to listen to the Honourable Senator Macquarrie. In the last few moments, he has himself used the term "beautiful language." I submit that he is a master practitioner of beautiful language, but we should not be misled by his lilting metaphors and hyperboles. They are backed by sound and extensive historical knowledge and judgment, and long familiarity with pure parliamentary practices. I pay him this tribute. May I say now that I fully agree with the amendment that he has proposed.

• (1450)

The geography of this chamber compels me to turn my back constantly on another of our distinguished colleagues, Senator Manning, who has been named the first member of the Order of Excellence by his fellow citizens of Alberta. On the basis of his speech last Thursday evening, I think he fully deserves an accolade of excellence from his colleagues in this chamber, also.

Since, on the basis of language, I do not want to attempt to compete with the Honourable Senator Macquarrie, either in Gaelic or Anglo-Saxon, may I confine myself to the gallic form of expression for the next few minutes?

[*Translation*]

Honourable senators, at the end of the first week of November, 1981, Canadians were in a state of euphoria.

No more hurtful confrontations!

No more hollow, self-serving speeches!

No more political and often personal backbiting!

No more arbitrary time tables, no more artificial deadlines!

Let us celebrate! But what price agreement?

The answer came the following week: the exclusion and isolation of Quebec, the dissatisfaction among women throughout Canada, native peoples, francophones outside Quebec and anglophones in Quebec, the territorial governments, all those who believed in the sanctity of human life, directors of security services, specialists in criminal law and civil rights activists. What is going to be left of Canada and Canadian unity?

It was too early to celebrate, and we would probably have done better doing a bit of soul-searching.

We are presented with a document, a resolution that claims to be the cornerstone of the Canadian Constitution and to defend the rights and freedoms of Canadians.

In fact, this document is much weaker and far less complete than the one proposed earlier this year, which I could not support at the time.

The document lacks any sign of maturity, as shown by the reactions of the groups I enumerated just now.

In addition, we have the "notwithstanding" band-aid clause. Notwithstanding the Charter of Rights and Freedoms, these may be amended or abrogated freely by any legislature.

Quebec is isolated. No doubt this is due to the clumsy, awkward and inept approach of the leader of the government of this province, whose stated objective is to dismember my country.

And no doubt he was driven, and perhaps encouraged, to act in this manner by the other ten whose attitudes were as outrageous and intransigent as his.

The game was not worth the candle.

I can understand why some of us want to have an entrenched Charter of Rights at any price. They feel it is a symbol we should have, although every day its ineffectiveness is proved behind the Iron Curtain, and we have no guarantee it will be effective in Canada.

I can understand why some of us are willing to overlook the shortcomings of this document in order to gain some of the specific points they are so anxious to see included.

However, I do not agree that Canadians should have to settle for second best where the Constitution of this country is concerned.

I would have preferred the status quo ante.

I agree with patriation. I agree with the amending formula, including Clause 47, for the reasons stated earlier by Senator Hicks.

Patriation with an amending formula is supposed to attenuate the dissatisfaction we have felt for over a decade because of the fact that the Canadian Constitution is a made-at-Westminster document. However, if the present government and the present Parliament commit Canadians to a Charter of Rights and Freedoms that is to be ratified at Westminster and there granted, given or acknowledged, does this not mean that the next generation or the generation after will experience much the same dissatisfaction we are anxious to remove today?

I am afraid so, and I want no part of it.

Soon we shall have patriated the Constitution and the amending mechanism. After that, and without further ado, we can proceed to draft an improved Charter of Rights and Freedoms.

Therefore, for reasons I gave on April 24 of this year and expanded further today, I cannot support the present resolution.

[*English*]

Hon. John M. Macdonald: Honourable senators, in March last I spoke on the proposed resolution which dealt with the same subject matter as does the resolution now before us. At that time I opposed that resolution on three main grounds.

First, I thought that Parliament should have been concerning itself with a more urgent matter, namely, the dismal state of the economy. Secondly, I felt that a Canadian Charter of Rights should have been passed in Canada, not in England. There is, however, no point in discussing those two objections now. The economy is still in a dismal and, indeed, a deplorable state; and the British Parliament is to be asked to give us a Charter of Rights and Freedoms.

My third and most important objection to that resolution was that it did not give any protection to the unborn child—the child conceived but not yet born. It failed to give any protection to those who needed it most. It failed to give the right to life itself to these unborn children. It failed to give these children the right to be born alive.

Honourable senators, the resolution we are debating now is no better. It has all the faults of the former resolution insofar as the unborn are concerned. In its present form it is unacceptable to a great many people, but can be made more acceptable by the adoption of the amendment to section 7, moved by Senator Sullivan, which I was proud to second. What does that amendment do? In essence, it means that the word "Everyone," used in section 7, includes the right of a child conceived but not born. In other words, it gives the protection of that section to such children as well as to those already born. Indirectly, it would prevent, I hope, the senseless massacre of the innocent which has taken place in Canada every year—indeed, every day.

[Senator Lafond.]

• (1500)

Honourable senators, I support the amendment which was proposed by the Honourable Senator Sullivan. I support it because I object—just as strongly as I can—to the fact that the proposed Charter gives no protection to the unborn child. Indeed, it excludes the very right to live of such children. In effect it says to them, "If you are lucky enough to be born, the law will protect you."

Honourable senators, I believe that a child which has been conceived has a natural, a fundamental, a God-given right to be born. The Charter of Rights and Freedoms does not acknowledge that right and, by that fact, in effect it denies the God-given right to live to those who are unable to speak for themselves.

Honourable senators, I say to you that in my opinion the commandment "Thou shalt not kill" is as valid today as it was when God first gave it to Moses. I believe abortion is simply the killing of innocent children.

It has always seemed to me to be ironic that the state would not deprive a murderer of his freedom, much less his life, without giving to him the full protection of that law—he must be tried before a judge and jury; he must be represented by competent legal counsel; his guilt must be proved beyond a reasonable doubt—and it is only right and proper that this should be done. And yet, honourable senators, no such protection is given to the unborn before they are killed. Perhaps some people feel that adequate protection is now given under our law. In my opinion, that protection—if it can be described as such—means little or nothing. I think statistics prove that.

The law relating to abortion was amended in 1969. Under that amendment, abortion was permitted if an abortion committee was of the opinion that the continuation of the pregnancy would or would be likely to endanger the life or the health of the pregnant woman. Such committees have been set up in 265 hospitals in Canada. I would be surprised if anyone would now claim that such committees mean anything. Certainly, the protection they afford is less than that given to a person charged with murder. The committee takes the role of both judge and jury, and no legal counsel appears on behalf of the unborn child—a child who is accused of no crime. To say that such committees, after hearing the evidence by way of a formal hearing, have decided that the continuation of the pregnancy would or would be likely to endanger the life or health of the pregnant woman is stretching credulity beyond the limit of credibility. People may be gullible but they are not that gullible.

Let us look at the statistics for a moment. I noticed a report in the *Globe and Mail* of last Tuesday which dealt with the number of abortions in Canada in 1980. In part, it stated that, according to the latest figures released by Statistics Canada, 265 hospitals with abortion committees performed 65,855 abortions in 1980. The conclusion was drawn that, because

there was an increase of only 720 abortions in 1980 over 1979, the increase was beginning to level off. Therefore, honourable senators, I suppose we can expect that there will be between 65,000 and 70,000 abortions each year in Canada, which is a truly horrifying prospect—one that I would term an annual massacre of the innocents.

Honourable senators, until Canada's abortion law was changed in 1969, the only ground for abortion was the danger to the life of the mother. There were under 12,000 abortions performed in that year, which was then considered high. The amended law permitted hospitals to estabish committees of at least three doctors who could authorize an abortion if the pregnancy would or would be likely to endanger the life or health of the pregnant woman.

Since there were 65,855 abortions authorized and performed in Canada in 1980, there must have been an awful lot of unhealthy Canadian women. Indeed, a visitor from another land studying our abortion law might well come to the conclusion that some kind of disease—a plague of epidemic proportions—was prevalent in Canada which, by a strange coincidence, only attacked and afflicted pregnant women.

Honourable senators, I believe that the concern felt by many people about this abortion matter is well expressed, in a press release of February 9 last, by a group of doctors known as Canadian Physicians for Life. I quote, in part, from that press release:

> We Canadian Physicians for Life and active members of the Canadian Medical Association count ourselves among those who are becoming increasingly impatient with the unrelenting way that those who wield power in our society appear to be moving towards the devaluation of human life.

It states further:

> Since World War II we have witnessed the erosion of values which has accelerated particularly in the last decade, and although the erosion of values is evident in several spheres, we address ourselves to one specific aspect of this erosion, pertinent to our profession, i.e., the increasing destruction of human life through abortion.

The statement pointed out that approximately half a million abortions had been performed since 1969. It further stated that the wholesale and extensive abortion on demand practised across the land represents the destruction of perfectly normal babies in perfectly normal mothers with perfectly normal pregnancies, for no other reason than the social wish or even convenience of the mother. I have one further quotation.

> Let us make no mistake about it, abortion is a criminal act, described as such in the Criminal Code of Canada, which has been decriminalized under certain defined circumstances. Lawmakers have, in fact, made killing legal under these circumstances. Paradoxically, a murderer's life is well protected by due process of law in an "advanced" society. His life is not forfeit because this is deemed "cruel and unusual punishment" or "uncivilized". Yet our unborn children are destroyed through the quasi-judicial function of a tribunal of doctors, without legal representation, and have no real protection under the law.

Honourable senators, it is good to know that such a well-informed group as the Canadian Physicians for Life are speaking out so strongly and so well on behalf of the unborn child.

I have heard it stated and I have read that the Charter of Rights does not give the right to life to the unborn because it takes a neutral attitude on this most important matter. Can you imagine, honourable senators, that there could be a neutral attitude on a matter of life or death? To me, it is simply incomprehensible that such an argument could be seriously advanced or seriously considered. I fail to see how there can be neutrality where matters of principle are concerned.

● (1510)

Honourable senators, I have a further objection to the resolution in its present form, and that is its treatment of the province of Quebec. I think it was a serious mistake for the federal government and the other provinces to proceed with this resolution without the concurrence of Quebec. I believe it will give to those in Quebec who wish to separate from Canada an emotional argument which they can use to further their contention that Quebec should separate. I believe it should be recognized that, beginning in 1867, Quebec has had a special and, indeed, a unique place in our Confederation. I think that is as it should be, because without Quebec there would have been no Confederation. I can readily understand that the decision to proceed with the resolution without the concurrence of Quebec might well cause resentment there, because it does look as though the English-speaking provinces and the federal government have united to push the resolution through regardless of the opposition of the Government of Quebec. I realize the federal position is that the people of Quebec favour the resolution and that only the Quebec government is against it. I hope that is correct, but it is a dangerous approach or position to take with respect to the future of federal-provincial relations. Indeed, it sets a most unwise precedent.

Back in January of this year the Assembly of the Catholic Bishops of Quebec issued a statement in reference to the former resolution. I think their words should also apply here, although I do not know if they have made any statements regarding the present resolution.

According to the press, the bishops are reported to have held the position that any constitution must be the expression of a common outlook on life and of values fundamentally accepted by the people as a whole. One press report quoted the bishops as follows:

> We cannot imagine how social peace can be reached on the basis of a Constitution which has not gained the consent of the contracting parties, and of the major partners in government. Such peace would then be even less possible within Canada, since according to the spirit of Confederation and the tradition of the Courts, any substantial change to the Constitution requires the consent of Quebec for reasons rooted in the basic duality of the country.

Honourable senators, as I have said, that statement refers to the former resolution but since it expresses my feeling on the present resolution I make those words my own.

As I mentioned before, honourable senators, I support the amendment moved by Senator Sullivan. That amendment would make a short but significant and important change in section 7 of the Charter. I would like you to hear it once more:

> 7. Everyone, including the unborn child, has the right to life, which life begins at conception and which right is assertable from the moment of conception. Everyone has the right to liberty and security of the person and the right not to be deprived thereof except in accordance with the principles of fundamental justice.

Honourables senators, I believe the failure of the proposed Charter to give to the unborn the right to life is a fatal defect and omission; but it is an omission which can be corrected by the adoption of this amendment. Consequently, I urge its adoption by the Senate.

So far as I am personally concerned, I would never vote for a charter that did not give to the unborn a right to life from the moment of conception to the moment of natural death.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I feel privileged to be able to participate in this historic constitutional debate. Although the Constitution has been discussed on and off for the past 54 years, and, I suggest, debated intensively for the past two decades, clarity on this issue has not been forthcoming. At least, in my view that is unfortunately the case. Indeed, even today many Canadians are confused about exactly what we are discussing in Parliament. I hope that today I can shed some light on this extremely important question.

Senator Flynn: We have been waiting for that for 50 years.

Senator Olson: I notice that the Leader of the Opposition joins with me in hoping that I shed some light on it.

The resolution before this house is easier to understand and, I think, to support enthusiastically if honourable senators recognize what it is and what it is not. What is the nature of the resolution we are discussing? It represents many things: first, it is a major step in Canada's ongoing constitutional development; second, it is a final step in the achievement of the full independence of Canada; third, it is a prerequisite to making further constitutional adjustments here in Canada as required from time to time.

As I stated, honourable senators, this resolution represents a further major step in Canada's ongoing constitutional evolution that began with Confederation in 1867. Let us go back and review not all but just a small part of that history.

● (1520)

In 1864, the political leaders in the British North American colonies—from the Canadas (Canada West and Canada East), Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland—met in an attempt to build a country. At Charlottetown and later at Quebec City, they hammered out a number of resolutions that would form the basis of this new country. Their resolutions, later passed by the Parliament of the United Kingdom as the British North America Act, founded the Dominion of Canada.

The B.N.A. Act, based on the Quebec Resolutions, was not a perfect document, and our Fathers of Confederation recognized that fact. I shall not read into the record any of the speeches made by the Fathers of Confederation, but certainly some of them recognized at that time that the document was not perfect and complete in terms of the full independence or sovereignty of a new nation. Two colonies, Prince Edward Island and Newfoundland, found the accord unacceptable and refused to sign the agreement reached at Quebec City. The leaders of the other colonies, however, went ahead and asked Britain to pass their resolutions, with the proviso that in the future other British North American colonies could join their new country. Britain agreed, passed the B.N.A. Act, which gave legal effect to the colonial accord and explicitly made provision for other colonies in British North America to join the Dominion of Canada at a later date. As time passed, the colonies made use of this provision and did join Confederation—British Columbia in 1871, Prince Edward Island in 1873, and Newfoundland in 1949.

Wisely, the Fathers of Confederation not only made provision for existing colonies to join their new country, but also included a clause which would allow Canada to take over the vast Northwest Territories. In 1870, the Dominion made use of this constitutional provision and bought the northwest from the Hudson's Bay Company, and at the same time created the Province of Manitoba. In 1880, Canada acquired the Arctic Islands and in 1905 it created the provinces of Saskatchewan and Alberta. I think that the people of this country should bear in mind this history when they express their criticism of this resolution, because no one is arguing that it is perfect. In other words, the dream of building the Canada we know today was conceived in 1867, but was not completed in a territorial sense until 1949, when Newfoundland joined Confederation.

In 1867, the Fathers of Confederation laid the basis for other forms of constitutional evolution in the B.N.A. Act. For example, in 1867 Canada did not even have a Supreme Court. The Liberal government of Alexander Mackenzie established the Supreme Court of Canada in 1875 and, finally, in 1949 it became the highest court in our country when appeals to the Judicial Committee of the Privy Council in Great Britain were abolished.

In another area, that of external affairs, Canada has been developing its own international personality since 1867. In 1881 we sent our first High Commissioner to Great Britain. In 1921 Canada negotiated and signed, in her own name, the Halibut Treaty with the United States. In 1927 we sent our first ambassador abroad—Vincent Massey, to the United States. In 1931, with the passage of the Statute of Westminster by the British Parliament, Canada achieved full autonomy in her external relations, a right that was underlined in 1939, when Canada declared war, in her own right, one week after the United Kingdom declared war against Germany. These

historic events are merely the most significant in Canada's evolution from colony to independent nation.

In almost every area Canada has been undergoing progressive constitutional change since 1867. In 1867 there was no such thing as Canadian citizenship. Slowly, over a period time, Canadians came to recognize the importance of such a notion, and in 1946 Parliament passed the Canadian Citizenship Act which, incidentally, was resisted by many, and they used the same reasons and arguments that we are hearing today. These people thought it was undesirable to give Canadian citizens the right to be called Canadian citizens as opposed to what they had been called until that time, British subjects. Yet, we no longer hear those arguments, and it is simply because of the evolution of Canada as a maturing nation.

I think a similar type of evolution has occurred in the area of national symbols. In 1867, our national anthem, *O Canada*, had not even been written. From the time it was composed and publicly presented at Quebec City on June 24, 1880, *O Canada* gradually won the hearts of Canadians and was officially adopted as our country's national anthem in 1980, 100 years later. A similar story can be told about our flag. Since 1867 Canadians had worked and fought under a number of banners until finally, in 1965, Parliament adopted the Maple Leaf flag.

The story is similar, again, in the area of human rights and freedoms. Honourable senators are well aware of the struggle after Confederation to obtain the franchise for women. As far as federal elections were concerned, Parliament granted women the right to vote in 1918. Women were declared persons by the courts in 1929, and thus secured the right to sit in this very chamber. Over the years several attempts were made to enshrine our rights in statute. Several of the provinces took this step, beginning with Saskatchewan in 1947. The Diefenbaker government passed the Canadian Bill of Rights in 1960 in an attempt to provide all Canadians with the same rights and freedoms within the federal government's area of jurisdiction, no matter where they lived in our country. Now, a further step is required to ensure that individual Canadians have the same rights vis-à-vis all levels of government. The present constitutional resolution attempts to take that next step.

Honourable senators, in presenting these examples, I have been trying to show that our Constitution has not remained static. Rather, it has been evolving or changing slowly over the years. In their wisdom, the Fathers of Confederation realized that they were not writing a document that was to be frozen in time. They knew full well that they were writing a Constitution that would be flexible and would allow for more change. Indeed, many of the Fathers at the time of Confederation foresaw when Canada would reach the stage of constitutional evolution we have attained today, complete independence and full sovereignty.

What is the nature of the present constitutional resolution before Parliament? This resolution is another major step; indeed, the final step on the path to complete nationhood that we have been following since 1867. But the resolution represents something more. By working out an acceptable amending formula, we will be able to make adjustments to our Constitution, in Canada, from time to time, as circumstances warrant. Like the Fathers of Confederation before us, we are not patriating a Constitution that will be static, but one that will permit adjustment and change, when necessary and desirable, in the future. All the provinces agree to that. This is the first time in our history that we can patriate our Constitution.

• (1530)

When the Parliament of the United Kingdom passed the Statute of Westminster in 1931, the British were willing to recognize Canada's independence, and grant her full sovereignty. Canadians, however, realized that there was no point in proceeding with patriation unless, at the same time, the provinces and the national government agreed on an amending formula. Simple patriation would place Canadians in a constitutional strait jacket.

In 1931, when Britain offered Canada complete independence, Prime Minister Bennett declined and asked that the Constitution remain in Britain until Canadians could work out an acceptable amending formula. In 1931, Prime Minister Bennett could not achieve unanimity, and the question of constitutional reform was set aside. The problem was allowed to fester. That has been the history of constitutional change in this country ever since. Every prime minister since the Right Honourable R.B. Bennett has desired patriation—I want to be fair about that—but none, until Prime Minister Trudeau, has had the courage and the perseverance to put a stop to our constitutional merry-go-round.

Some say patriation is not important. Honourable senators, to me it is important. It is extremely important. By patriating our Constitution, we are demonstrating that we have confidence in ourselves as a people and are determined to assume full responsibility for our every action.

We now have the opportunity to patriate our Constitution and bring it home with an amending formula that will allow us to make amendments once we have it here in Canada. Let us grasp the opportunity history is presenting to us.

If this resolution represents the first step in allowing us, as Canadians, to modify our Constitution in Canada, what does it not represent or pretend to be? In this regard, I must make the point that it seems to me that there are many extreme arguments put forth from time to time concerning what the Constitution is not; that is, it does not make an attempt to deal with many of the things that some people think it ought to deal with at this time. These people take the extreme position that, unless it deals with all those matters, we achieve nothing. They state that it is a guaranteed formula for doing nothing.

It does not represent the end of the constitutional discussion or change in this country. It is not perfect. Indeed, it is silent on matters affecting the division of powers between the federal and the provincial governments. It does not represent an end to discussions in this area. For example, the national government is actively negotiating jurisdictional control of our offshore resources with some of the provinces. In 1867, these resources

were of no importance. Even until the last few years, they were not considered to be of any major consequence by either the federal or the provincial governments. They are now of vital concern, and some constitutional adjustment in this area, that will hopefully be acceptable to both the federal and the provincial governments, must be found. The present constitutional resolution does not decide this question but, through patriation with an amending formula, it will allow Canadians to settle this jurisdictional problem, by themselves, in Canada.

The present constitutional resolution does not attempt to settle other constitutional problems such as the question of jurisdiction over communications, family law, the nature of the Supreme Court, or the question of the federal declaratory power. However, the resolution will, again because of patriation and the amending formula, allow Canadians to resolve these questions themselves, and in Canada.

Besides not adjudicating federal-provincial jurisdictional conflicts, the resolution does not attempt to set down the totality of the rights and freedoms Canadians enjoy. As Canadians, we possess all kinds of human rights that will not be disturbed in any way by this resolution.

While attempting to fulfil the hope, expressed by many Canadians over the years, that our Constitution should protect our rights and freedoms, such as recognizing the equality between men and women as people, the resolution before us today does not disturb, in any way, other rights and freedoms we cherish. The right to the enjoyment of property is protected under our law at present, and will continue to be so. In effect, the Charter of Rights makes additions to our rights but does not take away any one of them.

As I stated at the outset of my remarks, honourable senators, this resolution represents a major step forward in the constitutional evolution of this country.

Some people argue that it does too much—that it imposes human rights and freedoms on the provinces. Others argue that it does not go far enough, particularly in the area of minority education and language rights.

What is forgotten in these arguments is that the Charter of Rights and Freedoms is for people—for the individual Canadian. I uphold and respect the rights of individuals in this state. I support the enshrining of these rights in a charter above the reach of any legislative body—whether federal or provincial—in this country. If provinces were left to their own devices in this area, there would be no rights and freedoms common to all Canadians. To me that is important.

What is more important, in spite of all the arguments that have been made, is that the provincial legislatures do not have an honourable record in protecting the rights and freedoms of Canadians. I can show all kinds of examples where they have been violated terribly over the years. My remarks are not confined to one province either.

We have heard many speeches which, in my view, overstate the case in the extreme without focusing on the essential nature of the constitutional resolution before us today.

[Senator Olson.]

In conclusion, I feel certain that, if honourable senators recognize what the resolution is and what it signifies—that it is a major step forward in Canada's constitutional evolution—then all of them, on both sides of this chamber, will enthusiastically give it their support for what it is.

Hon. Orville H. Phillips: Honourable senators, while listening to the previous speaker, the Honourable Senator Olson, for a moment I thought I was young again and back in my history class listening to a lecture involving a series of dates. This brought to mind my history teacher, Dr. Lilly Seaman, and I looked up to see Senator Olson on his feet and recalled that Dr. Seaman did not have a beard. In addition, she presented history in a much more enlightened fashion.

I have often said that I would never hire Senator Olson as an economist and, after listening to him this afternoon, I do not think I would want to hire him as a historian either.

Senator Olson: I hope you will give me a few marks for common sense.

Senator Phillips: I will give you just a few marks.

Honourable senators, throughout the long debate on the Constitution, the government has conveyed the attitude that, when we patriate our Constitution, Canadians will be much better off, and that somehow or other we will have a much more prosperous future without unemployment and inflation. These things are attributed to the present Constitution.

Senator Olson: There you go overstating the case. That assertion has never been made.

Senator Phillips: Honourable senators, that assumption is completely wrong. If the Constitution is patriated, it will, in effect, do nothing for the potato producers in my province who are presently selling their produce at less than the cost of production. It will do nothing for the Newfoundland fishermen or the unemployed fish workers. It will in no way help the 15,000 unemployed forestry workers in New Brunswick; nor will it do anything to modernize and refinance the steel mill located in Cape Breton.

• (1540)

Honourable senators, I am pleased that we are coming to the final stage of this debate. I do not anticipate that my viewpoints will prevail in the final analysis, but I am glad it is nearly over, and I hope that on Wednesday afternoon the government will bring in some measures to deal with the economy, measures that they have neglected to bring in for the past 15 months, while we have fooled around with the Constitution.

Senator Olson: I can give you some good news, if you want it.

Senator Phillips: I would be delighted to have any good news. In fact, they do not even have to wait until Wednesday; they can do that tomorrow.

Senator Murray: Is there a new budget coming?

An Hon. Senator: Is there any budget?

Senator Phillips: In January instead of February, I would be delighted to have that.

Senator Olson: I will bring it in weekly, if you like.

Senator Phillips: That would be something like your interest rates, Senator Olson. Interest rates and a new budget every Thursday would be the ultimate achievement as far as this government is concerned.

I should also like to follow the customary practice of congratulating the mover, but I find it difficult to do so on this occasion because the mover of the resolution was really not that helpful. He threw congratulations around like confetti at a wedding, but he did not get to the resolution itself. He did not discuss the unexplained portions of the resolution, and that is what I expected of the Honourable Senator Perrault.

When the honourable gentleman finished his remarks, he assured the Honourable Senator Lang and others who had questions for him that he would answer all questions that arose during the debate when he was closing the debate. I do not think anyone believes that. I say that because the Honourable Senator Perrault has never been able to answer a question since he became Leader of the Government in the Senate. How will he now turn around and answer all the questions put to him before 5 o'clock tomorrow evening? That would require a major metamorphosis, and I do not think that the Honourable Senator Perrault can do that. That would require him to go full throttle for about 48 hours, and even at that I think he would still be unfinished.

The resolution before us brings about a new attitude regarding the Canadian Constitution, in that the courts will now start to interpret our Constitution to a far greater degree than they have in the past. I can assure honourable senators that the Supreme Court of Canada will be busy for at least the next 50 years interpreting this document.

The Honourable Senator Hicks referred to section 3 of the resolution, which says that every Canadian citizen has the right to vote and to be qualified for election to the House of Commons. Senator Hicks also referred to section 1, which states that any exceptions must be demonstrably justified by Parliament or a legislature; yet section 52, honourable senators, goes on to contradict section 1. It says that the Constitution is supreme and any other law will have to be justified vis-à-vis the Constitution.

Senator Hicks has already touched on the first problem that bothers me, the voting age. That section says that every Canadian is entitled to a vote. Senator Hicks then illustrated this by referring to certain provinces in which one has to be 17 years of age to vote, and other provinces in which one has to be 19 or 20 years of age to vote. This could raise a question regarding one's fundamental rights.

I should like to take that one step further, honourable senators. Let me take the case of a man or woman convicted of first degree murder who has to do 25 years in a penitentiary. Let us assume that he or she decides to be a candidate in the next general election.

Senator Buckwold: They would probably be elected.

Senator Phillips: That has happened in other parliaments, Senator Buckwold.

Let us suppose that there is something in the Canada Elections Act that prohibits that individual from running. He can then go before the Supreme Court of Canada and say that that interferes with his fundamental rights.

Honourable senators may think that that is extreme, but I point out to you that Bobby Sands, a convicted IRA terrorist, or murderer, depending on your interpretation, was a candidate and was elected to the British House of Commons while he was in prison. The British Parliament moved to prohibit future IRA convicted terrorists from being candidates for the British House of Commons. Can we, as a Parliament, move in that same fashion? I do not think we can.

Further, honourable senators, I point out that at each general election the leader of a party has to certify each candidate nominated as being acceptable to the leader of the party and to the party, in particular. I remind honourable senators that within recent memory Mr. Stanfield refused to accept Mr. Jones as a candidate because of his views on bilingualism. Would Mr. Stanfield have that right today?

I ask you what would happen if a member of the Rhinoceros Party won a nomination as a Liberal or an NDP candidate? I will resist the temptation to say that it would not be noticed, but I ask you whether Mr. Trudeau or Mr. Broadbent would have the right to refuse that individual today.

Parliament Hill is a great place for political humour. I have often thought I should like to write down the various puns and questions which I have heard during my 25 years on the Hill. One of my favourites during the constitutional debate arises out of a question asked about the present resolution. What would happen if a six-year-old Moslem girl complained about not being able to vote? How would the court decide that? Honourable senators, that may seem a bit far-fetched, but, basically, whoever posed that question was attempting to convey to us that there are a number of questions that are not adequately dealt with in this resolution, those being questions of age, religion, ethnic origin and sex.

● (1550)

Honourable senators, I ask you to stop and think for a moment as to whether or not we really have all those situations covered in the resolution. Admittedly, I am sure that those who drafted the resolution felt they are covered, but I question that very much.

Another problem I see arising out of the Charter of Rights is a conflict with the Official Languages Act. Presently, the act calls for an applicant for a position in the Public Service to indicate a willingness to undergo language training. Quite recently, Treasury Board decided that a number of positions will require the applicant to be already bilingual. It is not too difficult to imagine that being contested.

Many of the previous speakers have complained that the resolution is vague and poorly drafted. I am not a legal draftsman, but I would suggest that a lot of the vagueness in it is due to the fact that the resolution was not adopted or

conceived at the conference table, but rather in a hotel room. The bureaucrats remained behind in the hotel room—and I wonder what was in the cigars they were smoking—and began phoning the premiers at various hours of the night asking, "Do you agree with this? Do you agree with that?" Honourable senators, I fear that some of the premiers agreed to certain items which they are unable to handle. There was insufficient time to study the drafting, and the reason for the federal government's haste—and my colleague, Senator Macquarrie, this afternoon has emphasized the government's haste—was a determination to get this resolution passed just in case Premier Lévesque changed his mind and agreed to co-operate.

A number of honourable senators have derived pleasure from having an entrenched Charter of Rights. I note the number of senators who previously objected to the Charter of Rights in the earlier resolution have now found some vague authority which gives them justification for changing their views.

Honourable senators, I ask you: Have we entrenched freedom of speech, freedom of religion and freedom of the press? Have we guaranteed property rights? I do not believe we have. When we speak of entrenching these rights, I suggest to you, rather than entrenching them, we have covered them in a very shallow furrow. It is a furrow from a plough that is adjusted too high.

I am sure honourable senators have observed television and other press coverage of the Parti Québécois conference in Quebec this past weekend. I should like to make it perfectly plain that at no time would I suspect Premier Lévesque of interfering with any of the basic rights. I think he has shown this in the referendum. However, honourable senators, down the road someone will follow Premier Lévesque just as someone will follow every politician on the Hill. I ask you to consider the type of people present as observers at that meeting. Guerillas from South America, or any other part of the world, are not my type of Canadians. Yet, those people were present as observers at the Parti Québécois conference.

What are we doing in this resolution? We are handing some future generation, which has no respect for those rights we have inherited from the common law, no respect for freedom of speech, freedom of assembly and freedom of association—none whatsoever, because most of them have been trained in an atmosphere in which that is not accepted—we are handing them, on a silver platter, the legal means to oppose opposition. We are passing the "notwithstanding" clause which means that Parliament—not only Quebec but every other legislature in Canada—not by a two-thirds majority or any other protective means, but by one vote, can remove our basic freedoms. Honourable senators, is this the type of Constitution you want? It is not the type I want.

I wondered why the Prime Minister spent so much time in Africa last summer. Could it be that he was studying how the one-party system evolved in the emerging nations of Africa?

The omission of women's rights in the original resolution introduced in the House of Commons has left many Canadians dissatisfied. Admittedly, the House of Commons attempted to correct those omissions, but I do not believe the error has been fully corrected, and it has certainly not been accepted by the general public. Many women's groups, native groups and the handicapped still express their opposition.

● (1600)

I doubt that I can add very much to what has already been said, but I should like to leave honourable senators with a few figures regarding those who are dissatisifed with the Charter of Rights. Women represent 52 per cent of Canada's population; natives, 6.3 per cent; and the handicapped, 11.6 per cent. If we add the 25 per cent or more that represent the population of Quebec, I ask the question: How many people are satisfied with the present Charter of Rights?

Throughout my experience in this chamber I have noticed that when it came to rights and constitutions, government supporters were always quick to refer to the attitude of the Honourable Eugene Forsey. His was the ultimate wisdom when supporting the government; yet today that same gentleman is supporting, in his attitude, the groups I have just mentioned. It is strange, honourable senators, but I have not heard one supporter of the resolution refer to Eugene Forsey.

Senator Bird: I believe I referred to him.

Senator Phillips: I am sorry, Senator Bird. I was present for the beginning of your remarks, but then had to leave the chamber. Perhaps you did refer to him. I would ask whether you referred to him in the sense of supporting the resolution?

Senator Bird: I said that I feared he might have been right in what he had been saying, but I had been convinced by the honourable senators who spoke before me on the same day that my apprehension was unfounded.

Senator Phillips: Honourable senators, the fact that, with the lone exception of Senator Bird, our former colleague has suddenly been dropped, is *persona non grata*, tells us something about the Charter of Rights. It is all right when you are supporting it, but don't speak out against it because you will have no support.

Language rights have occupied the attention of the Senate throughout the debate. Senator Tremblay and others have discussed the subject in a calm and reasoned manner, and it is not my intention to repeat those views. But along the same line, I will mention briefly the fact that in the Constitution the right to an education is not mentioned except when it refers to minority groups. Surely the children of the majority have the same right as those of minority. It does not matter in which province one lives, or whether one is anglophone or francophone, all children should have the same right. But nowhere is it mentioned that the children of the majority are entitled to an education at public expense.

There are many things in Canada that we enjoy in common. In my opinion, this document completely misses those points that we share in common. Instead, we have devised a document that attempts to stitch together those things that divide us. It is very much like attempting to repair a sail. We have taken a canvas sail from the period of 1867 and we are

attempting to stitch to it the nylon sail of today. Honourable senators, the first time a strong breeze or a gale hits that sail, it will give way at the weakest point, namely, the stitching.

Equalization has been included in the resolution in the form of a commitment to promote equal opportunity. Anyone who observed the November 12 budget and noted the reduction in transfer payments to the provinces will hardly be impressed by section 3. The meeting of federal and provincial finance ministers in Halifax just about destroyed any faith the provinces will have in section 3. The section is nothing more than a commitment to equalization and regional disparities.

Honourable senators, this government was elected on a commitment to low interest rates. If a commitment to equalization and regional disparities is made with the same sincerity as the commitment to low interest rates, then section 3 is meaningless.

Senator Walker has moved an amendment to delete section 47. He has noted that the section appears to be an afterthought. I recall being present at a meeting of the joint committee on the previous resolution when Senator Austin questioned Premier Blakeney who appeared as a witness. I regret that the honourable senator is not present in the chamber to confirm this. On being questioned concerning the Senate, the Premier of Saskatchewan, an NDP premier, stated that he recognized the need for a bicameral system, that he recognized the need for a Senate. He went on to say that the Senate today was performing its defined function very well. I do not know whether Premier Blakeney or Senator Austin have gone through some mental aerobatics, but we suddenly find this section inserted late in the bill—as Senator Walker described it—as an afterthought.

Honourable senators, I know that changes are required, and that changes in the Senate will come about. I accept that. But I would point out to honourable senators that section 47 not only prohibits us from dealing with any future constitutional amendments regarding the Senate, but, in fact, takes us out of the picture regarding any future constitutional amendments on anything. If we want to amend one specific item that does not involve the Senate, all that the House of Commons has to do is to wait six months and it is through.

● (1610)

I would point out to you that the real need for reform lies in the whole of Parliament. I think the majority of members of this chamber, as well as the other place, would agree that they no longer have any say. Both the House of Commons and the Senate can make recommendations *ad nauseam*, but such recommendations do not have to be accepted. The Prime Minister and about five cabinet ministers, plus a host of bureaucrats, now run this country. It is rather a sad commentary on both houses of Parliament, but it is true. The real need for reform lies in the whole parliamentary system. I do not object to parliamentary reform; I merely ask why this chamber is selected. Why not do the whole thing holus-bolus, and do it right? Offering Senate reform, when the country is suffering from legislative malnutrition, honourable senators, is like offering a patient suffering from malnutrition a facelift, so that he or she will not appear so thin.

Most Canadians feel a sense of disappointment at Quebec's being isolated in this resolution. It is a concern that is growing daily, and, in fact, that concern increases each time Canadians see a confrontation between the Prime Minister and the Premier of Quebec. The motion moved by Senator Flynn, I think, in a way, attempted to suggest a cooling-off period, but perhaps it did not go far enough. I would suggest that probably both of them should be sent to a monastery of silence, to let the country have a moratorium on announcements.

The Prime Minister states that he went into the November conference with the idea that he had to trick Premier Lévesque, and he boasts that he succeeded. Then he went on to complain that the Premier of Quebec did not trust him. That should be nothing new to the right honourable gentlemen. On the other hand, the Premier of Quebec went into the conference with no idea of achieving a new Constitution, for he does not want a new Constitution; he wants out of any Canadian Constitution. That certainly creates a very difficult situation.

When I first came to Parliament Hill, Prime Minister Diefenbaker was attempting to solve certain problems with Quebec. The federal treasury had certain moneys that were held in, shall we say, escrow for the Province of Quebec in the form of university grants. Quebec was unwilling to accept those from a previous government because they constituted an interference in the field of education, which Quebec maintained was theirs and theirs alone. This situation was resolved by paying the grants direct to the province, and letting the province distribute them. This pattern appears to have worked very well, because later on Liberal governments used it.

I point out that now we have the Canada and Quebec Pension Plans. The plans are integrated, but administered according to the special needs of Quebec. I would also remind the chamber that various premiers of Quebec, of different political viewpoints—Johnson of the Union Nationale, Lesage of the Liberal Party, and Bourassa of the Liberal Party—have also used this method of settling disputes with Ottawa.

During the referendum in Quebec, the Prime Minister promised a new Constitution. He gave no details, but he promised a new Constitution, and this is the basis for the resolution before us today. But, honourable senators, are we now to say to Quebec, "You voted for Canada, and all we are going to give you is a slap in the face. You can no longer opt out of any future federal agreement except in the two instances specified in this resolution"? Is this our response to Quebec for staying with us in the referendum? I hope we can do better than that.

Honourable senators, before closing, I would like to mention briefly two points. One is the amendment moved by my colleague from Prince Edward Island this afternoon. Incidentally, may I just digress for a moment and say that although I have often disagreed with Senator Macquarrie, I have often been proud of him. I was really proud of him in his speech today.

Senator Macquarrie referred to the veto that the provinces have over any future admissions to the Canadian Confederation. I think that is totally and completely wrong. No province should have a complete veto over the future of Canada; and it is indeed not only the future of the territories that is at stake, but the future of Canada. I consider it to be basically wrong for a province such as mine, the smallest, to be able to say that the Yukon cannot become a province also, and the people of my province do not wish that veto.

The press, it seems to me, has conveyed the idea that the western provinces want to expand northwards. I do not see that as the basis of the veto, despite the editorial read by Senator Macquarrie. I suggest to you that there is another reason. In the province of New Brunswick there is an active movement among the Acadians to have their own separate province. In northern Ontario there is also an active movement calling for the separation of northern Ontario from southern Ontario. I suggest that the reason this clause is in the resolution is simply to protect the two premiers who were hand-maidens to the Prime Minister throughout the constitutional debate.

The resolution also, in clause 50, gives control over non-renewable resources to the provinces. Honourable senators, I ask you: Will the word "province" define the boundaries? Will the word "province" include the oil fields off the Atlantic coast? Will the word "province" define the ownership of a future oil discovery in James Bay or Hudson Bay? I think we should clearly understand where the territory of the coastal provinces begins and where it terminates.

● (1620)

Honourable senators, in closing I ask you to consider these points. The Charter of Rights is not entrenched. In fact, it is nothing more than a legal means to destroy the rights we already have. I ask you to consider our slap in the face to the Province of Quebec. It is not the PQ government that we are hitting, honourable senators, it is every resident of Quebec.

Senator Flynn: That's right!

Senator Phillips: I am sure that the members of this chamber would not wish to do that. I ask you, honourable senators, to consider all of the vague definitions in this resolution that must be interpreted by the Supreme Court. Do you want a Constitution that, in the words of the advertisement, "turn turtle" every five years? I would like to think that we could do much better than that. I hope that you will join with me in opposing the resolution.

Senator Godfrey: Honourable senators, if I may be permitted a question, I should like some clarification. Senator Phillips referred to a six-year-old Moslem girl and to some doubt as to whether or not she would be eligible to vote under section 3. I do not think the fact that because she is a Moslem or a girl would in itself deny her that right. However, did the honourable senator consider the effect of section 1 of the resolution, which states:

> 1. The *Canadian Charter of Rights and Freedoms* guarantee the rights and freedoms set out in it subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society.

Would that not take care of the fact that she is six years old? Would that not be a reasonable limitation which would permit legislation prohibiting her from voting?

Senator Phillips: Honourable senators, I am somewhat like Senator Godfrey in that I have a very limited knowledge of the law. I would not presume to take the place of a justice of the Supreme Court and answer that question. I was referring to the question raised by Senator Hicks. I would also refer the honourable senator to section 52(1), which states:

> The Constitution of Canada is the supreme law of Canada, and any law that is inconsistent with the provisions of the Constitution is, to the extent of the inconsistency, of no force or effect.

I would also like to remind the honourable senator that I presented that as something I overheard in the cafeteria on the fifth floor. I think it raises a lot of questions. I may say that I particularly enjoyed it because it came from a member of the staff, which convinced me that the public is studying the Constitution. I am pleased about that.

Senator Godfrey: Honourable senators, I have another question. Reference was also made to Senator Macquarrie's amendment to the resolution, and Senator Phillips indicated that the present effect of the resolution with regard to making a territory into a province was subject to the veto of a single province. Surely section 38(1) requires three provinces to have any such veto.

Senator Phillips: Unlike Senator Godfrey, I did not follow my notes too closely. I may have wandered from them slightly, but whether it is the veto of three provinces or one is not really that important. In my opinion, the principle of a veto is completely in error. I would point out to Senator Godfrey that the Prime Minister is adamant in telling the Premier of Quebec that he does not have a veto over the present Constitution and, if he does not have such a veto, why should he have a veto over the future admission of provinces?

[*Translation*]

Hon. Hartland de M. Molson: Honourable senators, about a year ago when the resolution for the repatriation of our constitution was tabled in this House, I had shown very little support for it for reasons which I considered paramount. Today, these reasons are still valid. First, there is the fact of course that my own province, Quebec, is not party to the Accord. It could be said that it is the government of the province of Quebec, rather than the people of the province, which refuses to sign the Accord.

Secondly, I objected to clause 44 which indirectly has to do with the elimination of the Senate. Today my objection does not hold since clause 47 was substituted to it, under which an amendment to the constitution can be made after 180 days instead of 90 days. I am not sure that this is an important issue because in recent years the Senate has been docile in following the party line, and has not acted like an objective body.

Thirdly, I am not happy to see—I should add that I am even disenchanted—that the everlasting Conservative Ontario government make a deal with the everlasting Liberal federal government, under which section 133 of the B.N.A. Act does not apply to Ontario. Although the Government of Ontario has been progressive in its thinking, and anxious to co-operate in its treatment of the French language in that province, Premier Davis's anxiety to see power retained in central Canada does not justify such a deal.

In my opinion, cynicism and hypocrisy are quite evident in these dealings. We all know that the game of politics is a serious one; however, there are times where principles should override opportunism. I noticed with great delight that several members of various parties in the House of Commons agreed with that argument.

Fourthly, the incorporation in this resolution of the Charter of Rights is a matter of grave concern to me. Many of my friends who are prominent lawyers have expressed the view that we are entrenching incomplete rights which will make the process of change difficult.

These rights do not meet the wishes of the French-speaking people or the English-speaking people, nor those of the native peoples, the ethnic groups, the women, and the Government of the Northwest Territories. In fact, most of those people are unhappy with it.

● (1630)

[*English*]

Lastly, as one of the vanishing Protestant representatives of the Province of Quebec in this chamber, I have been deeply concerned with the lot of Quebec minorities. Our position there, since the passage of Bill 101 in Quebec, has become affected to a degree of which I do not think the majority of the people in Canada have the slightest idea.

Bill 101 was introduced in Quebec for the very laudable purpose of preserving the French culture and language. That is an aim which non-francophones can understand, appreciate and support. It suggests that the language of work and of matters of culture should be clearly established as French, and that all public information and communication should be so formed that French is in the dominant position. It also establishes control over the language of education.

The administration has gone much further. There is an element of revenge, of hatred, of excess in the application of this law which is reminiscent of dictatorship.

An editorial in the Montreal *Gazette* in October headed "A Society in Danger," gives weight to this fact. From this article the following is a brief quotation:

> Whether deliberately or not, the Quebec government's policies in education, language and public services are pulling the plug or are about to do so on the sustaining institutions that have kept the anglophone community alive and breathing.

Later there is this:

> If anyone still doubts that the present government through either bureaucratic or vindictive instincts, represents a danger to anglophone institutions, let him read this week's newspapers.

So far excessively restrictive educational rules, curtailment of social services, the elimination of any English word from any public sign, the insistence on the French language only in anglophone institutions dealing only with a limited English constituency are the main causes of concern. And, incidentally, there are practically no anglophone employees in the Quebec civil service.

You know, it is a very short step from prohibiting a person from putting up a sign announcing his business in his own language to removing his right to advertise in his own language. In some countries it has progressed to control of the languages used in communicating via press, radio or television.

To indicate why non-francophone Quebecers are seriously concerned, let me give you a few examples of the extreme, almost ludicrous, activities of the special bureaucracy set up to police the language.

There is an organization in Quebec called "La Commission de surveillance de la langue française." The New York papers call it "The Language Police." Its attention was drawn to what it thought might be a subversive anglophone group called "The Little Red Playhouse." It is hard to believe, but the facts are as follows, according to the Montreal *Gazette*.

The Little Red Playhouse is situated in one room in Elizabeth Ballantyne School in Montreal West. That is an English Protestant school. It is a co-operative nursery school. It is not government-funded in any way. It operates on an annual budget of less than $20,000 and it is composed of three teachers and approximately 40 children three and four years of age.

In May of last year, the Little Red Playhouse was visited by two individuals from the language board who asked several questions about enrolment, and surveyed the classroom for French displays and literature. They requested a meeting with the executive to discuss further changes required by Bill 101.

Three weeks after the original visit, the registrar and the treasurer met with the language people who demanded that correspondence with parents of these babies be in French only; that the lease with the Protestant School Board of Greater Montreal be in French; that application forms be in French only; that all suppliers be requested to send only French invoices; that all records—financial, minutes, et cetera—be maintained in French. The Little Red Playhouse was then given until January of this year to comply. Now, does that sound like Canada?

Let me give you another example. There are some English-speaking schools which carry normal identification on their buildings—"Westmount High School", "Roslyn School," and so on. Now the words "school" or "high school" have to be removed, leaving the buildings with signs, or their stonework, reading only "Westmount", "Westmount Park", "Roslyn", "Chateauguay Valley." It is hard to tell whether they are

public baths or schools. But does this protect the French language?

Again, there have been cases where people living and working in the French language have been given tests that did not deal with their professional terminology. They were failed and, as a result, prohibited from continuing their employment as nurses or nurses' aids, and so forth. As calculated in the press, we are losing from Quebec doctors, engineers and other desirable trained citizens by a net exodus of 100,000 between 1966 and 1976, and 75,000 between 1976 and 1979. At that rate it will be well over 200,000 in 15 years.

It is now generally recognized that extremists in the present Quebec government would welcome the exodus of most of the million non-francophones living in Quebec. We are talking about one million people in a province of six million people. These one million people are not being protected by the proposed Charter of Rights. Incidentally, that number is greater than the population of five of our provinces.

Quebec's premier in 1977 indicated that, if other provinces made provision for French education where numbers warranted, Quebec would be glad to act equally. Now that promise seems to be forgotten. The newest worry for the minority is a proposal by the Quebec government that would reduce the autonomy of their school boards.

It is now absolutely clear and declared that the present Quebec government is committed irrevocably to separation. It will not agree to any federal Constitution, no matter how changed or how permissive of opting in or opting out.

Honourable senators, it has been said in this debate that the present constitutional resolution is a great improvement over the original. I agree. There is no doubt about that. It has a language provision for French education in all of the provinces, although it does not give equal treatment to the English minority in Quebec. It recognizes the existence of native peoples with aboriginal rights, but to a limited extent only. It improves certain other rights which have been demanded outside and inside Parliament over the last year, and it now has nine provincial premiers prepared, even if reluctantly, to accept it.

● (1640)

I know that the resolution will pass. It should be a matter for jubilation that finally we have our own Constitution at home. Unfortunately, my feeling is one of considerable concern, that this is not the time for dancing in the streets. I believe we have created for ourselves years of litigation and more problems today than we had yesterday. I resent the fact that the government should have attempted to put through this policy by a unilateral end-run last year to get it passed before anybody was awakened to what was happening. The year's forced delay shows how many people are in disagreement, and it has splintered the country. A vast consensus of people would have given support cheerfully had the Constitution been patriated with an amending formula only, and without the complications of this imperfect Charter of Rights.

Honourable senators, I began my remarks by saying that one of my objections to the resolution was the fact that my province, Quebec, was not involved. Senator Roblin's amendment providing compensation for opting out should remove some of Quebec's principal objections, so I support it, knowing that it will not change Quebec's attitude. I also support Senator Tremblay's amendment, ensuring that Quebec has equal freedom of decision with the other provinces who have signed. This amendment has become doubly important since last weekend when the Parti Québécois convention drew the party to independence without association, facing the premier with a very difficult decision. I am reminded of the Biblical expression:

> They have sown the wind, and they shall reap the whirlwind.

We must make every effort to give strength, even though our actions will not affect the result, to the moderate elements in Quebec and do nothing to favour those like the FLQ, who now seem to have a strong voice in the party.

I also make clear that I cannot accept the position in which Quebec's anglophones will find themselves. Although it would correct only one small injustice, an amendment should have been included guaranteeing the children of anglophone families who attend French schools the right to send their children in the future to English schools. As it now stands, the grandchildren of English families whose children attend French schools, in an effort to create closer ties and better understanding, lose their rights. All Canadians, French, English, ethnic and aboriginal, equally should be protected by a charter, but this Charter of Rights and Freedoms does not assure that protection. It seems to protect some at the expense of others. There must be equality and justice for all of our citizens if the Charter is not to be a sham.

Honourable senators, it may be that I spent too much time on the problems of the anglophone minority of Quebec, but we are discussing a Charter of Rights and Freedoms. It is extremely difficult at this moment, perhaps an historical moment, to represent the Province of Quebec in the Senate. It is particularly difficult to represent the minorities of Quebec at this moment. On one hand we preach the freedom of the individual, and on the other we see the process of suppression of the use of our own native language. How do we reconcile these?

We find now, honourable senators, that my province refuses to accept the resolution. We also have to accept the fact that the Charter of Rights and Freedoms does not protect the rights and freedoms of the Quebec minorities. As one of their representatives, I have no choice but to vote against the resolution.

Senator Godfrey: Would the honourable senator permit a question?

Senator Molson: Yes.

Senator Flynn: Come on.

Senator Walker: Sit down.

Senator Godfrey: The honourable senator said that Senator Roblin's amendment would not satisfy Quebec, Did he mean that it would not satisfy the Quebec government or the Province of Quebec?

Senator Molson: I obviously meant the Quebec government because, as I mentioned earlier, I do not think the government and the population of the province are completely in accord.

[*Translation*]

Hon. Jean-Paul Deschatelets: Honourable senators, I wish to start by congratulating all the previous speakers both on the quality of their speeches and their laudable efforts to keep this debate at the highest possible level, which is appropriate in a chamber said to be the chamber of sober, second thought.

I should like to follow their example, although I shall not be sharing the views of most of my colleagues, and I shall explain to the best of my ability the reasons for my position.

Since last spring, a number of important events have taken place in connection with the Constitution; at the end of the last conference, the result I was most afraid of finally materialized, namely, an agreement among nine provinces and the isolation of Quebec.

Since then in my province parliamentary debate has been submerged under purely political debate, which has created a particularly difficult situation for me as a senator from Quebec.

Like all Quebecers today, I feel trapped between the federalist and the indépendantiste factions. The political debate in my province is already heated in the extreme, and in this context, federalists who are opposed to the draft resolution risk either being identified as indépendantistes or at the very least being accused of furthering the ultimate aims of the Parti Québécois. I am quite aware of this danger. I am counting on your intellectual maturity to make the necessary distinctions.

I want to state right away that I am one of many Quebec federalists who voted no in the referendum, in the expectation that after the referendum, they would see a plan for renewed federalism quite different from the one being proposed in the draft constitutional resolution. The draft resolution is proposing a new concept of Canadian federalism. It is proposing a set of individual rights, as opposed to the collective rights we have exercised as our sovereign right since 1867. This new philosophy acknowledges implicitly that Quebec is a province like the other provinces, and that the values that are a consequence of our specific cultural character are not different from other values.

In the field of education, for instance, under the present Constitution, the National Assembly has exclusive and sovereign control, and I shall always maintain that this right is not only essential to our future development, but also that, if we give even one inch on this issue, we shall be close to creating a dangerous precedent.

This is not the only objection I have to the draft, but even if it were the only one, it would be sufficient reason for me to vote against the resolution.

You will recall that before the opening of the federal-provincial conference, all provinces had agreed about the patriation of the Constitution, with the amending formula known as the "Vancouver" formula, including an opting-out clause with financial compensation. This was a tremendous success for the federal government. We would not have our present problems if the government had not taken advantage of patriation to include a Charter of Rights which, according to the Supreme Court, affects the exclusive rights hitherto exercised by the provinces.

I must say that in Quebec, the vast majority of the people agree with patriating the Constitution with an amending formula which would guarantee full compensation in case of opting out, and a charter of rights which would not reduce our legislative jurisdictions. This also was progress because, in the past all former premiers had objected to patriation until the principle of the sharing of powers was discussed and accepted.

• (1650)

Here is an interesting point which I would like to make. If I were to ask the following question: Why is it that no Quebec premier, since Sir Lomer Gouin's days, has ever promoted or suggested this patriation which was, in fact, to break off the last colonial tie? The answer would be that to preserve their present rights, the people of Quebec felt more secure with the 1867 Constitution, which is being kept in a case in the London Tower, than they would be if it were placed in the hands of our Canadian politicians. That is a very strange historical fact, but the fear of our former Quebec premiers is being confirmed by current events.

Honourable senators, there is one aspect of the recent federal-provincial conference that I would like to emphasize for the sake of a better understanding of the results of that conference. Before attending, the Quebec premier had been given a very precise mandate by the National Assembly on September 30, following a resolution which had been amended by the Leader of the Opposition, Claude Ryan, and later on adopted by both parties in the National Assembly with 111 ayes and 9 nays. This resolution should be taken into account. It reads as follows:

> The Supreme Court of Canada having ruled that the federal proposal relative to the Constitution of Canada reduces the powers of the Quebec Assembly and that this unilateral action on the part of the federal government, although legal is unconstitutional because it goes against the conventions, this Assembly demands that the federal government forgo its unilateral request, opposes any action which could impinge upon its rights and affect its powers without its consent and asks that the federal and provincial governments resume negotiations immediately in accordance with the principles and conventions which must govern any amendment to the Canadian federal system.

This was a clear and specific mandate given by the National Assembly, and the key phrase in the text which I have just read is the following:

> This Assembly opposes any action which could impinge upon its rights and affect its powers without its consent.

During his speech on this resolution, the Liberal leader, Mr. Claude Ryan, said the following:

> That the federal government was not supposed to make any constitutional change which would affect the powers of the provinces without first having obtained their consent is something that we had always taken for granted: I have myself asserted this for 25 years—

This is Mr. Ryan talking:

> —I was certain that I was abiding by the most orthodox and the most permanent of doctrines.

On page 21 of his speech, Mr. Ryan added:

> It is this whole idea of our country, of its future and of the balance between the two levels of government which underlies the debate that has been dividing us deeply and tearing us apart for months. This idea of a supreme federal state within the Canadian Federation is not one which the Liberal party of Quebec supports.

As a non-elected member of this Canadian Parliament who has been appointed to this Upper Chamber to fulfill the constitutional mandate of representing my region and my province, I feel in all conscience the moral obligation to respect this resolution voted by the National Assembly.

Honourable senators, like yourselves, I followed the most recent federal-provincial conference on television and I was bewildered when the results were announced. One of these days we shall probably learn what happened, especially as concerns the negotiations held during the last night. I have asked myself many questions, including this one: What was the major reason for the break-up in the common front of the eight dissident provinces which had been in agreement for over a year and why is it that this agreement between the eight ended up so abruptly?

I have heard one explanation in this regard, that of the Quebec Minister for Intergovernmental Affairs. In my opinion, it is interesting and I thought it would be appropriate to quote from it for the information of this chamber.

The seven dissident anglophone provinces suddenly realized that if this so-called last chance conference were to fail, the government's constitutional resolution might be rejected by the British Parliament because of a lack of consensus, and I believe that if this had happened and if this resolution had been agreed to by just two provinces as was the case in the beginning, the prestige and the credibility of our country itself would have suffered. This is a plausible explanation, and I thought that you might be interested in hearing about it.

The ties which held Quebec to the seven other dissenting provinces were not only fragile but once again the values conveyed by those ties were entirely different, mostly cultural on one hand and economic on the other. The agreement between the nine provinces which made that project legitimate according to the Supreme Court, however, left my province in an utter legal confusion as to the existence of a veto right to thwart that project since it had not signed the agreement, or of a veto right with complete financial compensation in the case where it would opt out of a program following patriation.

Last week, both first ministers, the Right Honourable Mr. Trudeau and Mr. Lévesque had a quite revealing correspondance in that connection. Does Quebec have a veto right under these circumstances and if so, did it forgo this right during the negotiations? In view of the issues at stake, especially those concerning my province, I think that it would be advisable to take legal action so that in the last resort, the Supreme Court of Canada will clarify that legal aspect which it had not been specifically called upon to consider. The essential point that is being raised is whether Quebec has a veto right which, according to tradition would prevent the Canadian Parliament and other legislatures from amending the Constitution without its consent.

I have another valid reason to believe that Quebec will take advantage of that last legal resort; for about two years, there could be a moratorium on the constitutional debate which would not prevent of course that resolution from being introduced as legislation. This would not only enable us to catch a second breath, but all the governments could give the priority to urgent economic problems.

Honourable senators, before concluding, there are three aspects on which I would like to comment briefly; first, Ontario's refusal to be subjected to section 133 of the Constitution, that is institutionalized bilingualism in the legislature and before the courts.

I mention in passing the generous gesture of the New Brunswick premier in this respect; nobody has explained yet why the linguistic minority in Ontario should not be granted the same rights as the linguistic minority in Quebec. The letter which Premier Davis of Ontario wrote to an Ottawa woman and which appeared in the daily *La Presse* of November 23 sheds a revealing light on this matter, and I can assure you that this is an aspect of the constitutional proposal which has been very painfully felt in my province.

● (1700)

I do not agree with section 46 dealing with the suspensive veto of the Senate on constitutional matters for two reasons: First, why should this suspensive veto on economic matters not apply instead to constitutional matters? Second, if the government proposes to have a provincial representation when it reforms the Senate, it would be all the more reason for not depriving these representatives of a full veto right so that they may properly safeguard the rights of their respective provinces. I admit that I do not quite understand the purpose of section 46, and before we are called upon to vote on the proposed amendment, I hope we will be enlightened on this aspect of the Senate's present and future powers.

I must regretfully advise Senator Sullivan, a colleague I hold in high esteem, that I could not accept his amendment on abortion. I will explain briefly why. I have always felt that whenever the conscience of an individual is involved, the higher principle of the freedom of choice must come into play,

and I think that in this case, the woman concerned must be the only judge and assume alone full responsibility for her decision under these circumstances; moreover, I should add that whatever her decision may be, our society should provide her with the best possible care.

However, I want to commend Senator Sullivan for raising in the Senate this issue which is one of the most controversial questions in our society. I regret that it should be raised along with so many other aspects of the resolution, and I certainly hope that some day we will be called upon to vote on the abortion issue. We should not be afraid to make our position known on that issue, and I feel that the Senate should have more opportunities to express its views on similar issues in order to give proper guidance to public opinion.

Honourable senators, I conclude this overly long speech with the following comments.

The great legal debate ended with the Supreme Court of Canada ruling and, in a few hours, tomorrow afternoon around 5 o'clock, this parliamentary debate will end in the Senate. However, because Quebec is not party to this agreement, we cannot now avoid in the province a basic political debate, which has already begun in any event. Still, I am not pessimistic. The political forces which fashion the destiny of nations are very unpredictable indeed. We should not dramatize anything, but hope instead that with the passage of time and the ingeniosity of politicians special concessions will be made to Quebec. That will be the high price to pay to secure the agreement of my province and thus give Canada a second start towards well understood national unity.

Indeed, those unpredictable political forces I mentioned a moment ago are already working. The Minister of State, Mr. Serge Joyal, announced these past few days that amendments are not acceptable at this late hour. I regret that, because it is not very interesting for us here who have the power not only to move amendments but also to adopt them. I did not like that statement. But just the same, the minister said in his statement that we are now going through the first stage and that there would be others. Unless I am mistaken, I interpreted those words to mean that the door is not closed forever once this resolution becomes law.

The Progressive Conservative Party has shown much flexibility about linguistic rights and financial compensation in cases of opting out. Even the ineffable Mr. Broadbent, the leader of the New Democratic Party, who endorsed this resolution when only two provinces supported it, is already beginning to talk about special status for Quebec.

The Leader of the Quebec Liberal Party, Mr. Claude Ryan, has submitted on behalf of his party formulas for compromise which sound quite reasonable and would apparently be fairly easy to incorporate in this proposed resolution.

It can be expected that in the near future no political party in Canada will be able to go through a not only those convention without avoiding a review of the agreement of the ten first ministers so as to draw Quebec into the fold.

Once this Charter comes back from London in the form of legislation, it will be the duty of all of us to find a formula to protect Quebec's vested interests within the limits of the new Constitution of 1981.

For the time being, let us wait until the dust settles. Compromises which seemed impossible to us a few days ago will appear quite natural on reflection and with time, because the constitutional evolution of a country does take a long time and cannot happen in haste and through brute force. Even though my province is isolated today, I still say that nothing is lost. In fact, and I conclude with these words, in a strange paradox, I believe that in its temporary isolation the province of Quebec seems to me today to have a brighter constitutional future than when it was linked with the seven dissenting provinces by artificial ties.

• (1710)

[*English*]

Hon. C. William Doody: Honourable senators, I rise here today to add very few words to this debate—very few because I think that all that could possibly be said on this constitutional issue has long since been said. Some of the speeches that have been made on this matter have been among the best reasoned and best delivered that I have ever been privileged to hear. I think now, particularly, of the intervention of the Honourable Senator Manning a few evenings ago which, in my opinion, is a classic and really should be given a great deal more thought and attention.

I remark at my own temerity in rising after the two esteemed senior senators from the province of Quebec who spoke of that province from two different angles. I respect the opinions of both of them very much, and they have my deepest sympathy. All three gentlemen pointed to the dangers inherent in going forward with this resolution without the participation of Quebec. Perhaps most of my few words this afternoon will be directed along that same line.

Honourable senators, I fully realize that most Canadians were very happy indeed when an agreement was reached in Ottawa just a few weeks ago. I fully admit that I was one of them. I did not share the full euphoria that many of my fellow citizens did, as I knew that the document was imperfect in many ways, but it was a Constitution for all Canadians, or so I thought at the time. I never dreamed for a moment, honourable senators, that this country of ours would contemplate a Constitution that did not have the endorsement of the people of Quebec. I am not so naive as to think that the first ministers could have pleased Mr. Lévesque, let alone his Parti Québécois supporters. If Premier Lévesque had signed the Accord, it would have had the effect of having the PQ Party endorse federalism, and, surely, that is not compatible with the announced and very obvious objectives of the PQ Party.

Honourable senators, pleasing or co-operating with the Lévesque government is one thing, and perhaps a very difficult thing, but it is certainly not the important thing in this context. To send to the United Kingdom Parliament this package which would, in effect, take from the Province of Quebec

powers and privileges which that province had prior to the recent Accord between the Government of Canada and the other nine provinces, is unthinkable. I do not care a hoot how Mr. Lévesque and the separatists feel about the Accord—my understanding is that they do not want to be part of Canada anyway—but I do care very much how Mr. Ryan and the federalists feel about this matter. My understanding is that they are just as upset as the Government of Quebec. It is probably true to say that the federalists in Quebec are angrier than the PQ, because what we are doing here is providing the separatists with more ammunition to further their cause. We are telling the federalists that we are not to be trusted, and we do not care, in effect, what they do. We are signifying to the majority of Quebecers who voted "no" in the referendum that we, in the other regions of Canada, do not care.

Honourable senators, this matter has to be one of the supreme cynical ironies of all time. This constitutional debate, which was launched on the pretext of satisfying the aspirations of our francophone citizens in a renewed federalist Canada—this grinding, divisive debate now nears its end with our francophone citizens more alienated than ever before. Not only the PQ supporters, but—from what we can gather from a poll taken a few days ago in Quebec, from what we can gather from recent events in the Quebec legislature, from what we hear from honourable senators from Quebec, from what we hear from French-speaking people on the Hill, especially the younger ones, and in fact from all sources in the province of Quebec—the majority of French-speaking Canadians are very dissatisfied with this document, as, indeed, they should be.

This should concern all of us. It should concern us at least enough to make an offer to these people. Let us, at least, offer these people what they were entitled to before the Accord. Let us include a satisfactory compensation clause. Let us offer them satisfactory language rights, as we have to other provinces. I have heard people—honourable senators and others—say, "What for? Mr. Lévesque does not want an agreement. You can offer him everything, but he will find a reason to turn it down." The people who say this could very well be right. In fact, I am sure these people are right. But, surely, that is not the point. We in this place should be trying, in my opinion, to encourage the federalists in Quebec. If we make the gesture and the PQ turn it down, we will at least have kept faith with those Quebecers who voted for Canada in the referendum.

If we do not make this gesture and if we do not say to these people, "Stand firm. We in Canada want you in Confederation. You are an essential part of this country," then we are making a difficult situation in Quebec a great deal more difficult.

We all know, or should know, how important the Province of Quebec has held the opting-out principle to be. If they do not feel they wish to participate in a program, then they may take the cash value of that program. This is important and intrinsic protection of the cultural, educational and other rights and programs of the people of Quebec.

[Senator Doody.]

The amendment moved and so well-explained by Senator Roblin really bestows nothing new. It is a good principle and one consistent with Canadian federalism.

Honourable senators, my understanding of the agreement between the federal government and the nine provinces is that the federal government was given a fairly free hand to deal with, and to reach an Accord with, the province that had not signed. The line that has been used as an excuse for not offering concessions to that province is, in brief, that we cannot change the Accord, or the assenting provinces—the other nine provinces who had signed—would back off. Surely this argument cannot be sustained. Change was made, and properly so, to accommodate the concerns of the women of Canada. Change was made to at least partially accommodate our native people—not enough, perhaps, but change was made. Surely, honourable senators, some change could be made to sustain and to accommodate the millions of federalists in Quebec.

We, in my own province of Newfoundland, had some very serious problems with the original package which was discussed here, in the other place and in committee. There were serious reservations and sincere worries. For instance, there was the danger of a change in the right to denominational education, and a danger, however remote, of unilateral boundary changes. There was a great deal of discussion about the mobility clause. These problems were recognized, honourable senators, and solutions were found. To that extent, at least, these concerns of my province were put to rest, although not all of the concerns of Newfoundland were put to rest. Talks are still going on regarding offshore resource matters, and I fervently hope that a mutually beneficial solution will be found to that problem.

Honourable senators, I hope that some meaningful input into fishery policy, involving stock management, quota allocation, licensing and marketing—indeed, all areas of fishery policy; not those of jurisdiction or ownership, or any such foolishness, but meaningful input into this most vital of all economic, social and cultural matters; indeed, the very reason for Newfoundland's existence—will be settled by people of goodwill working together.

● (1720)

It was that same good will, honourable senators, that enabled Newfoundland to accept, with full enthusiasm, the Charter of Rights, and it did not demand, as the price of its acceptance, either fish or oil for those rights, despite the cynical sneer to that effect at the time. The sneer was proved to be wrong and the premier of my province, Premier Peckford, played no small part in making possible the final consensus; and I feel that I would be remiss if I did not, at this time, mention his role in reaching the Accord.

But many areas are not addressed in the document, including the vital issue of the right to life. Senator Macdonald spoke so well to the motion in amendment this afternoon that I will not expand on this crucial moral issue at this time, except to endorse the words and sentiments expressed by Senator Macdonald and by the mover, Senator Sullivan.

There are many other areas open to argument, and they will take years to work their way through the courts. I know that the legal profession in Canada need never worry again, as it now has at hand, in the shape of this document, a permanent make-work plan.

It has been said, and it will be said, that not everyone is happy. All the provinces, not only my own, had major problems to deal with, major concerns of their own, and by and large most—not all, but most—of their concerns were met. Much was done to meet their objections.

Why, then, can we not, in the name of Canada, make some concessions to meet the concerns of the people of Quebec—not the PQ, but our fellow Canadians in Quebec? Surely, the gesture suggested by Senator Flynn—the postponement or adjournment of this debate until December 14—would have been a small way of telling our friends in Quebec that we in the Senate are aware of their problems and are trying to help them in their fight to remain an important part of Canada.

Let me be quite honest in the matter, honourable senators. My concern is not only for the Province of Quebec, real and great though that fear is, and it is not only for the survival of Canada, as we know it, great and real as that fear might be; but I have a real dread of what will become of Atlantic Canada, particularly Newfoundland, if René Lévesque and his supporters get their way. Therefore, honourable senators, any help that the separatists get in furthering their objective—removing Quebec from Canada—has to be resisted in every way that we can; and make no mistake, if we pass this resolution without consideration of the concerns of the people of Quebec, we are surely helping the separatist cause.

So we come to the crux of the problem. As I have explained, the immediate problems which faced us in the other provinces have been corrected and other problems are being discussed. The property rights clause, which has been of concern to many people, has been omitted, at least partially, to facilitate the concerns of that tiny but splendidly beautiful province of Prince Edward Island. Protection of its farmland and its beaches from absentee landlords is essential to its very existence. But the accommodation was made, and there is no property rights clause. The amendments on linguistic rights, put forward by Senator Tremblay, and on compensation, by Senator Roblin, are not nearly as repugnant to Canadians as the accommodation made for Ontario on French language use, or on property rights which I have just mentioned, or on, say, the labour mobility rights inserted to satisfy my own province.

As I and others have noted, we have already made amendments to satisfy women's demands and aboriginal demands. Why, then, in the name of support for Quebec federalists, can we not at least extend the very reasonable and basic accommodations that are embodied in the amendments put forward by our two colleagues, Senators Tremblay and Roblin? If, after that, Premier Lévesque and his government still do not come on board, they will be exposed for the non-Canadians they are, and the real Canadians in Quebec will know that they have some supporters, at least, in the rest of Canada.

At first, as I said at the beginning of my speech, I was happy to see the end of the matter, and, like my friend and seat-mate, Senator Cook, since the most immediate of Newfoundland's problems had been resolved, I was prepared to let the thing go. But much as I respect my friend, and as many times as I have congratulated him for his courageous stand on behalf of our province, on this occasion I fear I cannot join him in supporting this resolution—for, to support the resolution as it stands, without amendment, would be a tragic mistake—

Some Hon. Senators: Hear, hear.

Senator Doody: —and no service to Canada or to its many parts.

So, honourable senators, we draw close to the end of the debate. The time for the vote has been set, and the government majority will see it passed as we received it from the other place. The Leader of the Government in the Senate has stated that it will not be changed because the other partners to the Accord, the nine provinces, do not want it changed. They, the provinces, will disallow the agreement, it is said, if change is made. But, surely, honourable senators, that cannot be factual. Changes have been made, and I wonder whether it is not possible, even at this late stage, if it has not already been done, to contact Premier Bennett of British Columbia, the provincial premiers' chairman, and to ask him—and, through him the other premiers—whether they will consider our amendments to the resolution; and if Premier Bennett and the other premiers refuse to accept them, then so be it. Let the responsibility be theirs and not the responsibility of the Senate of Canada.

I wonder whether those premiers have already been asked to accept the compensation clause, or the linguistic rights clause. I doubt it very much; but if they have been asked and have refused, then I believe that the correspondence should be tabled.

Honourable senators, the few days' delay requested by Senator Flynn would perhaps have given us more time to follow that line of reasoning, and more time perhaps to have seen that the premiers were contacted on this matter. Surely, there is not much time before December 14, but time that I suspect we will be only too anxious to give to this vital matter in the months and years to come. I believe that a great deal more time than these few days will be spent by all of us in trying to correct the tragic mistake that we may be making here tomorrow.

There may be some tragic consequences flow from the decision already taken by the government majority in the Senate. I hope I am wrong—I deeply hope that I am wrong; but the real possibility exists that we are paving the way for serious trouble in the very near future.

I speak not only of the fears of our native people; or the mistrust and unease and legitimate concern that have been set afloat in the Yukon and the Northwest Territories, in the case that was so ably presented by Senator Macquarrie; or of the rights of the unborn, so passionately presented by Senator

Sullivan; or the clause that imperils the Senate itself, as explained by Senator Walker—although I must add that if we continue to be as subservient to the Commons as we appear to be on this particular issue, then I believe we have little to worry about; but I speak also of the fears of the federalists in Quebec, who feel, with justification, that they have been deserted and betrayed—by cruel coincidence, at the very hour of the separatist PQ convention, a convention so radical in its nationalistic fervour as to make René Lévesque himself sound at times like a moderate.

We, the members of the Senate on both sides, have a unique opportunity to demonstrate to the people of Canada, particularly to the people of Quebec, that the upper chamber of the Parliament of Canada has an essential role to play in the law-making process. We are not bound by agreements or accords, no matter how spurious have been the arguments on those accords and agreements during the past few days. We are bound only by the mandate set forth in the document legitimizing the Senate of Canada.

Honourable senators, if ever there was a time to truly represent the provinces and the regions of Canada, surely this must be it. Amend the resolution or delay it, we must demonstrate to the people of Quebec, and to the rest of Canada, that we serve a useful purpose here. We must demonstrate to the people of Quebec that we recognize the problem facing the federalists in that province. If we do not, then I fear that the whole of Canada will be the loser. The fact that most of the problems in the provinces have been resolved in the resolution now before us is really a short-term and narrow victory if we do not have the good will of the people of Quebec; for if ever a province could be said to be an essential part of this country, then surely that province must be Quebec.

Honourable senators, John Donne said it many years ago far better than I could. I will not quote in its entirety what he said but enough to make us think about it:

No man is an Island, entire of it self.

This country will be the loser if Quebec disappears.

● (1730)

Hon. Dalia Wood: Honourable senators, the flag of my province may have flown at half mast, but, also in my province, the flag of my country is now raised to its full glory by all Canadians of Quebec. It has been some time since the Maple Leaf has been allowed to fly over government buildings in Quebec, and this situation may continue for a short while longer.

I promise, honourable senators, not to restate any of my historical premises, but my plea is for a unanimous vote from the Senate of Canada for the resolution now before us. I say "unanimous", because all members of Parliament in the House of Commons and the Senate, who worked night after night on the clause-by-clause hearings, voted in favour of its adoption. Should less be expected from this house, whose credo must always be "on balance"?

I say "unanimous" also because of 24 dissenters only three were from my Quebec. The 72 who voted in favour deserve our support, for they, as responsible elected representatives, included their constituents in this great "happening".

Perhaps if we analyzed the motives of the 24 opposing members, we would find some moot points to which we could relate and even agree to, but, honourable senators, is it not time for the "end of the beginning"?

Lest we repeat the historical and political processes that culminated in this resolution now before us, let us simply say that the nearest thing to impossibility has been achieved with this Accord between the Government of Canada and nine of the provinces.

In my view, it was wrong for the provincial governments to hold rogatory meetings in London. It was wrong also to use Quebec the way they did. The word "deception" may best describe their actions, for they knew that the Government of Quebec was gambling on a complete break-up of the federal government. They all lost to the will of the people of Canada, as well as to the outstanding leadership of the Government of Canada, a team dedicated to nation building.

How many of us could have kept pace in the face of such incredible power plays? But again, the will of the nation deserves the greatest of tributes. Duplicity took a back seat.

Of the three dissenting members of Parliament from Quebec, we must of course write one off. His position in the referendum virtually makes it impossible for him to opt in. But with regard to the other two, there is an irony. One opposed because it did not go far enough towards protecting French-speaking interests, while the other dissented because it did not go far enough to protect the rights of English-speaking people in their pursuits of earning a living and raising a family in their own official language. Neither view is valid, as both linguistic interests, which should have been protected under section 133 of the British North America Act, were subverted by violations of both the letter and the spirit of that act. However, I see nothing but futility in the imposing of anything whatsoever by one level of government on another, especially when one of the governments will have no part of this proclamation. Needless to say the community in Montreal will be in turmoil for some time to come.

They are the real and only losers in this ploy of the Parti Québécois government, and this includes the French-speaking community that they pretend to elevate.

One would assume that if a language was official in a legislature, it would also be valid and official in the marketplace and in social life. That is the spirit of the law as it was intended by the Fathers of Confederation.

I agree with Senator Rizzuto when he states that if Senator Tremblay's amendments were to be accepted, and with Quebec having authority over the educational rights of Quebecers, "the rights of the English-speaking Quebecers would not be guaranteed if ever the Quebec government were to prevent them from attending English schools? There would be no one then to ensure that their rights are secured."

Therefore, I cannot agree with the amendment. I must protect minorities, be they francophones outside Quebec, or

anglophones within Quebec. Personally, I am opposed to section 23(1)(*a*) not being imposed at this time.

This resolution before us, with its Charter of Rights, could re-instill the spirit of the B.N.A. Act as originally intended, and could assist the citizens of this country with the protection of their inherent and native rights before the courts.

In the meantime, it disappoints me when I see deals and trickery in connection with restrictions on the language of education. Why are we so terrorized by language of instruction? Is it perchance because each language has a different history attached to it? If so, this is a very fragile way to develop a national raison d'être. Honourable senators, parents see a destiny for their children. Let them fulfil it, for it is they who should be calling the shots.

Perhaps, in time, Bill 63 of the late Premier Bertrand will be re-enacted giving parents the right and freedom to choose a destiny for their children and that, honourable senators, is my hope for the future. Perhaps aberrations like Bill 22 will be impossible under the Charter, and monstrosities like Bill 101, which militates directly against the political, social and economic life of both halves of the Montreal population, will just be a costly memory of the past.

Perhaps the poisoned political climate of Quebec is seeing its worst days, and perhaps we can restore dignity to our community; otherwise, what is the purpose of a Charter of Rights? Let us at least try it, for who knows what the alternative could be?

Let me remind those opposing the resolution out of respect for the Quebec government's obstruction, that there are a million English-speaking Canadians in Quebec who are an embarrassment to the present provincial government, as they do not fit its projected profiles. Consequently, there was no way that the Parti Québécois government could have entered into the Accord without including these people as citizens, and the impossibility they face here is that these million, plus some two million of their French-speaking co-citizens, will always thwart the attempts of the Quebec separatists.

Let us also support and vote for this majority, and let us, honourable senators, be in the forefront of this giant step of the people of Canada toward their complete self-fulfilment. In voting for this resolution, I am primarily voting for my fellow Quebecers, so that they may maintain their ownership of all and every part of Canada. I beg my fellow senators to join me and make it unanimous.

The Senate adjourned during pleasure.

At 8.10 p.m. the sitting was resumed.

Leave having been given to revert to Notices of Motions:

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I understand that Senator Molgat, who is acting deputy leader, mentioned this afternoon that he might wish to ask leave to revert to Notices of Motions in order to make a motion regarding the sitting tomorrow morning. Pursuant to the agreement of the Senate that we would be able to do so, I move, seconded by the Honourable Senator Hayden, with leave of the Senate and notwithstanding rule 45(1)(g),

> That when the Senate adjourns today, it do stand adjourned until tomorrow, Tuesday, 8th December, 1981, at 10.30 in the forenoon.

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

Hon. Senators: Agreed.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have no objection to the motion. I also have no objection to sitting without interruption until whatever time is decided upon, which could even be after the vote tomorrow afternoon, which is, by order of the Senate, to be taken at 5 o'clock. Will there be an interruption for lunch or should we bypass that?

Senator Frith: I think we should decide that on the basis of the number of senators who have yet to speak and who wish to do so. I expect, however, if it seems we can accomodate all senators, that we could break at 12.30 p.m. and come back at 2 o'clock. I think we should remember that we will want to leave the Leader of the Opposition enough time for his speech on the resolution and on any of the amendments, followed by a wrap-up by the Leader of the Government. I suggest that we think in terms of the Leader of the Opposition being given the opportunity to speak tomorrow afternoon no later that 3.15.

Hon. Jean-Paul Deschatelets: Honourable senators, may I ask a question? Should we have more speakers in line than we expected, has Senator Frith given some thought to extending the hours tonight in order to accommodate them?

Senator Frith: Did you say extended hours tonight?

Senator Deschatelets: Yes, so that we can accommodate all senators.

Senator Frith: Senator Flynn and I have discussed that and we decided to see where we stand later this evening. We should sit, in principle, until approximately 10 o'clock and at that time see if there are others who really wish to speak tonight. If so, we could sit extended hours in order to accommodate them, bearing in mind what I have just said about the fact that we will have at least two hours tomorrow, since we are resuming the sitting at 10.30 a.m.

Senator Flynn: We should keep in mind, too, that there is no time for an adjournment specified under our rules. Therefore, as has been done, we could sit until midnight or even 1 o'clock if you do not force us to adjourn.

Senator Frith: I should say, though we are not looking for a Senate order in this regard, that if we are going to observe the order as to voting at 5 o'clock, in addition to Senator Flynn being given the opportunity to speak no later than 3.15, we could give Senator Perrault at least half an hour to finish, since he has already spoken and Senator Flynn has not.

Motion agreed to.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN— DEBATE CONTINUED

The Senate resumed from earlier this day the debate on the motion of Senator Perrault that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada.

[*Translation*]

Hon. Martial Asselin: Honourable senators, last week, after a minor accident, I was urged to rest for a few days until I was feeling better. Since an historic debate was taking place in the Senate and the future of my country was at stake, as a Quebecer, I could not stay home and had to come here to deliver my message. I believe it reflects the feelings of most Quebecers who are sad and have become rebellious and, in some cases, aggressive and insular. Some Quebecers will argue that it is no use trusting our English-speaking compatriots any longer and that perhaps we should become the masters of our own destiny and run our own affairs.

Yes, honourable senators, the truth is not very palatable. Quebecers are disappointed in the way the constitutional negotiations turned out. They really have the impression that English Canada, through the provincial premiers, have decided the keep Quebec out of this historic agreement.

All this despite the promises made during the referendum campaign held in Quebec last year, when federal politicians and politicians from other provinces came to meet Quebecers and promised them that if Quebec voted no on the referendum question, there would be thorough changes in the Constitution and that Quebec itself would have a place in this constitutional change, in this new Canadian federation.

We shall long hear the echoes of that solemn statement made by the Prime Minister of Canada when, speaking to his compatriots in Quebec, he said: "We are playing all or nothing. As soon as you vote no in the Quebec referendum, we guarantee that we will change the status quo and that Quebec will have its place with the other provinces in this new Constitution, this new Canadian federation.

Yes, honourable senators, the people of Quebec are wondering about what happened at the constitutional conference in November and particularly that night when it was decided, without the participation of Quebec, to give Canada a new Constitution that accommodated, I repeat, accommodated, the English-speaking majority in Canada.

If we are to believe Mr. Lévesque's version of what happened, and it has not been contradicted by the other provincial premiers to date, it seems that the federal government and the English-speaking provinces wanted to reach an agreement at any price, notwithstanding commitments to Quebec made by the premiers of the English-speaking provinces last April.

Following the Constitutional Conference, Quebecers are wondering about the unilateral character of this decision. People do not think the agreement signed by the federal government and the English-speaking provinces alters the unilateral aspect of this constitutional decision.

As for myself, speaking as a Quebecer who for a long time has agreed with the concept that Quebec has a very specific character and position within Canada, I doubt personally that this agreement represents the substantial consensus mentioned in the Supreme Court's decision, to the extent that it would make the constitutional resolution both legal and conventional.

On the contrary, I maintain that the resolution in its present form is grist to the mill of the separatists and is breaking down our remaining arguments in favour of Canadian unity. This view, honourable senators, is taken by all the members of the National Assembly in Quebec, and is therefore of considerable concern to a large part of public opinion in Quebec. To prove my point, one need only read the editorial pages in our newspapers and find out what the media are saying, to conclude that francophones are agreed on the following point: that by doing what they did, the anglophones have categorically rejected the basic concept of Canadian duality, and that by doing so, they have ignored the views of 26 per cent of the Canadian population. Some will still contend that a country can be built, that it can be renewed even if its people are divided.

Honourable senators, in the next few minutes I shall attempt to go over with you the deep-rooted reasons which are responsible for this extremely alarming situation.

First, the federal government approach to bring Quebec into the Accord has been I think all wrong. The hard line taken by the Quebec government has led us to a deadlock. Of course we have to deal with the legitimate Quebec government because it has democratically been elected by the people of Quebec. But beyond that government there was the Quebec people and there is still the Quebec people.

Governments go but societies remain. I think that keeping in mind the people of Quebec, as some senators have suggested here ever since the beginning of this debate, we should have conceded on some points which the Quebec people would have liked. They would have forced the Quebec government in power to accept a proposal they considered reasonable, had the facts been presented to them in the proper way. We could have agreed that the dual status of the Canadian people was something we could easily recognize. It could have been stated in a constitutional preamble which could have been written following repatriation of the Canadian Constitution.

The most important issue is the financial compensation, which was raised by my colleague Senator Roblin. It would have been easy to say that cultural and educational matters set aside, we would grant full financial compensation not only to Quebec as the New Democratic Party wanted it, but also to

every province in order to avoid blatant economic injustice as was the case during the last few years when Quebec refused to join in the joint programs. We could, of course, have accepted, as was suggested by Senator Tremblay, an opting-out clause to clauses 23 and 58, and in this way Quebec would have kept jurisdiction over an area which is of major and dear importance to them namely in the field of education and culture.

● (2020)

As was mentioned this afternoon, honourable senators, this was done for women and the natives. Why not for Quebec? As I said before it would have forced the people of Quebec to tell their government that it was enough and they wanted it to accept the reasonable proposal put forward by the federal government. Why also was the veto right of Quebec done away with offhandedly? When Mr. Lesage was in power in 1964, he used it unequivocally and nobody said it was illegal, merely conventional, and he was respected for doing so. When Mr. Bourassa used his veto right in 1971, the federal government accepted it. Why? Why was it argued offhandedly that the Supreme Court had decided that Quebec did not have a veto right? Honourable senators, as stated by my dear friend, Senator Flynn, in an interview given to a newspaperman from *Le Soleil,* we have witnessed during the constitutional debate, a cockfight, a struggle to the bitter end between the Prime Minister of Canada and the Quebec premier. Our people will pay for this.

It will not be the governments in power but the people of Quebec who will have to pay for its isolation. Yes, Quebecers are sad and are mourning because they feel that their cause was poorly championed by their representatives in Ottawa. Quebecers feel that their members and some of their ministers in Ottawa have failed them. The Quebec ministers too often take an aggressive, provocative and even insulting attitude towards the Quebec government and indirectly towards Quebecers.

This is why *La Presse* denounced the cocky attitude of some ministers such as Mr. Chrétien, as reported in the paper on November 31, 1981, and I quote:

> It would seem that Mr. Chrétien who is probably very nice with the rest of the world takes a great deal of pleasure in ruthing Quebec the wrong way. He showed it again on Thursday when he merely laughed at the mention of the order in council the Quebec cabinet had just passed to promulgate the veto right of Quebec in constitutional matters. One cannot claim that one sincerely wishes to reach an agreement with Quebec while trying at every opportunity to make its representatives look ridiculous.

During this debate, Mr. Chrétien did not hesitate on a number of occasions to ridicule the positions held by certain Quebec ministers during the debate. And my friend, Mr. Pierre De Bané, whose attitude has tremendously changed since he became a minister, he had me greatly surprised last week when speaking before the House, he displayed such sarcasm against the nationalist attitude of the Quebec representatives during those constitutional discussions.

However, I would like to refresh the memory of my friend Mr. De Bané, with whom I signed a minority report in 1972 as a member of the Joint Senate and House of Commons Committee on the Constitution. After consultations, we had come to the conclusion that in the majority report submitted to the House of Commons and the Senate a most important chapter was lacking. A place had not been found for Quebec in that constitutional package, that new Canadian package. We told ourselves that we would write a minority report as Senator Molgat, who was vice-chairman of that committee, surely remembers very well, and we made recommendations to the committee. I am very much surprised today to realize that Mr. De Bané has forgotten those recommendations he made at that time. I would like to remind him that the first recommendation was:

> That the preamble to the Constitution, in addition to what it should normally include, recognize explicitly the existence and aspirations of the Quebec society.

And in the second recommendation, we stated:

> It is essentially in our view that the body of the Constitution recognize to Quebec's society, therefore to Quebec, a basic right to self-determination.

Those who have an opportunity to read that document will see for themselves the predictions we made at that time. We even indicated there was a possibility of a separatist or independantiste government being elected in Quebec, and these objectives might have to be respected rather than bought by means of an economic and financial blackmail and the army's intervention.

Another one of our recommendations dealt with the distribution of powers between Ottawa and Quebec, and on that subject we stated for instance:

> We would propose a basic principle that is almost automatically stated in all federal constitutions: the central government has juridiction in areas only that are explicitly reserved to it.

We also referred to the aspirations of Quebec to be entrenched in a new Canadian Constitution. It is surprising, honourable senators, that my friend, Mr. Pierre De Bané, should have forgotten those basic principles which we stated in 1972 in that minority report, and that leads me to reflect how promotions often change people.

The same thing goes as far as my friend, that aggressive and impatient young minister, Serge Joyal, is concerned. He also seems to have shed the cloak of Quebec nationalism that characterized him when he fought for the French language in the Gens de l'air conflict. At that time he questioned the decisions made by the Prime Minister and the Liberal cabinet on that basic principle that in air transportation people must recognize the right to use French as a working language. If someone is in a position to know how much that problem divided the cabinet at that time, it is the Speaker of this house who, to defend that principle, resigned from the cabinet during that dispute on the use of the French language in air transportation. Today, Mr. Joyal would seem to have replaced Mr.

Chrétien as the federal cabinet spokesman for Quebec. He seems to have completely forgone the nationalism that used to characterize him at that time.

Honourable senators, how power does change people, and how fast they change! Of course, I do not prejudge what our historians will write about that constitutional debate we have gone through over the past several months.

One thing is certain. The Leader of the Opposition, the Right Honourable Joe Clark, cannot be blamed for not doing his duty to try and keep Canada united. He is one of the party leaders who took the political risk of defending stubbornly the views of Quebecers—and I said "Quebecers" rather than "the Government of Quebec". I believe those historians will write down in letters of gold his role as the party leader who was the most committed to Canadian unity.

Honourable senators, as I said a while ago, we tried everything—the Minister of State responsible for Indian Affairs in the Senate knows it because he travelled with the Prime Minister to Vancouver to meet the Indians—to tell them that the government was the native peoples' friend, that they would not be forgotten, and in order to get the agreement of the provinces, we had negotiated for women's rights and native people's rights in the new Constitution. Following the steps taken by the women and the native peoples, the Minister of State took Mr. Trudeau to Vancouver saying, "Come and meet with the native peoples, come and talk to them, and then we can do something and have their rights recognized again in the Constitution".

● (2030)

I remember how during the hearings of the Special Joint Committee of the Senate and the House of Commons on the Constitution, the minister was one of those who, on the Liberal side, fought the most for native rights. He is the minister Mr. Trudeau consulted when the native rights were dropped, when the Accord was reached with eight provinces, in an effort to make the constitutional document acceptable.

It would have been easy to take one further step then and induce the Quebec government into accepting the mobility of workers. It would also have been easy, as Senator Roblin pointed out the other day, to do something more to allow the provinces that want to opt out from a program to receive financial compensation. It would have been easy to agree as well on linguistic rights, as Senator Tremblay explained during this debate. By the way, I want at this stage to point out that Senator Tremblay's contribution was absolutely outstanding during the constitutional debate. It would have been easy to amend section 23 so that there would also be an opting-in and opting-out opportunity for Quebec. Quebec was prepared to consider the Canada clause, provided of course that the other provinces would offer the same linguistic guarantees to their own minorities. That would have been easy!

On a CTV network program this week, Mr. Chrétien said, "We are still prepared to discuss and negotiate with Quebec". This evening I watched the question period in the House of Commons and, as it happened, my leader, Mr. Clark, was asking the following question of Mr. Trudeau: "Are you still prepared to reopen the discussions, the negotiations with Quebec?" Mr. Trudeau said no. It was possible for women and native people, but it was impossible to get the agreement or the contribution of one third of the Canadian population! It just could not be done! It just could not be done, but Mr. Chrétien did not hesitate to call the provincial premiers on the phone night and day and tell them: "Something has to be done for women and for native people. We simply must include those people in the Canadian Constitution." It was easy and they managed to reach agreement. But with Quebec that could not be done. Again today, as this question is being debated in the Upper House of Parliament, someone has asked the Prime Minister of Canada if it was possible to reopen negotiations with Quebec on the basis which I have just mentioned and the Prime Minister has said no, it is not possible.

As a Quebecer, of course, I am none too proud about the underhanded dealings about section 133, as my colleague Senator Deschatelets said earlier tonight, especially when we read over and over again the letter sent by Premier Davis of Ontario to one of his constituents concerning the application of section 133 where it is stated quite clearly that it was negotiated with the federal government so that Ottawa would have the support of Ontario. As a Quebecer, I am saying that I do not accept that the rights of the French minority representing half a million people in Ontario were traded and negotiated in exchange for the agreement given by Ontario to Mr. Trudeau for his constitutional patriation undertaking. Mr. Trudeau has accomplished many great things as Prime Minister. However, I have the feeling that history will not think too highly of his swapping the rights of francophones in Ontario for Ontario's agreement. We are being told that the rights of francophones in other provinces will be recognized, with regard to the teaching of French, where numbers warrant. But I think that is a big joke when one considers the statement made by the Premier of British Columbia after the constitutional conference when he was asked, in his province, what had happened, and why he had given the francophones of the province the right to their own schools. He simply answered that that would not change anything. That there was nothing to be concerned about since in the English B.C. schools French is taught up to grade six so children can learn a bit of French. This will not entitle the francophones of B.C. nor the francophones of any other province, where numbers warrant, to establish their own school boards and to control their educational decisions. No way, not one bit. This will only be an attempt at trying to accommodate them, if numbers warrant and if the courts rule in their favour. With the entrenchment of these rights in the Charter, it will no longer be up to the politicians but to the courts to decide whether numbers warrant. But on what criteria will the courts base their judgments? So far, nobody knows.

Honourable senators, there will never be enough said, thoughout this whole affair and discussion, about Quebec's isolation. Have you stopped for one minute to think what that means? Have you pondered over the situation for a moment?

On the one hand you have nine English-speaking provinces who decide to side with the federal government. I do not blame them for it. But no effort was made to try to bring Quebec to sign this historic document.

• (2040)

Of course, it is not surprising that all the French-language newspapers in Quebec have protested against this situation. I have here an editorial from *Le Devoir* which speaks about Quebec's isolation and whatever results it will have. If I may, I would like to read a paragraph from this article:

> Those who are getting ready to seal this inequity have strong arguments to oppose those who have taken the other option in Quebec. The most authorized proponents of sovereignty were first to be found among those who believed in good faith in the need and the possibility of a new alliance between Quebec and Canada within the federal system. Many referendum allies of the leader of the Canadian government are already stating their profound disappointment that the promise made has not been kept. They feel that they have been manipulated and betrayed. Those members of this society who share the outlook that will be consecrated in the constitutional resolution form a very small group. Ottawa should realize that this entire operation affects not only the promoters of sovereignty, but also this whole society.

Honourable senators, the senators from Quebec have contacts with the people; they talk with them. They talk mostly with the ordinary citizens who may not be as well prepared as we are to judge events. However, these people are surprised that English-speaking Canada has abandoned the people of Quebec. There is still time for the Senate to rectify the situation. You have before you amendments moved by representatives of our party and others. There is still time for the Senate to accept some of these amendments and to take away from the Quebec government the possibility of saying no. It could no longer say no and it would have to say yes. This would have a great influence on the people, who would also force the Quebec government to say: Yes, we have been obstinate long enough; there have been enough conflicts between the federal government and the provinces; it is time to become reasonable and to accept to be part of this constitutional agreement!

When I came to the Senate about a decade ago, I was perhaps naïve, but I thought about what the Senate meant in Canada. I read that the Senate was an independent assembly which reflected about what occurred in the other place and examined objectively the legislation referred to it. I told myself that the Senate was important for a Quebecer because it has a role to play in our province. It was said that the Senate represented the rights of minorities, the rights of regions, the rights of provinces. Today, when I see what is being done to Quebec, to this part of Canada, I tell myself that there is no better way for the Senate to play its role and meet its responsibilities. If we do not, what will happen, honourable senators? Of course, as I have already said, Quebec will be isolated. There will be more separatists than federalists in Quebec in the future. With this constitutional action, we are losing the Quebec federalists. People are getting discouraged and they are gradually losing faith in Canada.

No one in this place wants Quebec to separate from the rest of Canada. You saw what occurred during the weekend at the Parti Québécois convention. You saw how what is now going on in Ottawa was used to make that party more radical. Within the Parti Québécois more radicals than before showed themselves off to best advantage with the people. As a Quebecer, this worries me.

Honourable senators, this is a situation which results from the attitude of confrontation, arrogance and stubbornness of those who had accepted the responsibility to give Canada a more united country, in accordance with the wishes of the two majority groups which, over a century ago, had agreed to journey together.

Some will say that I become over-emotional when dealing with this issue but it is not easy to hide one's feelings when one's province is faced with a deadlocked situation as is the case now. Unfortunately, when we vote on this resolution, it seems that this Canadian association will end. However, as a Quebecer I will have sounded the alarm, as I will have warned my English-speaking fellow citizens of the danger, of the risk faced by our country. Honourable senators, I would rather see our country united than to have this half-baked constitution patriated, which will be rejected by nearly a third of the people of my country.

I hope that in the light of the discussions which will take place, because we still have a day and a half to talk about it, we will reach some agreement on some changes. We have been told that this document cannot be altered in any way. Come on now. I feel that the people in the other place are people of good will who are going to accept reasonable amendments even if those amendments were rejected before by the Quebec government. Of course, the main objective of the Quebec provincial government is separation. But these amendments will be accepted by the people of Quebec and this is the point we want to make.

If only our purpose was to come with an amended document which would be referred back to the other place, I am convinced that our colleagues in the House of Commons would be reasonable enough to accept them. In so doing, honourable senators, I am convinced that we would be playing the role which has been ours since the beginning of Confederation, namely of serving the interests of our regions, of our Canadian minorities and our provinces. I thank you.

• (2050)

[*English*]

Hon. Sidney L. Buckwold: Would the honourable senator permit a question?

Senator Asselin: Yes.

Senator Buckwold: I listened with interest to your emotional and moving address, and one which, I think, is historic. I should like to ask, in all sincerity, whether anything can be done by this chamber, whether any amendment that might be

agreed to by this chamber, would, in fact, meet with the approval of a dedicated separatist, the Premier of Quebec?

Senator Flynn: That is not the point.

Senator Buckwold: That is the question I must ask. I think it is an important one. It seems to me that the Prime Minister has done everything possible to accommodate the situation.

Senator Flynn: Don't be a joker.

Senator Buckwold: I would like to get a reaction to the question I just asked from Senator Asselin. Is there anything we can do that would make the Constitution acceptable to the Premier of Quebec?

Senator Flynn: The people of Quebec.

Senator Asselin: I think I answered that question in my speech when I said that it is not essential that any proposal or amendment we make meet the views of the Premier of Quebec. It is essential that we meet the approval of the population of Quebec. That is all that is essential.

Some Hon. Senators: Hear, hear.

Senator Asselin: If the proposal is reasonable, I am sure that the population of Quebec will force Premier Lévesque and his cabinet to accept it.

Senator Flynn: Or to shut up.

Senator Asselin: Or to shut up.

Senator Smith: Put that in your pipe and smoke it for a while.

Senator Flynn: Yes.

Hon. Daniel A. Lang: Honourable senators, I should like to join with my colleagues in congratulating the speakers who have taken part in this debate for the high quality of their speeches and the obvious preparation and skills they have brought to them and, indeed, the varying perceptions brought to every subject within the realm of this discussion. That speaks well for the chamber and its role in such important matters.

Last April I spoke to the resolution then before us, and I am afraid that I was rather lengthy when so speaking and will attempt to avoid that this evening. In that speech I outlined the legal reasons, constitutional reasons and political reasons that dictated my decision not to support that resolution.

Since that time, three important events have occurred, namely, the so-called April Accord of the eight dissenting premiers, the judgment of the Supreme Court of Canada of September 28, and the so-called November Accord of the now concurring premiers and the Government of Canada. Briefly, may I deal with two rather basic but important matters that are contained in the decisions of the Supreme Court of Canada?

It has been said many times over and repeated *ad nauseum* that those decisions determined that the government and Parliament were then proceeding and are now proceeding in a manner that is legal. According to the *Oxford Dictionary,*

"legal" means "permitted or not forbidden by law". What, in fact, the court said was:

> There is no limit anywhere in law, either in Canada or in the United Kingdom . . . to the power of the Houses to pass resolutions.

Honourable senators, from that quotation I omitted limiting words that are contained therein in brackets. I did that deliberately to bring a greater clarity to it. They read as follows:

> —(having regard to s. 18 of the *British North America Act,* as enacted by 1875 (U.K.), c. 38, which ties the privileges, immunities and powers of the federal Houses to those of the British House of Commons)—

Furthermore, and immediately thereafter, the majority decision went on to state:

> How Houses of Parliament proceed, how a provincial Legislative Assembly proceeds, is in either case a matter of self-definition, subject to any overriding constitutional or self-imposed statutory or indoor prescription.

Honourable senators, I submit that there is a self-imposed statutory prescription to be found in section 4 of the Senate and House of Commons Act. That section reads as follows:

> The Senate and the House of Commons respectively, and the members thereof respectively, hold, enjoy and exercise,
>
> (a) such and the like privileges, immunities and powers as, at the time of passing of the *British North America Act,* 1867, were held, enjoyed and exercised by the Commons House of Parliament of the United Kingdom, and by the members thereof, so far as the same are consistent with and not repugnant to that Act;

• (2100)

In other words, by passing that section, Parliament limited its own powers, privileges and immunities to those consistent with and not repugnant to the British North America Act. This resolution that we are dealing with is clearly inconsistent with and repugnant to the B.N.A. Act and that, notwithstanding the content of any nine, or indeed, all, provincial legislatures or their premiers.

Honourable senators, is this purely an academic concern? I submit to you it is not. I would like to pose these questions: What onus does this fact place upon the Speaker in this chamber who is appointed by and represents the Crown in this place? What onus does it place upon the Governor General who represents the Queen in Canada and, particularly, when he places this resolution before the Queen? Are they not bound both in honour and by constitutional convention to advise the Queen or the Governor General respectively, that this petition contains a resolution of Parliament which violates a self-imposed statutory definition as found to be the case under the Supreme Court of Canada decisions? I really want this objection of mine to be on the record, and I hope it may be taken as notice.

In my speech in April, I dealt at some length with a very real possibility that the repeal of section 7(1) of the Statute of

Westminster as provided for in this resolution could render the new act, being a United Kingdom statute—that is, the new Canada Act—of no force and effect in Canada.

It would appear that the Supreme Court of Canada in its majority decision recognized this danger when it said, after dealing with another argument of counsel, as follows:

> —but it leaves for more anxious consideration the effect of the removal of the British North America Act from the "*Statute of Westminster*" and the preservation by S.7(3) of the existing distribution of legislative powers under the *British North America Act*.

It leaves for more anxious consideration the effect of the removal of the B.N.A. Act, that is, the repeal by this resolution of section 7(1) of that statute.

What happens if a province decides to proceed on that assumption, that is, to deny the legal applicability to Canada of this new United Kingdom statute, the Canada Act—particularly if Quebec should choose to do so?

Finally, honourable senators, what exactly did the Supreme Court of Canada say about the constitutionality of a resolution such as the one before us. It said:

> We have reached the conclusion that the agreement of the provinces of Canada, no views being expressed as to its quantification, is constitutionally required for the passing of the "Proposed Resolution for a joint Address to Her Majesty respecting the Constitution of Canada" and that the passing of this Resolution without such agreement would be unconstitutional in the conventional sense.

The Supreme Court of Canada by saying "no views being expressed as to its quantification" deliberately left the definition as to what provinces, and as to what numbers of provinces, are required for agreement to our political judgment.

The question we have to decide is: Does this resolution, lacking the agreement of Quebec, comprising as it does 28 per cent of the population of Canada, and containing a people being one of the two founding races, with a distinct language and culture, constitute substantial agreement among the provinces to enable it to attain constitutional conventional recognition?

Honourable senators, I suggest we must deal with this question in an historical context, both past and future, forgetting the passions of the moment and remembering as governments over the past 200 years have come and gone, so shall governments, like the PQ government in Quebec, come and go over the next 200 years, but constitutions embody long-enduring national directions which are extremely difficult, if not impossible, to change.

Honourable senators, I should like to deal briefly with two other aspects of concern to me, namely, the two Accords of April and November, and the insertion of the suspensive veto provisions with respect to the Senate in the present resolution.

"Agreement of the provinces" within the meaning of the Supreme Court of Canada decision means to me agreement in the full sense—that is, agreement that is not attained under duress. In my opinion, the April Accord of the eight dissenting provinces was made under duress imposed by the federal government and of the Ontario government and, because of its small size, to a lesser extent by the Government of New Brunswick. The confrontational tactics employed by federal ministers, the imposition of artificial deadlines by the cabinet, and the threat to act unilaterally were all federal in origin. Indeed, the national mockery imposed upon the eight dissenting premiers was created by the criticism of federal cabinet ministers, mainly to the effect that the provincial premiers could not even agree among themselves. That, again, put those provinces under duress and forced the April Accord.

I think it must be remembered that the unrelenting initiative, drive and time frames imposed on all the provinces since September 1980 have been imposed by the federal government. Those same considerations apply equally and with the same validity to the November Accord as it affects the provinces. If we can lend any credibility to the thesis Senator Deschatelets suggested this afternoon, that the sudden overnight switch by the seven dissenting premiers to become concurring premiers was brought about by a realization that the federal government would continue to proceed unilaterally in full recognition of the fact that the resolution would be turned down in the United Kingdom. If that is true, it is one of the most shocking things I have ever heard because it represents an irresponsibility with respect to Canada as a nation that is inconceivable, and it also suggests a path towards constitutional war with the United Kingdom and, I suppose, ultimately the gratification of a unilateral declaration of independence.

● (2110)

May I turn for a moment to the reintroduction of the constitutional suspensive veto. As a result of the reintroduction of that suspension, a veto now remains solely in the hands of the House of Commons, on the one hand, or in the hands of any four provinces—and I am not referring to those specific matters such as the monarchy, lieutenant governors, and the Supreme Court, as contained in section 41, where, of course, unanimity is required.

As I view the scene, henceforth Ontario alone will be the pivot on which Canada turns politically and constitutionally for the indefinite future. Coming from Ontario, I should perhaps applaud that result, but I do not; and if that was bought, and the rejection of section 133 in Ontario was bought, for the price of Ontario support for this resolution, then Premier Davis and his government should go down in historic ignominy.

Some Hon. Senators: Hear, hear.

Senator Lang: As a result of the reintroduction of that suspensive veto, and the inclusion of the powers of the Senate under section 42 of the resolution, the 1979 judgment of the Supreme Court of Canada on the Senate reference of that year is nullified. The primary reason for the existence of the Senate as a constitutional balance wheel is gone. Sir John A. Macdonald's words, which were quoted in that same reference—and they are so familiar to us—are as follows:

> Therefore is it that the three great divisions are there equally represented for the purpose of defending such interest against the combination of majorities in the Assembly.

Those words will now be rendered obsolete, as will the words of the Honourable George Brown, quoted in that same judgment. He said:

> Our Lower Canada friends have agreed to give representation by population in the lower house on the express understanding that they shall have equality in the upper house.

Those words will go into history as an anachronism.

Again, as a result, section 17 of the B.N.A. Act, which says that there shall be one Parliament for Canada consisting of the Queen, an Upper House styled the Senate, and the House of Commons, will also be rendered obsolete as it concerns the Senate; while at the same time, under section 41 of the resolution, the Queen, the Governor General, the lieutenant governors, and, for the first time, the composition of the Supreme Court of Canada, are entrenched—but not the Senate.

While retaining, at least for a short time, the never-used absolute veto in non-constitutional matters, the Senate's constitutional veto is gone, for all practical purposes, and the first step is now paved on the road to the creation of that contraption known in Bill C-60 as the House of the Federation.

Back in the late 1960s I spoke in this chamber on the extraordinary powers concentrated in the federal executive under our parliamentary system, particularly under a situation where there is a majority government, combined with the effectiveness of party discipline over docile and ambitious party members in the House of Commons. At that time I said that the only effective counterbalance I could see might be the Senate, and probably that should be its most important concern.

The extinction of that possibility has now begun by the passage of this resolution. I am told, honourable senators, that the denegration of the Senate, brought about by its exclusion from section 41 and its inclusion in section 42, and the destruction of its historical raison d'être under section 47, was brought about at the ideological insistence of Premier Blakeney. If that is so, I should like to remind honourable senators that Saskatchewan represents 4 per cent of Canada's population, and if that is the sole reason why this came about, then it can hardly be justified in the light of that figure.

Honourable senators, my decision not to support the resolution that was before us last spring still stands today for the following reasons: I cannot support the proposition that the consent of all the provinces without Quebec is substantial consent within conventional requirements.

I cannot support the creation of a ramshackle Constitution for this country containing a Bill of Rights, the hallmark of republicanism, and entirely inconsistent with the Westminster model of parliamentary democracy—particularly a Bill of Rights flawed in every respect as this is at present. It will create far more injustice and hardship than it can ever be expected to remedy.

I cannot support a ramshackle Constitution that tries to combine the constitutional principles that historically underlie the B.N.A. Act with inconsistent mechanisms, and a Constitution which exposes the whole exercise to potential legal futility; also one that breaches Parliament's own self-imposed statutory constitutional limitations—and that notwithstanding the concurrence of any number of provincial premiers.

I cannot support a resolution which over the past year and a half has contributed to an intensity of mutual distrust and bad faith between the provinces and the federal government, and between the provinces themselves, rivalling or surpassing anything since the birth of Confederation; a resolution that at present is so obviously feeding the fires of fanaticism and separatism in Quebec.

Honourable senators, I ask you to compare the Canada of 1967, our Centennial year—when our ideals of national unity were clear, our national pride was high and our hopes for the future shone—with the present situation. Shortly after that period this whole constitutional reform exercise began. Let us compare the Canada of 1967 with the Canada of today, divided, with mutual suspicion and distrust everywhere, a Canada for which my heart bleeds.

● (2120)

Has the exercise been worth it? I ask honourable senators to examine their own hearts for the answer to that.

Honourable senators, at page 90 in the Supreme Court judgment, there is a paragraph I should like to read:

> It is because the sanctions of convention rest with institutions of governor other than courts, such as the Government General, or the Lieutenant-Governor, or the Houses of Parliament, or with public opinion, and ultimately with the electorate, that it is generally said that they are political.

Honourable senators, the sanctions of convention upon which this resolution purports to be based, will rest, after its passage, with the Governor General or, ultimately, with the electorate. This resolution represents a sea change in the basis of Canadian federalism. Are the electorate to be denied their legislative verdict in this all-important matter until after it is presented to them as a fait accompli? I wonder what limitations are implicit on our Canadian democracy under our present government.

At the outset of this matter, in September of last year, honourable senators, I had hoped that constitutional amendment could be obtained in good faith, and with good will, and in order to sustain and nourish our sense of national identity and common interest. When I first read the resolution I could not believe that any government of Canada would purport to so unilaterally trench upon such established areas of provincial jurisdiction; but I still hoped a moderate position might come about which involved repatriation and an amending formula only. This obviously could not be worked out, so I am left

alone to vote as my conscience and my sense of my Canada dictate.

Hon. Nathan Nurgitz: Honourable senators, I am relieved, although I am sure not nearly as relieved as you will be, to realize that this will be my last intervention with respect to the Constitution.

I spoke previously on October 29, 1980, and March 12, 1981. I have considered it a great honour and privilege to have been a member of one of the houses of Parliament debating this most historic and, indeed, profound document, the Canadian Constitution.

I suppose that there will never be an issue that will appear to be so fundamental to this country as this particular issue. For me, as a relative newcomer, it has also been a great demonstration of the workings of Parliament. When one thinks back to the initial presentation of the proposed constitutional package and the bitterness that was evoked by the various pieces of the package, it is mind-boggling to think that we ever could have come to this point. There was such a large number of provinces against the proposal—they were called the Gang of Eight—and an opposition committed to making vast changes. One almost got the feeling that one was un-Canadian to be against it. We had also a government that I am sure we all believed then was embarked on what became known as unilateral action.

I want to make particular mention of the opposition both here and in the House of Commons, and its effectiveness in raising so many of the points that have ultimately ended up as part of the final resolution. I think a good deal of the comments of the opposition and the pressures exerted by the opposition have allowed the people, the courts and the provinces to be heard and have some input into this debate. I want to call your attention to the work done by the people in the opposition towards stemming the tide of pressure. You will remember all the deadlines that were imposed, first on debate, and then on committee hearings.

I regret to have to say that the government was not keen to go before the courts, and you will remember what we were told about the provinces, namely, that they would never agree.

On previous occasions I raised several concerns, not the least of which was the question of whether a Charter of Rights was necessary at all. This was a point of view held by me and by many others, who felt that basic human rights were better protected in a British unwritten system, as opposed to an entrenched, codified system such as they have in the United States.

I do not dispute what appears to be public acceptance. I think that most polls show that Canadians want a Charter of Rights. Many new Canadians, who, like my parents, came from countries where suppression of basic human rights was an accepted not only those of government, believe that they will be better protected by a Charter. I believe that they believe that. I do not necessarily believe that their beliefs are well founded.

I am still uneasy. I am concerned not with what might be written, but with what may be done. I am concerned about who benefits, and whether the system will do what it is intended to do. Chief Justice Burger, of the United States Supreme Court, has spoken out recently against the unfortunate tendency for general constitutional principles, designed to protect the civil liberties of citizens, to become twisted, through case by case judicial analysis, into rigid legalistic rules. A typical example of this is the "Maranda rule", inhibiting effective police work, which was not intended by the framers of the Constitution.

We must be wary, honourable senators, of the twisting or reworking of rules allowing individuals to frustrate seemingly legitimate actions of the state.

I remember as a law student reading the retelling of many fairy tales. In thinking about the Constitution I looked at the Charter and thought about the story of Little Red Riding Hood taking a basket of food to her grandmother only to find that the big bad wolf had devoured the grandmother, had dressed in her nightclothing, and upon Little Red Riding Hood's arrival, attempted to devour her.

We all remember the story of the woodcutter working nearby who heard her cries and rushed to her rescue, killing the wolf with his axe, thereby saving Little Red Riding Hood's life. As the story is told to us, the townspeople hurried to the scene and proclaimed the woodcutter a hero.

That fable, read in conjunction with the new Constitution, may well have some very serious consequences. Did not the woodcutter's actions deprive the wolf of his right to life, liberty and security in accordance with paragraph 7, or was he informed of the specific offence under paragraph 11?

Can we not expect, shortly, that there will be judicial interpretation requiring law enforcement officers, or others enforcing the law, to give fair warning. Accordingly, did the woodcutter make any warning swings before he struck the fatal blow? Was the wolf not subjected to cruel and unusual treatment or punishment, in breach of paragraph 12?

It may well be that there is no basis for charges against the wolf, and accordingly the woodcutter would have to be indicted for some form of homicide, and one can envisage that the supporters of rights under the Constitution might later burn the woodcutter's cottage in protest against violence. We could even have people coming to pay homage to the wolf, and all kinds of village officials speaking at the dedication. It would be a little touch of irony if Little Red Riding Hood herself gave the final tribute, saying that she had been selfishly grateful for the woodcutter's intervention, but that she realized in retrospect that he had over-reacted, and was in violation of the wolf's constitutional rights

At best I share the view, honourable senators, of Senator Steuart, when he spoke in this chamber on October 31, 1980. Senator Steuart said, as reported at page 1103 of *Hansard*:

> It also means in the final analysis that rights depend upon the broad acceptance of the people.

Later on, as reported on that same page, he referred to the problems of the Japanese Canadians during World War II, and said:

> I do not say it was good and I do not say it was not a blot on our record, but it happened, and it would happen again no matter how many rights we have.

● (2130)

He later said:

> If, in fact, we can improve the situation by entrenching certain rights above the relatively easy amendment of legislatures and parliaments, then perhaps that will be a step forward. But I think we should go slowly; we should be aware that doing so will not solve all our problems, and may create almost as many problems as it solves.

Senator Bosa raised the question of Great Britain looking at an entrenched Charter of Rights, to which Senator Steuart replied:

> I am not saying that it is going to hurt, or lessen, the rights of individuals or groups, if they are entrenched. What I was trying to say is that it is no guarantee. When you entrench rights in a constitution people should not think that it is a guarantee that their rights are secure and sound, and well looked after forever. Nothing will take the place of the vigilance of individuals, of groups, no matter what the government, and no matter what the form of government.

Having said that, honourable senators, I suppose that I have come to the same conclusion as does Senator Steuart: this resolution does not give us a whole lot, but if people feel somewhat more comfortable with it, they ought to have it. It is a symbol and God knows we do not have enough symbols.

One of the prime reasons we are here today in the final stages of the constitutional debate is the commitment made by the Prime Minister and others to the people of Quebec. There can be no doubt, honourable senators, that Canada would not originally have come into being had Lower Canada not seen fit to participate. This whole process of constitutional reform was unleashed as a result of the referendum commitment to renew federalism. Therefore, honourable senators, it is a sad irony indeed that we are dealing with the most massive overhaul of the Constitution to date without the agreement of Quebec. I realize the difficulties involved. I am not suggesting that we take the side of Premier Lévesque, who appears unreasonable and even unwilling to negotiate. Having said that, however, I worry that we may well have gone one step forward and two steps backward. It seemed to me that the whole process of constitutional reform was to result in some sort of light at the end of the tunnel. After the events of last weekend, I worry that that light could be an onrushing train. The purpose of this process was to strengthen the country, but it may well be more fragile than ever before. Honourable senators, I hope that we can obtain the accord of the people of Quebec, if not that of the present Government of Quebec.

As a Canadian, I would dearly love to see some clear evidence that the constitutional package has the support of the majority of Quebecers. I am not referring to the government of that province.

I do think that we have gone about this in a strange way. I understand the frustration of Quebecers. As a westerner, I, too, was frustrated. I remember the threat of unilateral action, the attitude that "those awful provinces will never agree." I felt as though I had come from a place that was somehow not part of Canada. I remember, when the hearings were initially set up, that deadline after deadline was imposed. I remember that there seemed to be a lack of willingness to go to the Supreme Court, and I remember the odious Kirby memo. Those remembrances do bring a feeling of frustration.

There is certainly hope, honourable senators, that we might go forward from here; that we might not alienate, but, rather, negotiate. If there appears to be little hope—as is the case now—let us keep the door open. Governments come and governments go. I know a little about that. The people, however, remain and must be served. Hopefully, they will be served in a united Canada.

The November 5 Accord removes, for me, some of that feeling of frustration and alienation that I felt as a Manitoban and as a westerner. But in reaching my conclusion tomorrow, I guess, if I think only of my limited constitutional responsibilities to my region and to my province, my decision will be made much easier by the Accord. In wrestling in the next minutes and hours ahead, I worry about looking at this thing in the broader perspective.

More specifically today, however, I want to address myself to the amendment proposed by my colleague, Senator Macquarrie, and deal specifically with section 42 and the amendment proposed by him and seconded by me. Briefly, as has been outlined by my colleague, section 42 indicates that the extension of existing provinces into the territories may be made by an amendment pursuant to section 38(1), which is an amendment that can be made upon resolution of the two houses of Parliament and of two-thirds of the legislative assemblies of the provinces having more than 50 per cent of the population.

I speak now specifically of the Yukon Territory and the Northwest Territories, two territories that cannot be established as provinces without the consent of at least eight governments. That is certainly a reversal of the present law, under which the authority to estabish new provinces resides exclusively with the Parliament of Canada. I understand the argument of Senator Lucier that the Conservative interpretation is that there must be unanimity of all provinces. The Conservative position on all constitutional change has required unanimity. But it is certainly Senator Lucier's view that the law has been that the federal government, by the Act of 1871, has exclusive jurisdiction to create provinces. That being the case, that has now been changed. This is certainly a reversal of that law, and in order to establish new provinces the consent of at least seven provinces and of the federal government is required.

I am sure all honourable senators have received a copy of a letter from George Braden, Co-Chairman of the Special Committee on the Constitution of Canada, Legislative Assembly of the Northwest Territories. Let me refer briefly to his request

that the amendment as proposed by Senator Macquarrie be supported in this chamber. He says:

> Now—for the first time in Canadian history—it seems that provinces will be permitted to exercise extra-territorial jurisdiction over citizens of Canada living beyond their borders.
>
> Our Legislative Assembly maintains that, in the interests of the people of the North, the special relationship between the Territories and the Government of Canada should be preserved. We believe that our sentiments are no different from those of the people of Alberta, Saskatchewan and Manitoba before they were formed as provinces out of the old North West Territories.

He then urges support of the amendment.

I would not like it to be misunderstood, honourable senators, as a present-day reality. I do not think that northerners want the territories to become provinces today or, indeed, tomorrow. But why could they not be treated as were the pioneers of my province, or the provinces of Alberta and Saskatchewan, which were able to attain provincial status by virtue of the 1867 and the 1871 British North America Acts? The whole purpose of having a Constitution and, indeed, of having it brought home to Canada is so that it will be a made-in-Canada Constitution—made for Canadians and by Canadians.

A "speaker's kit," prepared by the government and given to each of us when the constitutional package was first proposed, said that one of the purposes of the Constitution was "to reduce regional disparities."

Honourable senators, the obstacle course placed in front of the dreams and aspirations of the people of the Yukon and the Northwest Territories to one day attain provincehood seems to me to promote regional disparity. It makes second-class citizens out of people who, it seems to me, have to work harder, endure move severe climatic hardships, and pay more for their goods than do southern Canadians, and who generally have a harder time existing in our country than do the rest of us. To these people we say: "Work hard; forget about the cold; forget about the conveniences your fellow Canadians have, and, if after a time we can convince eight governments to recognize you on an equal footing, then some day, my friends, you might become a province." Could we tell a fellow from the Northwest Territories to read what the little speaker's kit says:

● (2140)

> To be of value a Constitution must meet the needs of the citizens.

Can we honestly say that hopping, skipping and jumping through eight governments will help meet the needs of a citizen of the Northwest Territories or the Yukon? Do we not have this thing all backwards? Because of the hardships and the inequities, should it not be easier for those hardy souls living up there in the north?

On October 29, 1980, I addressed a similar concern about the entire consultative process, the question of consulting minorities of all kinds. At that time, I talked about that particular section of the Charter of Rights that negated preferential hiring and training provisions under the terms of the Northern Pipeline Act. This appeared to breach the earlier section dealing with mobility.

At that time I said that the concern in my view was not necessarily the legal disposition—that is, not as to whether the Northern Pipeline Act would supersede the Charter or vice versa. The concern I had was that the Yukon government had not been consulted on these essential matters of importance. At the time I had said to that small group, which numbered perhaps 20,000 or 30,000, a minority group, that minorities are supposed to be protected under the new Constitution. Yet, these Canadians had been systematically held at arm's length by this government through the entire constitutional process, and now it seems that we have placed an obstacle course in front of them which makes it more difficult rather than easier to become one of us.

I have always stressed the need and requirement for consensus among all the governments of Canada, both provincial and federal. To that end, I support the Accord reached on November 5, but I urge the government to support this amendment, and, as a result, compel further consultation with the provincial governments to get them to agree to the removal of these objectionable sections.

Let this package represent, not only the fulfillment of our historic aspirations as a country, but the framework and the basis for future growth as a nation and as a people. But let it include all the people. Let us not forget the 60,000 or so who live in remote regions. We have come to this point because of the urging of many to be reasonable and to sit down and talk to each other. Will we not be regarded as having achieved that much more if we do not forget those in the far-flung regions who may well be sitting on the resources of tomorrow.

Honourable senators, accordingly, I endorse the amendment moved by Senator Macquarrie and urge you to do so.

Hon. Gildas L. Molgat: Honourable senators, as I have listened to this debate in which we have been involved, I believe I can say that it is one of the finest debates we have had in this chamber. It is a debate on a very serious issue, and a debate about which most of us feel very strongly, because it strikes at the very roots of our country. In spite of these profound emotions, there has been a minimum of name-calling or bitter recrimination. The debate has been on the highest level.

One thing that has struck me about the debate is that we have been able to reach unanimity on one matter. Whether one is in favour of the resolution or opposed to it, there is unanimous agreement that it is not perfect. Those who oppose the resolution have spent much of their time pointing out the bad features. They feel that the bad elements of the resolution outweigh the good qualities. Others, the group to which I belong, feel that the good qualities outweigh the bad, and that in the interest of Canada we should proceed at this time. I suppose one could put it another way—it is the difference between the optimists and the pessimists. In this matter, I am an optimist.

Senator Murray: How about the realists?

Senator Molgat: I believe that we live in the best country in the world and that by working together we can make it even better. I do not accept the comments made this afternoon by one of my friends across the way, who talked about the dangers of going forward. I believe there are greater dangers in standing still—

Senator Flynn: You just have to make concessions.

Senator Molgat: —or going backwards. We have to do the best we can and move ahead. If, in the process, we expect to satisfy everyone on every issue, then, quite obviously, we will do nothing. I think that is the situation with which we are faced. Either we take certain steps and move along or we will be in the same situation that we have been in since Confederation and, certainly, for the past 50 years when trying to proceed with amendments.

I believe that members of the Canadian public, in general, take that position. I do not think they are happy with every item in the Charter, for example, and I think they said so when they appeared before the joint committee. In general, they have said two things: "We want the Constitution patriated; and we want it to include a Charter of Rights." There has been disagreement over the details, but there has been general agreement in Canada over those two basic items.

During the debate in this chamber earlier this spring and last fall, one of the points of discussion which came up regularly—and it has been raised by the public as well—was the question of the process. There has been a constantly recurring call for a made-in-Canada Constitution. I do not know how a Constitution made in the House of Commons and in the Senate is not a made-in-Canada Constitution. However, that argument was used because there was no general agreement with the provinces.

In many ways I share that concern, and I am delighted that the process was changed and that there was further consultation with the provinces. While there has not been complete agreement—and that is one of the weaknesses—there has been very substantial agreement, moving from the agreement of two provinces to the agreement of nine provinces.

Senator Flynn: I'm so happy.

Senator Molgat: The other concern that was expressed at that time was, "Well, why not let the courts decide this matter?" That was part of the argument raised concerning the process. Well, the courts did decide the matter. You can disagree with the decision of the courts, but the courts did make a decision.

Senator Flynn: You misinterpreted it too.

Senator Molgat: Subsequent to that, further action was taken. On November 5, when an agreement was reached, I think there was a general feeling of relief, which is one way of putting it; enthusiasm on the part of others but, certainly, a general feeling that we had moved forward in Canada—that we had made a substantial forward step in the development of our nationhood. Since then we have been going through the process of, bit by bit, snipping here and cutting off there and opposing this and opposing that.

Senator Murray: Just in regard to the rights of women and aboriginals; that is all.

Senator Molgat: If we are not careful, we will end up by once again simply throwing up our hands and saying that we cannot do anything. Frankly, I cannot accept that as the best solution. I think the time has come to move forward.

If we were to move forward and, at the same time, end in a situation with no possibility of further change, then, obviously, we would have to reconsider. However, the facts are that, once we have patriated the Constitution, we have actually opened avenues for further amendment. Patriation will make change much easier than it has been in the past because we will have an amending formula.

Senator Flynn: For the worse, not for the better.

Senator Molgat: In the past we have been shackled by the theory of unanimity; if not legal unanimity, at least the fact that there had been a practice where provinces were consulted. Instead of moving ahead, we have been waiting and waiting. I believe that we are now over that hurdle and that once we have the Constitution in Canada we can proceed with the amendment process, and, obviously, that will have to be done.

In one particular respect, I suppose, because of the region from which I come, I frankly feel that the amending procedure now proposed is superior to that contained in the resolution which was before us last spring. I have always had reservations about an amending procedure which made some provinces different from others.

• (2150)

Some provinces had a veto and others did not. I found it extremely difficult to justify that my province had to have two other provinces in western Canada agreeing with it before its voice could really be effective, whereas Ontario or Quebec, acting by themselves, could exercise that veto power. The new formula in this regard is a substantial improvement, in my opinion.

I wish now to turn to the question of the Charter of Rights. It is a question of opinion, as far as I am concerned. Quite frankly, coming from a provincial legislature background some 12 years ago, I started off as one opposed to an entrenched Charter.

Senator Asselin referred to the Special Joint Committee on the Constitution, and there are a number of other senators present who were members of that joint committee. At that time I did not support the idea of an entrenched Charter of Rights, but as we travelled across Canada and heard all the arguments presented, frankly, I changed my mind and came to the conclusion that in the Canadian scene an entrenched Charter is the proper answer. Again, it is not perfect, but in the light of our circumstances, a better answer.

Our institutions are based on the British parliamentary system and the British judicial system. I am not from that background from an ethnic standpoint, but I admire that

system. Compared to the ones I have looked at, I think it is the best system to run our human affairs, but we have inherited it from a different circumstance. We have inherited it, first of all, from a country much smaller than ours; a country with long, long traditions and a great deal of stability; a country that could develop those institutions over a long period; a country with a more homogenous population than ours, and a country that does not have a federal structure.

So, when you look at Canada, I think you have to say that it is not on a par with the British system, and that, therefore, a Charter of Rights which may not suit the British may be a different thing here. I have come to the conclusion that it is a different thing and that a Charter of Rights is necessary in a country like Canada, a country basically made up of minorities.

Let me give you a specific instance, an instance which took place in my own province of Manitoba. When Manitoba joined confederation in 1870 it had a small population, less than 12,000, roughly half English-speaking and half French-speaking. As a result of an agreement—and I will not go through all the history of it—and because of that population structure, it was agreed that the province would be bilingual. Schools were bilingual; the legislature was bilingual. As immigrants came, quite obviously the nature of the province changed. It became a province dominated by English-speaking people with the French-speaking people becoming a minority. Accordingly, the legislature became dominated by English-speaking representatives, as one would expect, and in 1890 and in 1916 the provincial legislature abolished the rights of the French-speaking community.

How was that done? Well, it was done by the majority process, the perfectly proper legislative process, but in the course of that the rights of the minority were removed.

In 1961 I became Leader of the Opposition in that province. My honourable friend who sits across the way from me now, the Deputy Leader of the Opposition, Senator Roblin, was the Leader of the Government. So, we sat in the same position in which we are seated now, only reversed vis-à-vis the Speaker. I want to make it clear that I have never attributed to my honourable friend any ill will in this regard. On the contrary, I think that he shared the concern that my group, the Liberal Party of Manitoba, had in this regard.

What did we try to do? We tried to change the Public Schools Act in a very minor way because that act, as a result of the majority in the legislature, had changed from where it originally said that the language of instruction shall be English and French, to the removal of the words "and French." Therefore, we on the Liberal side proposed amendments to reintroduce those two words "and French." What happened? Honourable senators, the legislature persistently turned us down—on all sorts of subterfuges, I might add. They ruled it out of order, and found all sorts of reasons why it should not be done.

I do not think the Leader of the Government at that time was opposed to that principle but he was shackled himself by that majority in his party, who simply could not agree. I do not really blame them as individuals, because they saw Canada through their eyes with the background that they had. They had been living in a province that was almost wholly English, and they could not see why this was important or why it should be done.

Senator Roblin: They did eventually.

Senator Molgat: I have never thought it was ill will, but the result was the tyranny of the majority, a majority which exercised its will and imposed it on the minority, in this case, my own group—not the Liberal group, but the French-speaking group. It is for that reason I believe that we need a Charter. We need a charter to protect the minorities. We need a Charter so that these circumstances do not occur.

[*Translation*]

I would now like to say a few words about the situation in the Province of Quebec. I agree wholeheartedly with those who regret the fact that the Government of Quebec did not choose to participate in this agreement. We share the same language, though my accent and expressions may not be quite the same as those heard in Quebec—as my Acadian colleague said, it is mainly a matter of geography—and we have the same attachment to the Canadian duality that Quebec federalists have, and the same conviction that being able to speak two languages in Canada is a tremendous advantage. We also realize that having two cultures can only be a source of enrichment.

With you, I regret that the Government of Quebec is not a participant. However, I think we should realize that in the circumstances, it was highly unlikely that the present government would participate. After all, although it may not have been elected on a separatist and indépendantiste slate but rather as a government which favoured sovereignty-association, this is a government that does not believe in the Canadian Confederation and wants to establish an independent Quebec.

How can we expect this government to decide to participate now and sign an agreement, if basically it is against the concept? So we should not be surprised if the Government of Quebec does not take any action.

When I listened to my colleague, Senator Asselin, say several times that the people of Quebec are the ones we should be concerned about, I had to agree. Unfortunately, it seemed to me that the expressions he used were mostly of the kind used by separatists. When he told us: "The Quebecers are disappointed", "the English-speaking provinces have pushed them out", and here I think I can give a direct quote:

> We have ignored the views of 26 per cent of the Canadian population.

Later he said:

> That English Canada forced—

To me, those are separatist words.

Senator Asselin: I knew you would use that stupid argument.

Senator Molgat: It may be a stupid argument, but that is what I heard separatists say.

Senator Flynn: It doesn't matter who says it if it is true.

Senator Molgat: When Senator Flynn has finished, I will go on. So, I was talking about the people of Quebec.

Senator Flynn: Yes, indeed.

Senator Molgat: And I do not think that the Government of Quebec necessarily speaks for all Quebecers. When people say it represents 26 per cent of the Canadian population, I agree, but not necessarily the views of all 26 per cent.

Senator Flynn: That is what the National Assembly thinks.

Senator Molgat: That is something else again.

Senator Asselin: And what about Mr. Ryan's support?

Senator Molgat: To say that English Canada has exerted pressure that's another thing. Canada is not all English-speaking. And the House of Commons—is it an English institution as such? What I hear at home is that the House of Commons is Quebec controlled. This is what I hear people all over the country complain about. However, those 74 members who sit there—and for reasons of partisanship you refuse to admit it they are representatives of Quebec. That is your favourite theme. But the fact remains that these 74 members have been duly elected in the province of Quebec.

Senator Flynn: Without any mandate to negotiate.

Senator Molgat: They represent their constituents very well. They have more contacts with them than my colleagues who sit here and pretend to defend the interests of Quebec. Therefore I think that the arguments presented here are exactly what the Quebec government or the separatist party wants people to hear. If you want to repeat them, it is your business. But don't you believe that this will convince everyone or the rest of the Canadian people—

Senator Flynn: Especially not you.

Senator Molgat: Well, if you wish to repeat separatist comments, that's your affair.

Senator Asselin: That is a weak argument.

Senator Molgat: That is your business. It is up to you to decide. At any rate, we do regret that the Province of Quebec cannot fully take part in this Accord. It has to be recognized however that the agreement offers certain benefits which I thought would be significant for Quebec.

Senator Flynn: Such as, for instance?

Senator Molgat: One is that we recognize the dual status of the country and that from now on everywhere in Canada, French education to which I was referring earlier, will be confirmed. As of now the Quebec people who want to go and work in another province will be able to do so and their children will be taught in their own language, which wasn't the case in the past. If we want to become a nation I think this is essential. We cannot force the Quebec people, we should not force anyone for that matter, to remain in their own province, in their own area, if they wish to go and work somewhere else. If they want to improve their lot, if they find job opportunities

in another province, it certainly would be a serious mistake to force them to stay home and not allow them services elsewhere in their mother tongue.

I could mention other things. As far as the educational language is concerned the resolution makes only one exception, and it is for the province of Quebec. All the other provinces are bound by the resolution before us. But Quebec is the only exception. Therefore I think that we can contemplate the future with hope and expect that when the Constitution has been repatriated, we shall be able to carry on the discussion not only with the Province of Quebec but with all the other provinces and attempt to improve on what we are starting here today.

[*English*]

Honourable senators, a number of amendments have been proposed, some of which have been proposed by my honourable friends across the chamber, who, in the early discussion on the Constitution, made a great deal of the point that the provinces must be heard, that the great weakness in what the government was trying to do previously was that it was not consulting with the provinces, that it had the views of only two provinces—two provinces agreeing with it—and that it should listen to the provinces.

• (2200)

Well, on November 27 Mr. Bennett, speaking for the provinces, sent the following telegram:

> I am writing to you on behalf of the nine provinces that signed the November 5 constitutional Accord. The agreement reached in Ottawa is a significant achievement in the affairs of our nation and was only possible through compromise on the part of all of us. I have been asked by my colleagues to inform you that additional constitutional change should only be considered in Canada following the patriation of our Constitution. My colleagues and I believe that further negotiation must not put at risk the Accord, and that the package should be approved by Parliament as it now stands and proceeded with without further delay.

Well now, my friends, you cannot have it both ways.

Senator Murray: Indeed, you cannot.

Senator Molgat: You would love to, but that is not how life works, unfortunately. When you come down to life you realize that you cannot, on the one hand, say that you should listen to the provinces, and then, on the other hand, say, when it does not suit you, that you should ignore the provinces and just go ahead on your own.

Senator Flynn: There was never any objection by Mr. Bennett to any accommodation with Quebec. That is not true.

Senator Molgat: Well, if my honourable friend would like me to read the telegram again, I will read it to him again.

Senator Flynn: He referred to rights for women and Indian rights, and so on and so forth, which were not in the resolution, but had been mentioned previously. It is in general terms.

Senator Molgat: I do not know, then, what a phrase like his closing sentence means, which says:

> My colleagues and I believe that further negotiation must not put at risk the Accord and that the package should be approved by Parliament as it now stands and proceeded with without further delay.

Senator Flynn: He referred to rights for women and aboriginal rights.

Senator Molgat: If that means there should be further negotiation, then my honourable friend certainly reads this in a very different way than I do.

Senator Flynn: But if you do not understand, then that is the end of it.

Senator Molgat: My honourable friend, with his legal background, I know, is a very learned gentleman, but I would ask him to read it, and interpret it, and if he says that that means there should be more negotiation, then I cannot read English.

Senator Flynn: The government was free to negotiate with Quebec.

Senator Molgat: The facts are that my honourable friend does not like it because it does not suit his argument.

Senator Flynn: Not at all.

Senator Molgat: He is all in favour as long as the provinces say the things that he wants to hear; but the moment the provinces say something different, then he takes the position that the provinces should not be listened to.

Well, have that argument if you want—

Senator Flynn: Then you agree that nine provinces are imposing their will on Quebec—is that what you are saying?

Senator Molgat: No.

Senator Flynn: What are you saying, then?

Senator Molgat: I am simply telling you that a few months ago you were using the argument that we should listen to the provinces.

Senator Flynn: I am still using it.

Senator Molgat: And when we listen to the provinces, you use the argument that we should not listen to them this time.

Senator Flynn: I am not going to impose anything on your province, and I do not want anything to be imposed on Quebec. That is the difference. If it is beyond your understanding, too bad.

Senator Molgat: My honourable friend does not want to follow this argument. He wants to have another one.

Senator Flynn: No, no, no. I am willing to follow yours, if it makes sense.

Senator Molgat: You can tell Mr. Bennett, who sent the telegram, that his English is not understandable, then. To me, however, it is very clear: "Cease. Do not accept any further amendments. Proceed now." That is what it basically says.

Senator Flynn: You forget the context.

Senator Molgat: So I think the time has come when we have to make that decision, and I repeat what I said at the outset. Quite obviously, it is not going to suit us in every particular. It does not suit you, and it does not suit me. There are certain things I would like to see done differently; but I still believe that, on balance, the good from the standpoint of Canada in proceeding now in this way outweighs the bad, and for this reason I am going to support the resolution.

Senator Flynn: Surprise!

Senator Molgat: And because I am convinced of its overall general benefit I will support it enthusiastically, because I think it will lead us to an opportunity to do greater service to our people in every province in the future.

• (2210)

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I did not anticipate re-entering the debate to talk about the Manitoba school question or the Manitoba language question. However, since they have been brought up, I hope I will be permitted to offer a slightly different version of the situation from that which has just been presented to us.

It is perfectly true that in 1890 the Liberal government of Mr. Greenway abolished the French rights in education in Manitoba in certain respects, as indeed he did with regard to confessional schools. It is perfectly true, as well, that in 1916 Mr. Norris, who was the Liberal premier at that time, put the "finishing touches" to the French language in Manitoba by making its use illegal in the schools of our province. It is perfectly true that, before I became the Premier of Manitoba, we had an administration which was led by Liberals or Liberal Progressives for 43 years, during all of which time, as far as I can recall, nothing was done either about the language or the religious question.

When I came into office in 1958, it seemed to me that this was a problem that probably should be tackled by a government, even though I recognized, from the difficult experience of the Liberal Party during the 43 years before my advent into office, that it was something that probably would create more prejudicial discontent in our people, in some way, than if the matter were completely left alone. However, honourable senators, I had to admit that, on consideration of the problem and on listening to many suggestions—among which were those of the Honourable Senator Molgat—it was a subject that I did not feel, in my conscience, I could continue to ignore for another 43 years.

We attempted, therefore, to ameliorate the situation. I am not going to make any exaggerated claims for what happened in Manitoba during the sixties, because I did not feel at the time that we went as far as we might probably have been expected to go. I knew, however, that we went as far as we possibly could go. We did accomplish this during that time: we broke the ice. We no longer considered these subjects to be out of bounds in terms of reform or change. We reorganized the school districts of Manitoba so that those Manitobans who had French as their primary language at home were, as far as was humanly possible—and believe me, we drew up some pretty

funny boundaries in order to do this—placed in the same school divisions. In this way, the school boards to whom we gave the right to reintroduce the French language into the schools of Manitoba would find themselves with the voting power and authority to do so within those school divisions which were framed with the francophone Manitoban problem in mind.

I am not willing to say that the things we did during my time in office were beyond improvement. It is only correct to say that after Mr. Schreyer became Premier of Manitoba he made another step in this direction. I may say as well that when Mr. Lyon became Premier of Manitoba he made another step in this direction. The result is that today in the province of Manitoba—I think I may say this without contradiction, and I think Senator Molgat would probably agree with me—we have a situation where any Manitoban child who wants to be educated in the French language, with very few exceptions, can now attend a French-speaking school where he can take the entire syllabus in the French language. We have in the Department of Education in Manitoba a structure that has been established to cater to this requirement and this need.

Honourable senators, for these accomplishments I am loath to claim any credit. I would never have dreamed of mentioning this subject if it had not been presented to us. I am not saying this in any critical way, because Senator Molgat did his very best for the French-speaking people in Manitoba when he was a member of the opposition. I know that at that time he gave me plenty of very good advice. I am not making any claim to perfection, but I am saying that our administration broke the ice, because we had the conviction that it was the proper thing to do. We took the first step that was necessary in order to reinstate the rights of French-speaking Manitobans, which rights had been lost over these many years.

While I am on the subject, I may say as well that we did the same thing with respect to confessional schools. We took the first step in breaking the ice in this regard by providing a form of public support, which has been an anathema maranatha in the province of Manitoba for years. It could not be done; it could not be mentioned.

I am not saying that we did very much, but we did what was essential by breaking the ice and making it possible for others in the course of time to do better. That is precisely what happened both in respect of French and confessional schools. We broke the ice.

To those who succeeded me I give credit in full measure: to Mr. Schreyer, when he was Premier of Manitoba; and to Mr. Lyon, when he was Premier of Manitoba. Those two gentlemen followed in the way which had been opened up and they produced a system in my province which, while not perfect, I suppose, nevertheless goes a long way in bringing back to Manitoba the rights of French-speaking Canadians, in particular, and also of confessional schools in a substantial way. If there are further improvements to be made, no doubt the new government in Manitoba will consider them.

[Senator Roblin.]

I wanted to say these things, because one must not think of the tyranny of the majority as being something that cannot be overcome, given reason and time. I must say that in Manitoba it took a devil of a long time, from 1890 all the way through to the 1960s. I have to say that I was responsible only for the latter part, that little time when the ice was broken. But there still is in Manitoba a large majority of anglophones, and that majority was brought round to the position that French-speaking Manitobans have rights and that those rights ought to be recognized and ought to be given effect. That was done in a parliamentary manner by a majority, which, I suppose, if it had been left to its original or first thoughts on the matter, would probably have decided that it was just not worth the trouble of looking into. But it was done. It was done by an anglophone majority, and we now have a situation with respect to the French language in Manitoba which I think most Manitobans would agree is suitable and fitting for the circumstances of the province.

I really had no thought of intervening in this discussion. I know Senator Molgat said nothing of a critical nature. He simply exposed a problem, and I agree with him that it was a problem. But I thought it would be well to give perhaps a broader picture from another point of view of what took place and where we stand now.

That is one reason why, while I appreciate the enormous emotional and intellectual appeal of rigid entrenchment in the Constitution, I say that, if we had rigidly entrenched our position in 1890 or in 1916, we would be far worse off now. But we did not do that. What we did was bad enough, in that we let a really undefendable period of time lapse before anything was done to remedy the situation. That was bad enough. So I am happy that we have entrenchment, but one which is capable of amendment by the legislative authorities, should that ever be required.

I do not anticipate that there will be many laws passed in this country that will modify in any important particular the rights laid down in the Bill of Rights, unless it is clearly demonstrated and obvious to the electors and the people who support them that these changes are indeed in the public interest.

I add those few words, and I hope that those members of the Senate who for many long years have been concerned about the status of French outside the province of Quebec will think about one province which went through this traumatic experience in spades and eventually, in my opinion, came out on the right side of the argument, producing a system which is just and equitable to those who speak French as well as to those who speak English in my province. I would not like it to be thought that Manitoba has not moved forward since those days of 1890 and 1916. I like to think that the 1960s, whether under my direction or under somebody else's, were productive and helpful in building a more united province.

Senator Molgat: I agree with you with respect to the present situation, yes. It is quite acceptable. Is it not correct, however, that during all the time to which I was referring we tried to

have the act amended to read that French would be a language of instruction, and yet that was never done?

Senator Roblin: We did amend the Education Act of Manitoba to make it possible to teach French in the schools of our province in a way which had been forbidden by law previously. We certainly made some changes in our provincial legislation that broke the ice. I am quite certain that we did.

• (2220)

Senator Molgat: I would be very happy if the honourable gentleman would bring us those facts, because my recollection is that every time we tried to change the act we were opposed.

Senator Roblin: We did not accept your ideas because we had some pretty good ideas of our own.

Senator Molgat: The idea we had was simple—to add French-language instruction.

Hon. Lowell Murray: Honourable senators, I am no expert on either the modern or the early history of Manitoba. I shall leave that to the former Premier and the former Leader of the Opposition of that province to discuss. However, I must say that I was intrigued by the way in which Senator Molgat managed to telescope the history of the Manitoba schools question which was writ so large on our national history and consciousness. It seemed to me that he managed to avoid very neatly any reference to the role played in that affair by Premier Greenway and the Liberal party of that day.

Without rehashing all that history, I suggest to the honourable senator and to others who are interested in the subject that one speech they might read with profit is that of Sir Charles Tupper during the debate of the Parliament of Canada on bringing in remedial action. I suggest that the position taken by Tupper and the Conservatives of that day does much more honour to them than does the position taken by Greenway and even by Laurier in Parliament.

Senator Thériault: What was the end result of that action?

Senator Murray: The end result of that action, unfortunately, was that Tupper and the Tories lost the ensuing federal election in 1896, and, as a result, were unable to implement the remedial action which they proposed.

In any case, without rehashing all that history, I was also very interested to hear Senator Molgat rationalize the history of the Manitoba school question in terms of demographics. Suddenly, he tells us, the population of Manitoba became majority English-speaking, opinions and legislation changed and the majority was able to impose its will on the minority. I ask the honourable senator and others: In terms of English Canada vis-à-vis Quebec, is that not exactly what is being proposed in the measure that is now before us?

I am always intrigued by the intellectual gymnastics of some honourable senators. A year ago they would brook no opposition from eight of the ten provinces of Canada. A couple of months ago, after the Supreme Court handed down its decision, they agreed, in the words of Senator Molgat, that "the provinces must be heard." Tonight Senator Molgat implies that to be committed to the process of provincial consultation is to be committed to whatever the process produces, even if the end result excludes the Province of Quebec. That argument would make Parliament a cipher, and it is an argument that I, for one, can never accept. I was also interested to hear Senator Molgat express his reservations about so many provisions of the original resolution. I cannot forbear to state that he might have saved Parliament and the country a great deal of time and grief had he and his colleagues on that side—who suddenly have identified flaws in the old resolution—been able to perceive them earlier.

Honourable senators, we have heard some very learned legal arguments tonight, and I should like to make a political argument—I hope not in a narrow sense, but in a broader sense.

Since 1763, the reconciliation and mutual accommodation of the English and French peoples has been the single greatest historic challenge facing us on this part of the North American continent in building a stable and prosperous national community. Several generations of European statesmen and every generation of Canadian leaders have addressed this challenge with more or less success and more or less honour to themselves.

I need not recount the purposes of the Act of 1774; the Act of 1791; the events of the 1830s, 1840s, 1850s, and the 1860s; the attempts to find a constitutional and political *modus vivendi* that would satisfy our people, the hopes and frustrations, and sometimes violence; the progress; always the politics; and sometimes the statesmanship that led to Confederation in 1867.

Suffice to say that, yes, we are making history here tonight and tomorrow, but 1981 will represent just another chapter, just another date in that political history which goes back to 1763 and the formal end of armed conflict between England and France on our soil.

Our history, since 1763, has not been one of unremitting political progress and stability—far from it. The longest period of relative progress and stability has been the period since 1867, "the Confederation years", as they would be known by history if they were to end soon.

Our history should be a warning to us never to take our future stability for granted. In all humility, we should ask ourselves whether the step we are about to take will be seen, in the future, as having strengthened Confederation or having been its undoing. Is it a step forward, as Senator Molgat has suggested, or a serious, and perhaps fatal, step backwards?

The Act of 1867—one more date in our history—was designated as a partnership among provinces and a partnership between the English and French peoples in this country. Confederation would not have come into being unless those who at that moment had the leadership of those provinces and of those peoples agreed to it. Confederation would have floundered if Quebec, which had the largest French-speaking population, had not come on board voluntarily.

Whatever I know of the history of our country, and everything I know or believe about the nature of our country, tells

me that no Canadian Constitution can endure that does not have the support of both Quebec and English Canada in general.

Senator Flynn: Right on!

Senator Murray: The evidence indicates that this measure lacks the necessary support of Quebec. The evidence shows that a majority of the National Assembly of Quebec, representing government and opposition parties, does not support the measure.

• (2230)

All the evidence I have seen indicates that the people of Quebec, a majority of the people in Quebec, want the two governments to continue to negotiate rather than allow this measure to pass the Parliament here and at Westminster.

Does Quebec have a veto? The courts will be called upon to render a judicial decision on that. I believe that most Canadians acknowledge, as an essential fact of our national existence, that Quebec has had and does have a veto on changes which affect her own status and the powers of her legislature. I say that it is mindless to argue, as the Right Honourable the Prime Minister argues in his letter of December 1 to Premier Lévesque, as if Canadian history on this question began not 100 years ago, but 13 years ago.

This measure was born of a constitutional consensus of which Quebec is not a part. The Charter of Rights, the fact that we will now have an amending formula, even the achievement of patriation, in my opinion, are vastly outweighed by the definitive, historic fact of Quebec's exclusion and opposition. That being the case, this Constitution cannot last and will not last. It does not have the dual consensus of support which is an essential element of survival in this country.

I am sure there will be a celebration here tomorrow evening, and there is supposed to be some sort of celebration at Rideau Hall the evening after. How I fervently wish that I could share in that celebration, but I cannot because I believe that the euphoria of December 2, when this measure was passed by the House of Commons, and the euphoria of tomorrow evening, or Wednesday evening, when it may be passed by the Senate, will be short lived.

I believe that this Constitution, which does not have the support of Quebec, will blow up in our faces. I believe that the euphoria will be ashes in our mouths. In saying that, I share the hope of those who say that the necessary changes can be made using the new amending formula to reconcile Quebec to what has been done without her concurrence, but that is a pretty thin reed to lean on, and it is certainly too thin to justify my support for this measure, as it now stands.

[*Translation*]

Several amendments were proposed by my colleagues from the Progressive Conservative Party. I refer in particular to the amendments introduced by the Deputy Leader of the Opposition and Senator Tremblay. It seems that those amendments could draw enough support in Quebec to justify parliamentary approval of the resolution and make it acceptable to the people of Quebec.

[Senator Murray.]

[*English*]

With these amendments I can support this resolution. Without them, Canada would have a Constitution approved by the federal Parliament and the nine provinces with anglophone majorities—that is to say, a Constitution resting on one pillar of support rather than on the two pillars which are absolutely necessary in this country to sustain a Constitution and keep it from toppling over and crashing down. Believing as I have been led to believe all my life in the essential duality of our Confederation; believing as I do that any constitutional arrangement which, from its inception, does not respect that duality, and is not supported by both the English and French communities, is doomed to failure, I would vote against the measure as it now stands.

Senator Austin: Honourable senators, may I address a question to Senator Murray? His speech is deeply felt, I know, but could he explain the reasons why his leader in the other place, the Right Honourable Joe Clark, voted in favour of the resolution, which is now before us, and why he differs so greatly in his conclusions with that of the Leader of the Opposition in the other place?

Senator Murray: I do differ from the conclusion of my national leader. I recognize that my honourable friend is in good company in voting in favour of the resolution. I do not think I differ materially from Mr. Clark in his analysis of the situation. Indeed, the Leader of the Opposition in the other place, in casting his vote in favour of the resolution, expressed explicitly the hope and expectation that the time between the passage of the resolution in the house, and its debate here, would enable the Government of Canada and the Government of Quebec—and perhaps the Senate—to make the kind of amendments that would reconcile, if not the Government of Quebec, certainly the federalists in Quebec—

Senator Flynn: He asked again today.

Senator Murray: And he asked again today, for measures proposed in the Senate that would reconcile Quebec to the patriation of the Constitution under circumstances that were acceptable to that province and to the French-speaking majority of that province.

Hon. Guy Williams: Honourable senators, I should like to say that I will not keep you long. That is one of the blessings of sitting here listening to honourable senators who have said many of the things that I had planned to say.

First, I wish to dwell on the small problem of the Gang of Eight. Many Canadians were concerned as to the decision they would arrive at in regard to the Constitution. Fortunately, the Gang of Eight saw the light and did what was in the best interests of Canada, with the exception of the Premier of Quebec. His decision was made of his own free will. This evening a great deal of time has been spent on this matter. It is up to the Province of Quebec to make its decision as to whether it is going to come back in and build, together with all the other provinces, a united Canada. I do not wish to say anything further on that subject.

This evening I wish to speak briefly on sections 34 and 35. The word "existing" is bothering a number of Canada's native Indians. Section 35 says:

• (2240)

The existing aboriginal and treaty rights—

There is some misgiving as to exactly what that word "existing" will mean in the future, particularly with regard to the well-being and welfare of Canada's native Indians. Perhaps another word would have been more appropriate and more useful. However, the few responsible Indian leaders with whom I have spoken on the subject are quite prepared and willing to overlook their misgivings about that word and they will go along with the federal and provincial governments' decision to patriate the Constitution.

There is another problem concerning the Indian people. The Constitution Act is a made-in-Canada act, and Canada's native Indians believe that this Constitution Act will eventually do away with the present British North America Act. I do not know whether that will be the result of this made-in-Canada act which involves and concerns Canada's native Indians. That question will remain unanswered for some time to come. However, many of Canada's native Indians are prepared to agree with the decision to patriate the Constitution, although there is the possibility that a number of Indians will again be going to the United Kingdom to beat their tom-toms, and their actions may have a far-reaching effect.

I repeat that the word "existing" bothers me a good deal. Let me now cast your minds back to 1944, which is not such a long time ago. The then Prime Minister of Canada announced the introduction of the baby bonus, which eventually became the Family Allowance. If my memory serves me right, the first payment was made in 1945. When Mr. Mackenzie King, the then Prime Minister, made the announcement, he stated clearly that the Eskimos—at that time there was no such word as "Inuit"—would participate and be involved in the scheme; but he also stated clearly that Canada's native Indians would not be involved and would not receive the baby bonus because they were wards of the government. My point is that at that time the Eskimo people were equal to any other citizens of Canada; yet somewhere along the line, some time much later, the Eskimo people, who by then were known as "the Inuit," were demoted in status, and without consultation they were placed under the jurisdiction of the Department of Indian Affairs and Northern Development.

I now refer to section 35(2) of the Resolution, which reads as follows:

> (2) In this Act, "aboriginal peoples of Canada" includes the Indian, Inuit and Métis peoples of Canada.

In the very near future the Métis, too, are going to be demoted and possibly brought under the administration of the Department of Indian Affairs and Northern Development, because they are now going to be aboriginals. Up to today they have been citizens of this land, equal to any other person in Canada, but this addition will increase, possibly more than tenfold, the responsibility that the Government of Canada has towards the Indian people and the Inuit, again without consultation. The Métis people are equal to any other Canadians, because they are only involved as Canadians, and rightly so.

I have been asked, "Is this what patriation is all about—to demote the status of those who are related to the first citizens of this land?" I must say that I have no answer. I hope that this is not the purpose of patriation.

I hope also that the Canada Act will mean that the Indian people will have input into the changing of certain legislation pertaining to the Canada Act in the future, from time to time, so that they can help to create a better Canada for the Indians, who were here before any other citizens, and so that they may be able to enjoy it more.

There are many other things that I would have liked to say. I do, however, have some sympathy for you. You are a bit tired, and perhaps I am too.

I would like to quote to you now one of the late chief Dan George's laments, or soliloquies, given at the time of celebration by Canada of its hundredth birthday. I am not going to quote the lament as a whole, because I am sure that many of you have read it. The second-last paragraph reads as follows:

> Oh God, like the Thunderbird of old I shall rise again out of the sea. I shall grab the instruments of the white man's success—his education, his skills—and with these new tools I shall build my race into the proudest segment of your society. Before I follow the great chiefs who have gone before us, oh Canada, I shall see these things come to pass. I shall see our young braves and our chiefs sitting in the houses of law and of government, ruling and being ruled by the knowledge and the freedoms of our great land. So shall we shatter the barriers of our isolation. So shall the next hundred years be the greatest in the proud history of our tribes and nations.

The late chief did not see or realize his dreams, and I hope the next hundred years will bring equality and unity to this great land.

I have spoken.

• (2250)

Hon. Edward M. Lawson: Honourable senators, I shall be very brief in my remarks. I hesitated to involve myself in the debate in view of the lateness of the hour, but I am reminded of a musician friend of mine who was touring South America. He came across a giant talking bird that spoke five languages, including French. His mother lived alone in Victoria and he thought that this bird, which spoke the two official languages, would make a wonderful gift for her. He paid $3,500 for the bird and shipped it home. When he finished the tour, he visited his mother and asked, "Did you get the bird?" She replied, "Yes, I did." He said, "Well, how was it?" She answered, "It was delicious." He said, "How could you? I paid $3,500 for that bird. He spoke five languages," and she retorted, "Well, he should have said something."

So, honourable senators, feeling somewhat like that bird, I did not want to leave this chamber without saying something.

I, too, am impressed with the high level of the constitutional debate, but I trust you will forgive me if I lower its level somewhat.

There are many ordinary Canadians who feel, as a result of all of the publicity on the Constitution, that it will solve all of their problems. It is the panacea of perfection because consensus has now been reached. I think there are many people of less experience, understanding and wisdom than the members of this chamber. These people do not really understand all of the implications of this Constitution. Many of them have expressed concerns to me, which I want to share with you.

I am pleased that included in the opening is the guarantee of rights and freedoms, the protection of freedom of peaceful assembly and the freedom of association. Honourable senators will remember the situation of a few weeks ago here on the Hill, when tens of thousands of ordinary Canadians protested. I suspect that that kind of demonstration will be repeated. I suspect that this section of the Constitution will be tested very often.

While I share the concerns that were expressed by many Canadians about high interest rates, unemployment problems, and so on, I want to digress for a moment to say that I disassociate myself from the remarks made by the leader of the Canadian Labour Congress which were directed, as personal attacks, to the Leader of the Government and the Leader of the Opposition. I think we can express our views on the merits of an issue without attacking the leaders. However, if we do not deal with the problem that created the need for the peaceful assembly about which I spoke—that is, the question of high interest rates—if we continue this business of reporting a 98 per cent increase in the profits of the Bank of British Columbia, and a 50 per cent increase for the Royal Bank, if we in the government of the day do not deal with those kinds of problems, this section of the Constitution will be tested repeatedly.

I should also like to deal with the question of mobility rights. I believe it forms an important part of the Constitution. We are thereby granted the right to pursue the gaining of a livelihood in any province. There are, however, some practical problems that flow from this section. A great deal of concern has been expressed to me with regard to mobility rights. I am advised, and I have no reason to doubt the information, that one of the concerns expressed by Quebecers is that they do not want people coming to their province to work. If that is their position, as a friend I say that they are wrong.

Honourable senators, when I say "as a friend," may I also say that I realize I have no right to speak for Quebec, other than as a caring Canadian with a few credentials as regards Quebec. In my life outside of this chamber I represent an organization that has 25,000 members living in Quebec. A good number of those members provide a major contribution to the leadership of our organization. When it was my decision to buy a national headquarters in the east, prior to the referendum, I bought it in Quebec. I did not come here to Ontario. I think that is a demonstration of the fact that I care very deeply about what happens in Quebec.

[Senator Lawson.]

However, to return to the question of mobility rights, I will say that people have said to me, "Wonderful, we now have the opportunity to move from province to province. We can go from New Brunswick to Alberta to be unemployed. We can go from Ontario to B.C. to be unemployed." Honourable senators, it is a fine thing to have this right enshrined in the Constitution, but the practical application of it concerns the availability of jobs.

We talk about encouraging the youth of the country. We express concern because our youth is turned on to drugs, alcohol and the pleasures of the flesh. What opportunity, though, do we give them? We guarantee mobility rights, we guarantee educational rights, and then we take large numbers of graduates—law school graduates, teachers, and many other kinds of graduates—and have them working as waiters and waitresses, bellhops, cab drivers and so on. If we are going to turn them on to a meaningful role as participants in Canada under the Constitution, then we had better have some concerns about the practical application of these kinds of problems. There must be opportunity for jobs.

Many construction workers say to me, "Yes, you give us the opportunity to move to the major projects that will be built across the country, but how can we afford to?" I might say with respect to major projects in Quebec and in the rest of Canada, such as the tar sands and the Kitimat project, many hundreds of Quebecers have made major contributions to the building of those projects, and that is as it should be. There should be this free mobility. But then I say, "What about this unaware, uncaring Minister of Finance who says, 'Yes, move, go to these major jobs,' and then imposes a tax of $10, $20 or $30 a day on the free room and board which they have because they have to keep two homes?" Those of us who are members of Parliament in both houses have a tax-free allowance because we keep two homes, and that is as it should be. So they say, "What about the inequality and the unfairness of the Minister of Finance imposing these kinds of penalties, discouraging the incentive that is supposed to be created to allow us, as Canadians, to move freely to build a better country?"

These are the kinds of concerns that are expressed about translating some of these things into practical action. It seems to me, if we are to have the equality that is guaranteed by the Constitution, that there had better be a lot of concern by those who make up the government for the practical application of making it happen and making it meaningful. That to date has not been the case.

There is a great army of Canadians who are expressing these concerns and are waiting urgently for some action to be taken so that they can be participants in building the meaningful Canada that the Constitution purports to create for all of us. However, in expressing that urgency, and trying to be as brief as possible, I must say that, having had a great deal of experience in negotiations, the one thing I recognize in negotiations, at long last, is the point at which those negotiations are over. I recall being involved in major negotiations when the employer made a final offer and the employees turned it down and went on strike, and the employer said,

"How could you?" The employees said, "But you made a final offer." He said, "Yes, but it wasn't my final, final offer, and it should never have happened."

Well, I am satisfied that what we have before us is a final, final offer. I share the concerns that have been expressed in some of the excellent speeches I have both heard and read, and I agree with some of the amendments proposed by Senator Walker and others. While I have a sympathy on the one hand and a shared belief in some of those proposed amendments, on the other hand I am more overwhelmed by the sense of urgency that we must get on to dealing with some of the real problems affecting the country as a whole. Because of that and notwithstanding those concerns, and bearing in mind the decision of the provinces, the decision of the federal government and the effect of the major lobby of many concerned Canadians about aboriginal rights and women's issues and so on, I can read the signs that negotiations are over and that for me to participate in proposing amendments or supporting amendments would be merely to delay. Because of the sense of urgency I recognize on the part of many caring Canadians, I will vote to support the proposed resolution so that we can take our place in trying to build the kind of real Canada in which we can meet all of the practical problems we face and which I think we had better address in a hurry.

Hon. Ann Elizabeth Bell: Honourable senators, tonight must be your night to hear from British Columbia. As a matter of fact, the speeches you will have heard tonight probably cover the ideas and outlook and the concerns of British Columbians in a rather broad fashion, and that is probably all to the good. Senator Williams and Senator Lawson have given you their position. I shall now try to give you another stance or point of view on the Constitution.

Honourable senators, I know you would not be here in this illustrious chamber today had you not already demonstrated your devotion and dedication to our beloved country. Your ideals and wisdom are being extended to their limits in these trying days. We are all weary of this debate. It would be easier to accept the constitutional proposal and wash our hands of it. We are beset by other important issues which require our immediate attention, but I urge you, with all the strength of my convictions, to take one more necessary step and examine the substance of the resolution. You must bring to bear your undoubted wisdom and experience in judgment of it.

• (2300)

We are not bound by an Accord that was reached by the provincial governments and the federal government. In our system Parliament is supreme. While we must consider the recommendations of governments, our responsibility is to the people of Canada, not to governments. The resolution before us, with no mandate from the electorate, demands our closer scrutiny. The government has ignored and the public is not aware that this resolution contravenes a most important constitutional convention, that no important constitutional change be implemented before it has been an issue in the immediately preceding general election. Neither the Right Honourable the Prime Minister nor any one of the provincial premiers has such a mandate from the electorate. The Canadian people have no knowledge of the importance and far-reaching effects of this resolution and, certainly, they have not given their consent. What is government without the knowledge and consent of the electorate? It is considered tyranny.

During the debate on this topic in April, I suggested that the resolution should include only three things—patriation of the British North America Act, an agreed-upon amending formula and a reconfirmation of Canada's status as a constitutional monarchy—and that all else could be accomplished in Canada in good order and at its appropriate time. Now, here we are in December, all these months later, and I still feel, more strongly than ever, that those are the only essential three ingredients necessary to this resolution.

Why should a Charter of Rights not be entrenched? Entrenchment of a Charter of Rights in the Constitution removes the sovereignty of Parliament. Since the sovereignty of Parliament is the cornerstone of our constitutional framework, only a general election with the Canadian people fully understanding the enormity of the change could give Parliament a mandate to entrench a Charter of Rights. Any other course is nothing but a coup d'état—legal, perhaps, but a coup d'état—which has as its dictionary definition, "a sudden, decisive political move involving abuse of authority."

How does entrenching a Charter of Rights in the Constitution change our form of government fundamentally? In the simplest terms, by exchanging a dynamic system for a static system, by exchanging sovereignty of Parliament for sovereignty of courts. Senator Molgat said that we must take the next step forward, we must move. There is another body of opinion which says that under the Canadian parliamentary system we have achieved a high standard of civilization, that entrenching the Charter of Rights will be a step backward, not forward and that we would go further back to square one and start all over again at Magna Carta. I would like to quote from Edward Jenks, *History of English Law*, the 5th edition:

> Statute law is binding law of the highest authority . . . however apparently absurd and unjust an Act of Parliament, yet, if the words are clear, there is no court that has the power to defeat the intent of the legislature.

It must be appreciated that the procedure adopted by the Prime Minister in this resolution makes the United Kingdom Parliament the omnipotent legislature that is referred to, which will be binding on the Supreme Court of Canada. At the same time, it forever bars the United Kingdom Parliament from correcting any injustice or absurdity arising from interpretation. The Parliament of Canada is equally barred from such corrective action because the Charter is entrenched. An impasse is thus produced in which we cannot safely predict what the law will be.

Few Canadians appear to realize that, at a single blow, the entrenched Charter of Rights will totally expunge 1,000 years' accumulation of common law protection which has produced Canada's enviable position of unsurpassed freedom and individual rights.

There is no necessary connection between justice and rights. Justice is based on morality, fairness and consideration of both sides of an issue. Rights can be pre-emptive, one-sided and brutal—"I want my rights no matter who gets hurt." A right is an obligation imposed on someone to deliver or accord to a person or persons claiming the right without regard to the consequences of others. Rights are the selfish assertions by which the sick go untended, children untaught, the public deprived of communications, homes and businesses destroyed, and the country divided against itself.

Justice is embodied in the principles and practices of the common law which, as United States Supreme Court Justice Oliver Wendell Holmes noted, is "rooted in Holy Scripture and broadened down from precedent to precedent for fifteen hundred years", corrected and modernized where necessary by the sovereign power of Parliament.

The concept of justice includes rights, but the concept of rights does not include justice. A responsible government in a parliamentary system is, or should be, responsive to change, responsive to the needs of the people and in tune with socio-economic realities. A codified, rigid constitutional form of government, by its very nature, needs different checks and balances from ours if it is not to oppress.

We are now being driven, without the consent of the electorate, down the road from justice to rights in the course of which we shall lose the protection of the common law and witness the loss of Parliament's sovereignty.

The proposed Charter is also dangerous for what it leaves out. In April, as reported at page 2354 of *Debates of the Senate,* I quoted clause 26 of the Charter which states:

> The guarantee in this Charter of certain rights and freedoms shall not be construed as denying the existence of any other rights or freedoms that exist in Canada.

At that time I said:

> The rights which exist today but not specified in the Charter—such as property . . . suggest, by their subordinate placement, that they are of lesser importance and would be legally subordinate to the extent they were in conflict with the specified rights. If they are to be judged equally, the specified rights have no particular significance at all. That would seem to be perverse if it is intentional.

Since the protection of property rights is one of the Senate's four particular responsibilities, we should look at that matter more closely. Since April, opportunities have arisen to include property rights in the charter, and since the inclusion was denied, there can be no doubt that the exclusion was intentional. The Prime Minister and the provincial premiers, in effect, have conspired against the individual's right to own property. Why? The courts, presumably, would more readily allow expropriation.

Three thousand years ago, it was proclaimed in the Bible, in the Book of Micah, chapter 4, verse 4:

> But they shall sit every man under his vine and under his fig tree; and none shall make them afraid.

[Senator Bell.]

That is the essence of the matter. Secure, individual, private property is essential to freedom from fear. Without the security of inalienable private property, the individual and the human family are open to coercion and deprivation and must live in fear of them.

It has been said that where property is not held in high regard, human life is not held in high regard. As Professor E. L. R. Williamson so aptly puts it:

> Private property and basic living space is a biological necessity which can be scientifically demonstrated in the laboratory or in nature. Insecurity and overcrowding are the root causes of the vast wave of mental illnesses, aberrant behaviour, and crime now overwhelming most of the urban areas of North America. If so socially essential a right as private property requires no constitutional protection, then why do we require the more than 30 clauses which are in the Charter of Rights?

Professor Williamson continues:

> Could there be a reason why government would not desire to secure private property as an inalienable right? Yes. In the eyes of the letter of the law, a corporation is an individual, an artificial person. If the right of a real individual to possess private property can be called into question or at least not guaranteed, then the right of the corporation is equally weakened and the socialization or confiscation of the corporation's property by the government made much easier.

Every generation must fight the battle for parliamentary supremacy over executive power. The battle is never won for all time. The price of freedom is eternal vigilance.

Let the government show cause why our parliamentary system is not working, cannot be made to work, and why a new system should be imposed.

MOTION IN AMENDMENT

Senator Bell: Honourable senators, since entrenching the proposed Charter of Rights is the only seriously divisive and controversial part of the resolution, and since any other desirable amendments can and should be made here in Canada after repatriation, I move, seconded by Senator Deschatelets:

> That the proposed Constitution Act, 1981 be amended
>
> (a) by deleting therefrom Parts I, II, III, IV and VI and sections 54 and 59 of Part VII;
>
> (b) by deleting the first line of section 58 and replacing it with the following:
>
> "This Act shall"; and
>
> (c) by renumbering the remaining Parts and sections accordingly.

The Hon. the Speaker: It is moved by the Honourable Senator Bell, seconded by the Honourable Senator Deschatelets:

> That the proposed Constitution Act, 1981 be amended

(a) by deleting therefrom Parts I, II, III, IV and VI and secitons 54 and 59 of Part VII;

(b) by deleting the first line of section 58 and replacing it with the following:

"This Act shall"; and

(c) by renumbering the remaining Parts and sections accordingly.

Pursuant to the Order made by this honourable chamber on December 2, 1981, the recorded vote is deferred.

Hon. Jack Austin (Minister of State): Honourable senators, the good news is that I understand that I am the last speaker for this evening.

Senator Flynn: We knew that in advance. What is the bad news?

Senator Austin: The bad news is that I may not have words entirely acceptable to every corner of this chamber.

Senator Flynn: What else is new?

Senator Austin: My words are as sincerely meant as those spoken by any other honourable senator who has spoken or who will speak during this debate.

I am the fourth senator in a row from British Columbia to speak in this debate. I take it that this is the heavy end of the batting order and that the final home run will be swung on and hit by Senator Perrault when he closes the debate tomorrow.

Honourable senators, we are at last in the final moments of a movement for constitutional reform which is as old as Confederation itself.

• (2305)

While the Fathers of Confederation achieved the founding of a popular democracy based upon British parliamentary practices and succeeded in beginning the linking of all of the British possessions in the northern half of the North American continent into a nation, they were not able to complete many of the tasks of modern nationhood. The Canadian nation in 1867 remained subject to the law making of Great Britain, and under its control in its ability to pass many domestic laws or to play any role of its own in foreign not only those.

With the Statute of Westminster in 1931, the British dominions were allowed their constitutional and legal autonomy from Great Britain. Regrettably, Canada—the Right Honourable R.B. Bennett, later Viscount Bennett, then being Prime Minister—could not settle for itself the question of an amending formula, and, therefore, in legal terms and domestic political terms the colonial link remained. The depression of the 1930s and the world war of the 1940s set aside the process of constitution building in Canada. The process gained momentum at the beginning of the 1950s, under Prime Minister St. Laurent and has been on the national agenda of every prime minister since.

From Viscount Bennett to the Right Honourable Pierre Elliott Trudeau seven prime ministers and 12 constitutional conferences have addressed the problem of patriation and an amending formula. Beginning with the 1950 conference, the question of a Charter of Rights was added to the constitutional agenda. The matter was raised by Prime Minister St. Laurent and aggressively supported by the then Premier of Saskatchewan, Tommy Douglas. Under Prime Minister John Diefenbaker serious efforts were again made.

I want to acknowledge the work of a fellow British Columbian, the Honourable Davie Fulton, who was Minister of Justice in the Diefenbaker government. His energy and intelligence seemed to make a breakthrough possible. Mr. Fulton has contributed a great deal to public life in Canada, and I am sorry that he was not able to achieve the success in constitution making that he so eagerly sought.

Under Prime Minister Pearson the work went on, and the Minister of Justice, the late Honourable Guy Favreau, again nearly achieved consensus with what became known as the Fulton-Favreau formula. Again the grail was just beyond the grasping.

The Right Honourable Pierre Trudeau, when he became Prime Minister in 1968, continued the momentum of the Diefenbaker and Pearson efforts, which led to the holding of the now famous 1971 meeting of first ministers in Victoria. It appeared at first that consensus had been achieved among the federal and all ten provincial governments. However, within days of the agreement the Province of Quebec was out, for reasons that have nothing to do with the nature and quality of the amending formula.

Again, in 1975, Prime Minister Trudeau renewed his attempts at patriation with a long and complicated series of steps, including first ministers' conferences, the introduction of Bill C-60 in the House of Commons, the reference of Bill C-60 to the Supreme Court of Canada, and meeting after meeting followed failure after failure at the federal-provincial level, all leading to the ultimate federal decision to proceed unilaterally with the Joint Resolution.

The decision of the present government to proceed unilaterally in October 1980, following the notorious failure of the September 1980 first ministers' conference, was the first cut through the Gordian knot of modern constitutional reform. The debate in the Senate and the vote which we will take tomorrow will be the last and severing cut which will finally free this nation of the vestiges—

Senator Flynn: Are you sure of that?

Senator Austin: —of its colonial and legal dependency on Great Britain, allow our nation-building to continue based on a workable amending formula agreed to by nine provinces and the federal government, and give us a Charter of Rights made in Canada by Canadians for Canadians.

The majority of Canadians have held these aspirations for a very long time. At this moment in our history, having seen these achievements slip from the grasp of able men who seemed to have them within achievement, let us not now join the parade of those who tried and lost. Let us complete this task in a spirit of goodwill that all of us have felt across the nation in the last five weeks since the agreement of November 5 was reached between the federal government and nine of the

provincial governments, and enhanced by subsequent changes to that agreement redressing questions of legal equality of men and women and of aboriginal rights which were improperly excluded in the first instance at the behest of most of the provinces.

● (2310)

I said earlier that the decision to proceed unilaterally should be recognized as, and credited for, the ultimate achievement which we in the Senate have the power to complete by our final decision on the resolution. We have seen decades of failure and frustration, and none worse than the disappointments leading to and including the September 1980 federal-provincial conference. What gave us momentum and changed Canadian history was the decision to proceed, if necessary, in this Parliament alone and without the consent of the majority of the provinces. That decision to proceed unilaterally was not by itself enough, but it got the ball rolling. The take-off point in the momentum was the decision of the Trudeau government to set up a Special Joint Committee of the Senate and House of Commons on the Constitution of Canada and to give it the authority to hold hearings at which Canadians in every activity of life and from every part of Canada could come and give their opinion and advice.

The debates of the first ministers produced a stalemate. The force of will of the people of Canada, expressed in the constitutional process in the form of the joint committee, and the members of the Senate and House of Commons representing the political parties of this Parliament in that joint committee, created the dynamic which became unstoppable.

Some Hon. Senators: Hear, hear.

Senator Austin: The voice of the people, as expressed to Parliament through the joint committee, demanded legal and social change, demanded legal and social reform, and demanded that we be successful.

I had the honour to be chosen by the Senate to be one of the the permanent Senate representatives on the special joint committee. I have said before, and I repeat it, that it was a rare privilege to play a role in the work of that committee and to be a part of its historic success. In particular, we built a Charter of Rights which even with the amendments to be required by a substantial number of provinces, expressed in the November 5 agreement, is still a caring and tolerant statement by Canadians of who they are and what they stand for in terms of their relationships with one another.

I wish to pay my respects to the Senate joint chairman, Senator Harry Hays, for his outstanding work.

Hon. Senators: Hear, hear.

Senator Austin: He exhibited a never-failing intelligence and sense of humour that carried the committee past difficult points. I want to congratulate all of my colleagues in the Senate who participated. None failed to give it their commitment and their concern.

Honourable senators will forgive me if I single out Senator Goldenberg for special mention. He has been involved in the

constitutional process since 1934, and he is still a relatively young man, so he must have been a teen-age prodigy. Senator Goldenberg has been one of the leading advisers to prime ministers, including Prime Minister Trudeau, on constitutional reform and was present at the Victoria Conference in 1971 and many other constitutional events; and, of course, he was a member of the joint committee.

A touching moment occurred in the office of the Minister of Justice, the Honourable Jean Chrétien, following the passage of this resolution in the other place on Wednesday, December 2. Some of you may know that Ed Goldenberg, Senator Goldenberg's son, has spent several years as a key constitutional and legal adviser to Mr. Chrétien. Ed has been just as involved in the past few years as his father was with previous Ministers of Justice. Prime Minister Trudeau walked into Mr. Chrétien's office, and seeing him talking to Senator Goldenberg and his son, moved over and said, "Let the four of us have a picture taken together as a memento of the old and the new, two generations of Goldenbergs advising on constitutional reform." It brought tears to Senator Goldenberg's eyes.

In my brief perspective of events, I cannot ignore the role of the Supreme Court of Canada. The provinces, not content to leave the constitutional process to the political world, decided to ask the appeal courts of Manitoba, Quebec and Newfoundland a combination of legal and political questions. Senators are aware that the Manitoba and Quebec courts found the federal government's right to act unilaterally unhindered legally or by constitutional convention. The Newfoundland court decided otherwise.

The Supreme Court of Canada, on September 30 last, told the Canadian people that the federal government could proceed without provincial consent as a matter of law, but that it would be offensive to Canadian constitutional convention to do so without a substantial number of provinces concurring. It was the Supreme Court of Canada that sent the federal government and the provinces back to the bargaining table. The threat of federal unilateral action in accordance with law was the sanction that brought the provinces back to political negotiation. It was the cost of public disapproval of federal unilateral action without a clear and honest attempt to negotiate that restrained the unilateral action of the federal government and sent it back to the negotiations. So there resulted, on November 5, a political agreement on patriation, the amending formula, linguistic rights, job mobility, legal rights of equality between men and women, aboriginal rights, a Charter of Rights and Freedoms, rights of provinces to control their natural resources, and many other vital provisions. There resulted throughout Canada a general feeling of accomplishment on the part of Canadians everywhere in the evolution of the Canadian nation.

● (2315)

Prior to September 30, and the decision of the Supreme Court of Canada, I favoured unilateral action by the federal government on the report of the special joint committee. The premiers' stalemate seemed permanent, for the reasons I gave here when I spoke on February 19 last. The stalemate had to

be broken if national growth and social justice were to be realized in time to meet the needs of the many Canadian groups who were labouring under disadvantage and were growing restless under the burden.

The premiers' stalemate could have been broken by unilateral federal action, but as it turned out it was broken by the Supreme Court of Canada and the resultant political response of the federal and provincial governments, based on the widespread reaction and demands of Canadians. With that I am content.

I was however, anything but content with some aspects of the November 5 agreement. The possibility of making legal equality between men and women subject to a provincial legal override was, to me, horrific, and I am glad the provinces have since withdrawn. The removal of section 34, now section 35, removing the recognition of the rights of aboriginal peoples and removing the definition of aboriginal peoples as Indians, Inuit and Métis, was a nightmare disappointment, with the gravest potential for harm to Canada. Fortunately, the reaction of the Canadian people caused the provinces to withdraw, and the essence of this section is restored.

The result of all these constitutional events is a sufficient document for now.

Senator Flynn: No tears for Quebec?

Senator Austin: Real gains have been made for Canada, but many areas remain as causes for concern in the immediate future. Foremost among these areas of constitutional concern, which must be addressed immediately following patriation, is that of the divisiveness which exists in Quebec. It is a matter of the greatest regret for the Government of Canada that it was not possible for the provincial government in Quebec to accept the Accord of November 5. Perhaps it might have been possible to have an agreement. The Victoria formula giving Quebec a veto, together with the deadlock-breaking mechanism of the referendum, which Prime Minister Trudeau and Premier Lévesque seemed to agree upon, might have been the route, but the premiers of the western provinces, and some in the Atlantic region, would not have it.

Senator Asselin spoke eloquently earlier in this debate but, with respect, he had blame pointed in the wrong direction. It was not the Prime Minister of Canada who denied this solution, but the premiers of Alberta, Manitoba, Prince Edward Island, Nova Scotia and Newfoundland, who belong to the same political party as he does. It was Senator Asselin who supported his leader, the Right Honourable Joe Clark, in his not only those that there be no change in the Constitution without the agreement of a substantial number of the provinces. Thus, the Progressive Conservative Party helped greatly in bringing about this result in Quebec.

We have seen deep divisions emerge over the years of this century among the French-speaking people in connection with the role which has been cast for them. With the advent of Premier Lesage and the Liberal government of Quebec, the quiet revolution was seen to begin, but it had been under way long before that moment in the processes of Quebec—processes which gave rise to the emergence of a political party in that province, the Parti Québécois, seeking a not only those of independence from Canada for the people of that province.

Senator Asselin: What about Ryan?

Senator Austin: The members of the Parti Québécois were not daunted, and are still not daunted, in their quest to destroy this beautiful country of ours. They mean to succeed, and they will try again; but no Canadian will forget the dangers of separatism to the well-being of us all. I am glad, at least, that the Parti Québécois in its convention of this past weekend has made it clear to all Canadians, and to Canadians of French and English origin and other origins in Quebec, where it stands on the subject of Canada. It is a party for independence; it is a party for destroying this country, and I warn all who give any sympathy to it, or any encouragement to it, or who collaborate with it, that it will destroy this beautiful country, and it will destroy the well-being of the Quebec community as well as the rest of the country.

It is a pity that Quebec separatists fail to understand that if they could achieve what they wish to achieve, they would be acting against their own real interests in every possible way.

● (2320)

We have seen, over a period of Quebec history, a struggle by the Quebec community to define the best way by which the cultural and linguistic survival and the progress of its people can be maintained. The idea of total independence on the North American continent has had its advocates, but what would be the result of independence? There would be a French-speaking island of juridical sovereignty, but *de facto* dependence on the English-speaking population of the North American continent. There would be a French-speaking island with a population of 6 million on an English-speaking continent with a population of 250 million.

Think of the struggle necessary to maintain the French language and culture with the attractions and the competitive nature of the English-speaking society. Think of the pressures of the North American melting pot upon Quebec with regard to the protection of its culture and its language. The laws of Quebec would become harsher; its employment preferences would become harsher; the mobility of the French-speaking people would be severely limited and trade with the rest of the continent would be conducted in the language of its commerce—English.

The genius of French-speaking leaders such as Lafontaine, Cartier, Laurier, Ernest Lapointe, Louis St. Laurent, and Pierre Elliott Trudeau has been in the recognition that the struggle for the survival and positive well-being of the French-speaking people of Quebec requires the support and the acceptance of a portion of the English-speaking community on the North American continent. That portion of which I speak is the English-speaking community of Canada. It is a community that, under our leadership since the time of Confederation, has been continuously growing more fair, that has recognized that if there are 24 million Canadians standing together for a Canadian reality in North America, which reality

includes that of the French-speaking community, then indeed that community can prosper and thrive within a total Canadian context. It is in this way that Quebec is not isolated or alone; it is a partner—a vital partner—in a national experiment.

Historically speaking, we have recognized that the modern Canadian nation was founded by two peoples, the French-speaking and the English-speaking, and added to by peoples of many lands, including the original peoples of this country. In the family of nations, Canada is a land with a noble purpose. There are many nations made up of a people with a single historical experience and a single language. It is easier for those nations to feel themselves as having a common purpose in a common place. Canada is not that kind of land. We are a nation made up of people from all parts of the world. It is our opportunity to provide one of the noblest sentiments of human civilization. As Isaiah said, "The lion and the lamb will lie down together and the people of the world will make war no more." It is to our national credit that peoples from many parts of the world can come together, bringing the strength of their countries and the contributions of their various national experiences, to make out of Canada an example of a creative yet tranquil nation, one which is tolerant of diversities but which has an identity clearly its own, demonstrating for the whole world that the family of man can live together in such a way that strengthens the human experience.

Honourable senators, there are still many items of constitutional work which must be done in order to address the issues in Quebec. These issues must be addressed by this government in an expeditious manner. However, will the PQ seek a solution in Canada? This past weekend it was clear that it would not. Perhaps Premier Lévesque will follow his party and perhaps he will not. Clearly, though, the struggle for the minds and passions of the people of Quebec will continue.

We are trying to build a national family in Canada which is based on a society of tolerance and respect for differences. That society draws its sustenance from the strength brought to this country by many diverse people. The Charter of Rights has, as its golden purpose, the establishment for all Canadians of a basic code of citizens' rights based on the simple foundation, as far as human skill can achieve it, of equality for each Canadian in terms of rights and freedoms. Section 15 is as simple as it is noble in its declaration of this principle. Honourable senators, I quote:

> Every individual is equal before and under the law and has the right to the equal protection and equal benefit of the law without discrimination and, in particular, without discrimination based on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.

● (2325)

No nation which aspires to greatness can declare otherwise; no nation which aspires to greatness can practise otherwise. At this time, as we debate and, I hope, carry this Resolution, we declare our purposes. But none of us should be deceived that the hard work of putting into practice what we preach and aspire to remains ahead.

[Senator Austin.]

The human mind is not easily disabused of its learned or taught lessons. Discrimination of various kinds, for various reasons, has been practised throughout history. I suppose, biologically, we are built to survive and in our defensive system to fear the unknown, to reject that which has not been tested and found true and to identify as hostile that which is not similar to ourselves. The ascent of man, as Professor Bronowski demonstrated over and over again, was based on his capacity to overcome his primordial system by the introduction of an intellect based on a common need to come to terms with his fellow man and to gain the strength of sharing the human experience and the human condition. All these historical fears have been expressed in many ways in our Canadian society against our minorities, and I use that term to define groups in society who are discriminated against for some common reason and who are located remote from the sources of societal power.

The minorities I am talking about have not been able to acquire political proximity to the great national decisions which affect their destinies. Historically, the definition of minorities has been based on race, national or ethnic origin, colour or religious status, sex or cultural identity. Those are some of the words used in section 15.

In recent times we have identified the existence of new minority configurations, such as new immigrant communities in our older society, or by age. As Senator Croll and his committee, as well as many other Canadians, have demonstrated to us, our senior citizens are a distinct minority group; but I must admit that they, as a group, are closing their distance to political power by becoming self-aware and militant on behalf of their interests.

Gender is a new minority definition, although it is one of the oldest historical areas of discrimination. The social revolution which has given rise to the search for equality of gender in our society is perhaps as old as this century alone, although earlier in Britain and elsewhere there were active groups.

The Senate itself played a significant role in identifying the depth of discrimination against women. All of us are aware of the famous "persons" case in which five now quite revered women, then not so appreciated, pressed the issue as to whether women were entitled to be members of the Senate, only to discover, by judgment of the Supreme Court of Canada, that they were not "persons" under Canadian law and were therefore not entitled to that position. The decision was not right. It was reversed by the Judicial Committee of the Privy Council and, as a result, Prime Minister Mackenzie King was able to appoint the first woman senator in 1935. That is history within the memory of most of us in this chamber.

In spite of dramatic changes in the political clout of women in our society, they are still, as a class, disadvantaged members of patriarchal societies the world over. Although not discriminated against to such a high degree in Canada as in most societies, nonetheless they are still disadvantaged here. They are, however, learning clearly how to wield political power in Canada. I want to say that a considerable amount of the original credit for that goes to our own Senator Bird and her

work as chairperson of the Royal Commission on the Status of Women.

Some Hon. Senators: Hear, hear.

Senator Austin: The physically handicapped have recently bound themselves together as an interest group in recognizing their minority status within the general community. They are gradually becoming able to influence political systems on behalf of their needs. I was particularly proud of the all-party group headed by David Smith, M.P., which prepared the report that became generally available at the end of last year and played a significant role in providing for the special concerns of the physically handicapped in our Constitution.

Section 15 also identifies people with mental disabilities as a minority group to be protected, and those people have special handicaps. I spent one year as Treasurer for the World Federation for Mental Health and learned something of that matter. The mentally ill, above other minorities, have a far greater handicap in speaking for themselves and in caring for themselves. There is a special need for assistance to care for them and to do things on their behalf.

• (2330)

I want to speak for a moment on section 15(2), which provides for the amelioration of conditions of disadvantaged individuals or minorities. Consistent with the definition of a minority people remote from political and financial power are the conditions of financial weakness or, to give it a clearer label, "poverty"—poverty in education, in undertraining and underemployment. These conditions exclude too many in Canadian society from full participation in the mainstream of political and economic activity in Canada.

I refer again to Senator Croll's work in the Senate and his famous Senate Report on Poverty which helped to identify many of the causes of poverty and to indicate the directions which our policies should pursue. With 20 per cent of Canadians living at or below the poverty line, it is no great credit to us as a nation. I am not suggesting that the Constitution will provide instant relief or find early remedies to these concerns. I do believe that it sets the framework for equity. It establishes in the Constitution rights which bring the minorities about whom I am speaking tonight closer to political power, political awareness and a share in the political process. If they are denied their rights through political action, then they are entitled to the protection of our legal system once we have a Charter of Rights.

The salient feature of being a member of a disadvantaged minority is that the individual is placed in the situation of being disadvantaged through no fault of his or her own. Discrimination, prejudice and exclusion from power are suffered because one happens to belong to a socially disadvantaged group. We can do little worse to our fellow Canadians than to visit on them the experience of dehumanization—that is, being a person less than the rest by reason of their identification with a discriminated-against minority. That is an individual and social tragedy from which all Canadians must, through this new Constitution, be allowed to escape.

A third area in the forefront of national concern demanding immediate attention from the Government of Canada and the provincial governments is that of aboriginal rights. As a western Canadian from British Columbia, I have been deeply exposed to the social, economic and political disadvantages which our Indian and Métis communities have experienced. I have been in remote communities in British Columbia and Alberta, in the Yukon and Northwest Territories in the 1950s and 1960s, and I have seen more than I want to see of the tragedies of the Indian and Métis community life. I have also seen much of the nobility of those communities and its members, but that nobility struggled and struggles still against incredible forces to express itself.

In 1963 I began a two-and-a-half year experience as executive assistant to the Honourable Arthur Laing, the then Minister of Northern Affairs and National Resources. Through my experience in that department, I became close to the Inuit communities and their peoples, as well as to the many other native peoples north of 60. Honourable senators, Canada cannot be a caring, equitable and tolerant society and not address itself to the rights and problems of the aboriginal peoples. Canadians have done a great deal in the last 20 years to address those issues and we have had the co-operation of many communities, native and non-native. Housing, health and education have improved. The people of Canada are funding the study by natives of their rights and history. The claims settlement process is underway, but it is only a beginning to redress wrongs which have continued for too long.

I spoke about the dehumanization which membership in some minorities creates. In many ways this has been the experience of our native communities in their contact with the aggressive, competitive and adversarial European-originated society. That is why it is so important, not only to the aboriginal people but also to all Canadians, that the idea of their having rights be clearly established as part of their entitlement as Canadians—that is, to give them the status in our Constitution and amongst Canadian citizens of equality as a community with all the other communities of our country and to begin from that fair base what will no doubt be a difficult and painful negotiation to establish specific terms of agreement between them and the greater Canadian society. I am not frightened of that process or of the pain of it, because it represents over time the reconciliation of old and difficult grievances, and the alternative would be unthinkable.

The aboriginal community had referred to it three clauses of the resolution which is now before us. Section 25 meets the request of the various organizations of the aboriginal peoples, to ensure that nothing in this Resolution can abrogate or derogate further rights they have secured to this time, whether by way of royal proclamation, land settlement or other legal means.

• (2335)

Section 35 constitutes a historic recommendation of equality of constitutional standing of the aboriginal peoples with other communities in Canada. It reads:

(1) The existing aboriginal and treaty rights of the aboriginal peoples of Canada are hereby recognized and affirmed.

(2) In this Act, "aboriginal peoples of Canada" includes the Indian, Inuit and Métis peoples of Canada.

I said, when the terms of the Executive Agreement on November 5 between the Government of Canada and nine of the provinces of Canada became known, that I grieved for the absence of section 35. I considered it a social, political and legal tragedy that Canadian society, particularly as expressed through the political actions of those provinces, had not matured to the point that this historical acknowledgement could be achieved.

I want to express my delight at being wrong on the assessment of the maturity of Canadian society. For, indeed, public opinion in Canada, which had expressed itself through opinion polls as favouring the Charter of Rights, including section 35, fell like a battering ram on the provinces, and they gave way.

The word "existing" has been added to the text of section 35 as it was originally drafted by the joint committee. This was at the insistence of one and possibly two of the provinces. It certainly is not a meaningful word when we look at the political process of addressing this nation to the negotiations to a more specific meaning of aboriginal rights.

I am not certain whether it has any significance for the judicial process should the courts be a place for the pursuit by the aboriginal people of their remedies. Perhaps it will have some meaning in that respect, but I must say that I would rather have section 35 in the joint resolution included as is, rather than not have it at all.

I referred to the political process and that matter is raised in the third section which is contained in the joint resolution affecting the aboriginal peoples. I am referring to section 37 which provides for the holding of a constitutional conference composed of the Prime Minister and the first ministers to be convened within a year of Part IV coming into force. Under the provisions of section 37, the rights of the aboriginal people to be included under the Constitution of Canada shall be the subject of that conference, and the Prime Minister shall invite representatives of the aboriginal people to participate in those discussions.

For me, that is a political watershed in the lives of the aboriginal people of Canada. To this point, they were obliged to struggle, to obtain rights to which they were entitled as minorities. The Nishga tribe in my own province, who occupied lands in the Nass River valley since time immemorial, lost a case before the Supreme Court of Canada to establish their aboriginal rights to that land.

Now this Parliament has the opportunity of redressing their claim in the Constitution and to provide a legal basis for it. But, more important for all the aboriginal peoples, there will be the entitlement to the political process to negotiate with the political leadership of Canada, problem by problem, issue by issue, and place by place. It is a remedy that Canadians have suppressed and, for the many other reasons I have expressed today, it makes me especially proud to be a Canadian because I believe that we are all, collectively, now expressing our own desire, through this Constitution, to be an exemplary people in the family of nations—exemplary in tolerance, in economic equity, in social fairness, and in the democratic sharing of power with all our people.

Honourable senators, there is a fourth area of urgent concern which must engage us in the immediate future. I want to speak for a few moments about the historic impact of this resolution on the nature and role of the Senate of Canada. By virtue of section 47, the Senate will no longer hold an absolute veto over amendments to the Canadian Constitution. Our legal entitlement will be to a suspensive veto, meaning that we will be able to delay constitutional amendments for 180 sitting days of Parliament after we have received constitutional amendments from the House of Commons. This is a measure which could lead, and I think it likely that it will do so, to the evolution at some future time of the Upper Chamber. I spoke at some length on the subject of Senate reform on December 14, 1978, and there is much in that address which I should like to incorporate by reference in today's remarks.

Suffice it to say that I cannot imagine a nation so large, so diverse and so regionally separated without the regional role and representation of an Upper Chamber. We have had all too much experience with the sometimes unbalancing of affairs and inequitable dictation of interest that comes from the House of Commons which is substantially representative of one part of our nation by virtue of population distribution. A compensating equity can only be served by a second chamber whose interests are directed to allowing a larger role to the regions of Canada with smaller populations.

I say all this in spite of some rather dramatic constitutional changes that we have seen in the last three or four years as a result of Bill C-60 and the work of the joint committee examining that bill. The then Minister of Justice, the Honourable Otto Lang—

Senator Flynn: It was Marc Lalonde.

Senator Austin: —made a reference to the Supreme Court of Canada which, in time, advised that the provinces had a role to play in any amendments affecting the nature and jurisdiction of the Senate of Canada. This was followed by the Supreme Court of Canada's decision of September 28 last that the provinces, by constitutional convention, had a role to play in amendments to the Canadian Constitution.

● (2340)

They played their role in the intervening period to November 5 to make, as the Supreme Court of Canada said, an arrangement under which some of the power that might have been exercised in the Senate for regional balance in the area of a constitutional change would now be exercised by the provinces directly through the amending formula. If we have not been superseded in constitutional matters, we have certainly been moved off to some degree, and while for this last moment we would legally and constitutionally deny our consent, I think there is no one here who would suggest or advocate that in the

evolution of the Canadian nation that would be an appropriate step, or that we would have any political mandate from whatever part of Canada to do so.

The historic truth is that the power of the Senate to represent regional interests, consented to be the founding provinces in 1867, although legislated by Great Britain, has been in part returned to them in the arrangement of constitutional change which is before us. The provinces have a role today perhaps not envisaged by the Fathers of Confederation, but they have it.

The Senate retains, however, within that very great area of law-making which does not relate to the Constitution, still a powerful legislative capacity charged with representation of all of the parts of Canada and all of the communities and minorities of Canada to look after their interest in the federal law-making system.

Honourable senators, we shall have to focus in the next few years on the nature of our institution, its role, its membership and its procedures in order to ensure that the responsibilities which remain, and which undoubtedly will grow, are properly discharged for the well-being of Canadians everywhere.

In my speech of December 14, 1978, I spoke in this chamber about reform of the Senate based on proportional election. I argued then, and still do, that the credibility of a second chamber will depend on some mandate directly conferred by the people of Canada.

We must also take into our earliest consideration the emergence of western Canada as a part of Canada with growing economic power. This new relevance to carrying a larger part of the national economy brings with it, in my opinion, entitlement to a larger representation for western Canada in the Senate. This must be dealt with as a priority in the next round of constitutional change if this national Parliament is to deal with the issue of western alienation.

Honourable senators, you will be pleased to know that I have come to the end of my remarks. At this moment I feel deeply about our Charter and what we have achieved in the way of social reform in this country. One could not have been a member of the Special Joint Committee and not felt deeply, after hearing briefs from the public, that this constitutional change is a vital change and is in the interests of all of the people of Canada.

One last time I wish to say how much I regret that there remains divisiveness in some quarters of Quebec, but I rest my confidence on the judgment—

Senator Asselin: It is not our fault.

Senator Austin: —of the Prime Minister of Canada, the Right Honourable Pierre Elliot Trudeau, and his 73 colleagues from the province of Quebec and their advice that this is, indeed, an historic moment and a moment to move forward for Quebec, as well as all of Canada. I trust that advice.

I give my admiration to the Prime Minister for the decisive way in which he has acted on behalf of all of Canada. I give my appreciation to the Leader of the Opposition in the other place, the Right Honourable Joe Clark, for accepting this measure, even at this moment, and to the Leader of the New Democratic Party as well.

I also wish to acknowledge the work of the Minister of Justice, the Honourable Jean Chrétien, which was exemplary in bringing us to this time, and the work of all members of the House of Commons and all members of this chamber.

Honourable senators, I hope that when the time to vote comes we will consider our consciences, our nation, and the needs of the people of our nation, and act according to those needs.

Hon. George J. McIlraith: Would the honourable senator permit a question?

• (2345)

In referring to section 47 in the resolution before us, he used the expression "180 sitting days." Bearing in mind that the section provides for a suspensive period of 180 days, and that the only period that does not count in computing the 180 days is the period when Parliament is prorogued or dissolved, the number of sitting days required to meet the conditions of that section could be as small as two. Does the minister agree with that?

Senator Austin: Honourable senators, I will look at Senator McIlraith's question in the *Debates of the Senate* tomorrow, and speak with him about the matter.

On motion of Senator Macdonald, debate adjourned.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before moving the adjournment of the Senate, I should like to advise you that there remain about 20 more senators who wish to speak, and that it means that, first, I think we have to accept the suggestion of Senator Flynn that we might sit through the luncheon period tomorrow because doing so would give us about six-and-a-half hours. If we keep up the present average of approximately 25 to 30 minutes for each speaker, we would not finish when we hope to. That, in turn, leads to the suggestion that perhaps honourable senators will remember the care and eloquence with which their predecessors have addressed this important resolution, and keep in mind that we are hoping to have Senator Flynn begin at about 3.15 tomorrow afternoon, thereby giving Senator Perrault approximately half an hour to close the debate. I mention that in order that those 20 senators who will be speaking tomorrow—and we all look forward eagerly to hearing their speeches—will keep in mind that it would be helpful if their speeches could be kept perhaps to less than half an hour each. I will leave it at that.

Hon. Jacques Flynn (Leader of the Opposition): I have another suggestion. If it is not possible to hear those 20 senators between 10.30 a.m. to 5 o'clock in the afternoon, could we not postpone the debate to Wednesday?

Hon. Joseph-Philippe Guay: Honourable senators, rather than do that, I should like to ask the deputy leader to remove

my name from the list. I will abstain from speaking in order to shorten the debate.

Senator Flynn: With the sense of humour which characterizes Senator Guay, I drop my suggestion.

Senator Frith: I must say that choosing between the "Guay formula", namely the cancellation of speeches, and the "Flynn formula", namely, going on until Wednesday, I would have to vote for the "Guay formula" by a hair.

Hon. Daniel Riley: Honourable senators, has the Deputy Leader of the Government consulted with Mrs. Thatcher in the event we have to go on until Wednesday?

Senator Frith: No, I have not.

Hon. Lowell Murray: Will you do it tonight, please?

The Senate adjourned until tomorrow at 10.30 a.m.

THE SENATE

Tuesday, December 8, 1981

The Senate met at 10.30 a.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Canadian Dairy Commission, including its accounts and financial statements certified by the Auditor General, for the years ended July 31, 1979 and July 31, 1980, pursuant to section 22 of the *Canadian Dairy Commission Act*, Chapter C-7, R.S.C., 1970.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (D) PRESENTED AND PRINTED AS AN APPENDIX

Hon. Douglas D. Everett: Honourable senators, I have the honour to present the report of the Standing Senate Committee on National Finance on supplementary estimates (D) laid before Parliament for the fiscal year ending March 31, 1982. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

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

Hon. Senators: Agreed.

(*For text of report see appendix, p. 3429.*)

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

Senator Everett: Honourable senators, I move that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

[*Translation*]

AGRICULTURE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

That the Standing Senate Committee on Agriculture have power to sit while the Senate is sitting tomorrow, Wednesday, 9th December, 1981, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

• (1035)

[*English*]

Senator Frith: Honourable senators, I should like to make one comment about this motion. The Standing Senate Committee on Agriculture had arranged a series of hearings, one of which was to be held in Guelph. That hearing was cancelled and arrangements were made for the witnesses to come to Ottawa. For that reason, it is felt that the permission of the Senate should be granted.

I use the occasion to ask that, in future, committee chairmen ask for an opinion as to whether they should sit, or present a motion that they should sit, while the Senate is sitting, before rather than after they arrange for the appearances of witnesses. It is difficult to find any room for priorities or to reschedule committee meetings if witnesses are already travelling from various parts of the country to attend a meeting, permission for which has not been sought prior to the arrangement for their attendance.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN— POSSIBLE ACCEPTANCE OF SENATE AMENDMENTS BY GOVERNMENT

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government regarding the debate that is to be resumed shortly on the constitutional resolution. Can the Leader of the Government inform us whether at this supreme moment, the government, that supreme authority, agrees to have the Senate adopt the main amendments that were proposed, which are likely to meet the objections not only of the Government of Quebec but of the vast majority of the Quebec National Assembly, particularly where they concern fiscal compensation in the case of

opting out by a province or transfer of authority?

[*English*]

● (1040)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I am not in a position to undertake that kind of commitment.

Senator Flynn: When you say you are not in a position to undertake that kind of commitment, do you mean that you will not inquire or that you do not know? I am simply asking whether there is any possibility that the government will become more flexible and, seeing the danger that lies ahead, change its position.

Senator Perrault: The honourable senator is aware, of course, that these options have been known to the Right Honourable the Prime Minister and the government for some considerable period of time. The Leader of the Opposition is not bringing us new tidings of some portent or of an innovative nature. These possibilities have always been there and the government has been quite aware of them.

Senator Flynn: When you speak of possibilities, is there any possibility that the government will, today, accept either of the amendments I have mentioned? Yesterday the Prime Minister said "No" to the Leader of the Opposition in the other place when he made his request, and that was despite the fact that Mr. Chrétien had over the weekend mentioned that the matter was still open to negotiation.

I am not speaking of concessions that would require the agreement of Quebec on the whole matter, but of concessions that would simply meet with the wishes of the majority of Quebecers and the wishes of the large majority of the National Assembly.

Senator Perrault: Honourable senators, as I stated earlier, I cannot give a commitment that the government will support such amendments. I will be in communication with Mr. Chrétien later this day and with the office of the Right Honourable the Prime Minister. But honourable senators are aware, I think, that these requests have been received from the Government of Quebec. They have been widely publicized. They really do not constitute anything new. I am not in a position to give any such commitment at the present time, and the government does not contemplate supporting such amendments at this time.

Senator Flynn: Well, that is a little clearer now and it leads me to ask what the Leader of the Government meant a few minutes ago when he suggested he might inquire. Does the leader agree to inquire? If he does inquire, will he inform the Senate as soon as possible, because if any concession were to be made with respect to the two areas I have mentioned it could have a profound effect on the course of the debate in the Senate. It would affect the views held by senators on all sides of the house. If the Leader of the Government tells me that there will be no deal, no concession at all, then we on this side will act accordingly; but, if there is any hope, we might reconsider the position we have taken and intend to take.

[Senator Flynn.]

Senator Perrault: Honourable senators, as I stated earlier, I can see no possibility at this time of acceptance, of the type of amendments that have been requested by certain political spokesmen for the Province of Quebec. However, the Prime Minister has stated on many occasions that this is merely the beginning of the constitutional reform process; that other meetings will be held this year and there is the possibility of change down the road.

● (1045)

The honourable senator is aware of the process which has brought this measure to the Senate for debate. He is aware of the support accorded the constitutional proposals by the leader of his party in the other place, the national Leader of the Progressive Conservative Party.

I can say that the government is always sympathetic to the aspirations of people, wherever they live in this country or whatever their province.

Senator Flynn: Except Quebec.

Senator Perrault: However, it is not feasible for the government to accept amendments of this kind at the present time. When I stated that I would be in contact with the office of the Minister of Justice and the office of the Right Honourable the Prime Minister, of course, we have been in continuing communication with both of those offices with respect to the speeches made by various senators, because the opinions of the senators are held in high regard by both those offices.

Senator Flynn: Honourable senators, I can only interpret the reply of the Leader of the Government to be "No".

Hon. Royce Frith (Deputy Leader of the Government): I would do so.

Hon. M. Lorne Bonnell: That is answering your own question.

Senator Flynn: The Leader of the Government has never learned how to give a straight answer.

Senator Perrault: Honourable senators, I regret very much that on this rather historic day for the Senate and the nation—

Senator Flynn: A day of mourning for many.

Senator Perrault: —such bitter remarks should come from the Leader of the Opposition.

Senator Flynn: Bitter?

Senator Perrault: We are all interested in the expanded views of the honourable senator, which, I am sure, he will outline in his speech this afternoon, and we will all be in our places.

[*Translation*]

PRESENTATION OF AN ADDRESS TO HER MAJESTY THE QUEEN— POSSIBILITY OF LEADER OF GOVERNMENT IN SENATE ACCOMPANYING MINISTER OF JUSTICE TO UNITED KINGDOM

Hon. Martial Asselin: Honourable senators, considering what the Leader of the Government has just said, namely, that it is quite possible no amendments will be approved by the government when a vote is taken later this afternoon; consider-

ing that, given the majority on the other side of this chamber, the resolution will be adopted by the Senate; considering that it has been heavily publicized that the document will be presented to the Queen by the Honourable Mr. Chrétien, Minister of Justice, representing the government and the House of Commons; and considering that there are still two chambers in Canada and that the Senate will have voted on the resolution, will the Leader of the Government in the Senate accompany Mr. Chrétien to present the document to Her Majesty the Queen?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the Senate has yet to make its decision on these proposals. It would be highly out of order to discuss travel plans for anyone until the Senate has spoken. Insofar as the position of the government is concerned, I have heard truncated news reports that it is expected that the majority of the Senate may well support this constitutional proposal, but the vote will be taken at 5 o'clock this afternoon and the senators will decide for themselves at that time.

Senator Asselin: Don't tell me that you are not already aware of the result.

Hon. Jacques Flynn (Leader of the Opposition): The Leader of the Government says that it would be improper to discuss travel plans. Is it proper to have a celebration at Rideau Hall pre-arranged?

Hon. Royce Frith (Deputy Leader of the Government): It is a rhetorical question.

Senator Perrault: That, of course, is a rhetorical question. Certainly, if the Senate supports these proposals this afternoon, I would think that it would be very appropriate to have some sort of observance at Rideau Hall. I hope that the Honourable Senator Flynn will be in the group that makes that historic journey, and I shall do my best to find a place for him.

Senator Flynn: If you think that I will go to that place, you are wrong.

COMMITTEE FOR ORIGINAL PEOPLES' ENTITLEMENT

NEGOTIATION OF NATIVE LAND CLAIMS

Hon. Willie Adams: Honourable senators, I have a question for the Minister of State. It has to do with Senator Steuart who, I understand, has been travelling in the north with the Committee for Original Peoples' Entitlement and becoming involved in the negotiation of land claims. Would the honourable senator inform me of the progress of those negotiations?

Hon. Jack Austin (Minister of State): Honourable senators, I have not had the opportunity to be briefed by Senator Steuart, so I cannot give an up-to-date report on the status of the COPE discussions. I will seek that information as quickly as I can, perhaps today, and speak with the honourable senator after lunch.

Hon. Jacques Flynn (Leader of the Opposition): Will the minister inform us as to whether Senator Steuart will be here for the vote, especially on the amendment moved by Senator Walker?

Senator Austin: I am not aware of Senator Steuart's whereabouts.

● (1050)

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN— DEBATE CONCLUDED

The Senate resumed from yesterday the debate on the motion of Senator Perrault:

THAT, WHEREAS in the past certain amendments to the Constitution of Canada have been made by the Parliament of the United Kingdom at the request and with the consent of Canada;

AND WHEREAS it is in accord with the status of Canada as an independent state that Canadians be able to amend their Constitution in Canada in all respects;

AND WHEREAS it is also desirable to provide in the Constitution of Canada for the recognition of certain fundamental rights and freedoms and to make other amendments to that Constitution;

A respectful address be presented to Her Majesty the Queen in the following words:

CONSIDÉRANT :
que le Parlement du Royaume-Uni a modifié à plusieurs reprises la Constitution du Canada à la demande et avec le consentement de celui-ci;

que, de par le statut d'État indépendant du Canada, il est légitime que les Canadiens aient tout pouvoir pour modifier leur Constitution au Canada;

qu'il est souhaitable d'inscrire dans la Constitution du Canada la reconnaissance de certains droits et libertés fondamentaux et d'y apporter d'autres modifications,

il est proposé que soit présentée respectueusement à Sa Majesté la Reine l'adresse dont la teneur suit :

To the Queen's Most Excellent Majesty:
Most Gracious Sovereign:

We, Your Majesty's loyal subjects, the Senate of Canada in Parliament assembled, respectfully approach Your Majesty, requesting that you may graciously be pleased to cause to be laid before the Parliament of the United Kingdom a measure containing the recitals and clauses hereinafter set forth:

A Sa Très Excellente Majesté la Reine,
Très Gracieuse Souveraine :

Nous, membres du Sénat du Canada réunis en Parlement, fidèles sujets de Votre Majesté, demandons respectueusement à Votre Très Gracieuse Majesté de bien vouloir faire déposer devant le Parlement du Royaume-Uni un projet de loi ainsi conçu :

ANNEXE A—SCHEDULE A

An Act to give effect to a request by the Senate and House of Commons of Canada

Loi donnant suite à une demande du Sénat et de la Chambre des communes du Canada

Whereas Canada has requested and consented to the enactment of an Act of the Parliament of the United Kingdom to give effect to the provisions hereinafter set forth and the Senate and the House of Commons of Canada in Parliament assembled have submitted an address to Her Majesty requesting that Her Majesty may graciously be pleased to cause a Bill to be laid before the Parliament of the United Kingdom for that purpose.

Sa Très Excellente Majesté la Reine, considérant :

qu'à la demande et avec le consentement du Canada, le Parlement du Royaume-Uni est invité à adopter une loi visant à donner effet aux dispositions énoncées ci-après et que le Sénat et la Chambre des communes du Canada réunis en Parlement ont présenté une adresse demandant à Sa Très Gracieuse Majesté de bien vouloir faire déposer devant le Parlement du Royaume-Uni un projet de loi à cette fin,

Be it therefore enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

sur l'avis et du consentement des Lords spirituels et temporels et des Communes réunis en Parlement, et par l'autorité de celui-ci, édicte :

Constitution Act, 1981 enacted

1. The *Constitution Act, 1981* set out in Schedule B to this Act is hereby enacted for and shall have the force of law in Canada and shall come into force as provided in that Act.

Adoption de la *Loi constitutionnelle de 1981*

1. La *Loi constitutionnelle de 1981*, énoncée à l'annexe B, est édictée pour le Canada et y a force de loi. Elle entre en vigueur conformément à ses dispositions.

Termination of power to legislate for Canada

2. No Act of the Parliament of the United Kingdom passed after the *Constitution Act, 1981* comes into force shall extend to Canada as part of its law.

Cessation du pouvoir de légiférer pour le Canada

2. Les lois adoptées par le Parlement du Royaume-Uni après l'entrée en vigueur de la *Loi constitutionnelle de 1981* ne font pas partie du droit du Canada.

French version

3. So far as it is not contained in Schedule B, the French version of this Act is set out in Schedule A to this Act and has the same authority in Canada as the English version thereof.

Version française

3. La partie de la version française de la présente loi qui figure à l'annexe A a force de loi au Canada au même titre que la version anglaise correspondante.

Short title

4. This Act may be cited as the *Canada Act*.

Titre abrégé

4. Titre abrégé de la présente loi : *Loi sur le Canada*.

SCHEDULE B

CONSTITUTION ACT, 1981

PART I

CANADIAN CHARTER OF RIGHTS AND FREEDOMS

Whereas Canada is founded upon principles that recognize the supremacy of God and the rule of law:

Guarantee of Rights and Freedoms

Rights and freedoms in Canada

1. The *Canadian Charter of Rights and Freedoms* guarantees the rights and freedoms set out in it subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society.

Fundamental Freedoms

Fundamental freedoms

2. Everyone has the following fundamental freedoms:

(*a*) freedom of conscience and religion;

(*b*) freedom of thought, belief, opinion and expression, including freedom of the press and other media of communication;

(*c*) freedom of peaceful assembly; and

(*d*) freedom of association.

Democratic Rights

Democratic rights of citizens

3. Every citizen of Canada has the right to vote in an election of members of the House of Commons or of a legislative assembly and to be qualified for membership therein.

Maximum duration of legislative bodies

4. (1) No House of Commons and no legislative assembly shall continue for longer than five years from the date fixed for the return of the writs at a general election of its members.

Continuation in special circumstances

(2) In time of real or apprehended war, invasion or insurrection, a House of Commons may be continued by Parliament and a legislative assembly may be continued by the legislature beyond five years if such continuation is not opposed by the votes of more than one-third of the members of the House

ANNEXE B

LOI CONSTITUTIONNELLE DE 1981

PARTIE I

CHARTE CANADIENNE DES DROITS ET LIBERTÉS

Attendu que le Canada est fondé sur des principes qui reconnaissent la suprématie de Dieu et la primauté du droit :

Garantie des droits et libertés

Droits et libertés au Canada

1. La *Charte canadienne des droits et libertés* garantit les droits et libertés qui y sont énoncés. Ils ne peuvent être restreints que par une règle de droit, dans des limites qui soient raisonnables et dont la justification puisse se démontrer dans le cadre d'une société libre et démocratique.

Libertés fondamentales

Libertés fondamentales

2. Chacun a les libertés fondamentales suivantes :

a) liberté de conscience et de religion;

b) liberté de pensée, de croyance, d'opinion et d'expression, y compris la liberté de la presse et des autres moyens de communication;

c) liberté de réunion pacifique;

d) liberté d'association.

Droits démocratiques

Droits démocratiques des citoyens

3. Tout citoyen canadien a le droit de vote et est éligible aux élections législatives fédérales ou provinciales.

Mandat maximal des assemblées

4. (1) Le mandat maximal de la Chambre des communes et des assemblées législatives est de cinq ans à compter de la date fixée pour le retour des brefs relatifs aux élections générales correspondantes.

Prolongations spéciales

(2) Le mandat de la Chambre des communes ou celui d'une assemblée législative peut être prolongé respectivement par le Parlement ou par la législature en question au-delà de cinq ans en cas de guerre, d'invasion ou d'insurrection, réelles ou appréhendées, pourvu que cette prolongation ne fasse pas

of Commons or the legislative assembly, as the case may be.

l'objet d'une opposition exprimée par les voix de plus du tiers des députés de la Chambre des communes ou de l'assemblée législative.

Annual sitting of legislative bodies

5. There shall be a sitting of Parliament and of each legislature at least once every twelve months.

Séance annuelle

5. Le Parlement et les législatures tiennent une séance au moins une fois tous les douze mois.

Mobility Rights

Liberté de circulation et d'établissement

Mobility of citizens

6. (1) Every citizen of Canada has the right to enter, remain in and leave Canada.

Liberté de circulation

6. (1) Tout citoyen canadien a le droit de demeurer au Canada, d'y entrer ou d'en sortir.

Rights to move and gain livelihood

(2) Every citizen of Canada and every person who has the status of a permanent resident of Canada has the right

(*a*) to move to and take up residence in any province; and

(*b*) to pursue the gaining of a livelihood in any province.

Liberté d'établissement

(2) Tout citoyen canadien et toute personne ayant le statut de résident permanent au Canada ont le droit :

a) de se déplacer dans tout le pays et d'établir leur résidence dans toute province;

b) de gagner leur vie dans toute province.

Limitation

(3) The rights specified in subsection (2) are subject to

(*a*) any laws or practices of general application in force in a province other than those that discriminate among persons primarily on the basis of province of present or previous residence; and

(*b*) any laws providing for reasonable residency requirements as a qualification for the receipt of publicly provided social services.

Restriction

(3) Les droits mentionnés au paragraphe (2) sont subordonnés :

a) aux lois et usages d'application générale en vigueur dans une province donnée, s'ils n'établissent entre les personnes aucune distinction fondée principalement sur la province de résidence antérieure ou actuelle;

b) aux lois prévoyant de justes conditions de résidence en vue de l'obtention des services sociaux publics.

Affirmative action programs

(4) Subsections (2) and (3) do not preclude any law, program or activity that has as its object the amelioration in a province of conditions of individuals in that province who are socially or economically disadvantaged if the rate of employment in that province is below the rate of employment in Canada.

Programmes de promotion sociale

(4) Les paragraphes (2) et (3) n'ont pas pour objet d'interdire les lois, programmes ou activités destinés à améliorer, dans une province, la situation d'individus défavorisés socialement ou économiquement, si le taux d'emploi dans la province est inférieur à la moyenne nationale.

Legal Rights

Garanties juridiques

Life, liberty and security of person

7. Everyone has the right to life, liberty and security of the person and the right not to be deprived thereof except in accordance with the principles of fundamental justice.

Vie, liberté et sécurité

7. Chacun a droit à la vie, à la liberté et à la sécurité de sa personne; il ne peut être porté atteinte à ce droit qu'en conformité avec les principes de justice fondamentale.

Search or seizure

8. Everyone has the right to be secure against unreasonable search or seizure.

Fouilles, perquisitions ou saisies

8. Chacun a droit à la protection contre les fouilles, les perquisitions ou les saisies abusives.

Detention or imprisonment

9. Everyone has the right not to be arbitrarily detained or imprisoned.

Détention ou emprisonnement

9. Chacun a droit à la protection contre la détention ou l'emprisonnement arbitraires.

Arrest or detention

10. Everyone has the right on arrest or detention

(*a*) to be informed promptly of the reasons therefor;

(*b*) to retain and instruct counsel without delay and to be informed of that right; and

(*c*) to have the validity of the detention determined by way of *habeas corpus* and to be released if the detention is not lawful.

Proceedings in criminal and penal matters

11. Any person charged with an offence has the right

(*a*) to be informed without unreasonable delay of the specific offence;

(*b*) to be tried within a reasonable time;

(*c*) not to be compelled to be a witness in proceedings against that person in respect of the offence;

(*d*) to be presumed innocent until proven guilty according to law in a fair and public hearing by an independent and impartial tribunal;

(*e*) not to be denied reasonable bail without just cause;

(*f*) except in the case of an offence under military law tried before a military tribunal, to the benefit of trial by jury where the maximum punishment for the offence is imprisonment for five years or a more severe punishment;

(*g*) not to be found guilty on account of any act or omission unless, at the time of the act or omission, it constituted an offence under Canadian or international law or was criminal according to the general principles of law recognized by the community of nations;

(*h*) if finally acquitted of the offence, not to be tried for it again and, if finally found guilty and punished for the offence, not to be tried or punished for it again; and

(*i*) if found guilty of the offence and if the punishment for the offence has been varied between the time of commission and the time of sentencing, to the benefit of the lesser punishment.

Arrestation ou détention

10. Chacun a le droit, en cas d'arrestation ou de détention :

a) d'être informé dans les plus brefs délais des motifs de son arrestation ou de sa détention;

b) d'avoir recours sans délai à l'assistance d'un avocat et d'être informé de ce droit;

c) de faire contrôler, par *habeas corpus,* la légalité de sa détention et d'obtenir, le cas échéant, sa libération.

Affaires criminelles et pénales

11. Tout inculpé a le droit :

a) d'être informé sans délai anormal de l'infraction précise qu'on lui reproche;

b) d'être jugé dans un délai raisonnable;

c) de ne pas être contraint de témoigner contre lui-même dans toute poursuite intentée contre lui pour l'infraction qu'on lui reproche;

d) d'être présumé innocent tant qu'il n'est pas déclaré coupable, conformément à la loi, par un tribunal indépendant et impartial à l'issue d'un procès public et équitable;

e) de ne pas être privé sans juste cause d'une mise en liberté assortie d'un cautionnement raisonnable;

f) sauf s'il s'agit d'une infraction relevant de la justice militaire, de bénéficier d'un procès avec jury lorsque la peine maximale prévue pour l'infraction dont il est accusé est un emprisonnement de cinq ans ou une peine plus grave;

g) de ne pas être déclaré coupable en raison d'une action ou d'une omission qui, au moment où elle est survenue, ne constituait pas une infraction d'après le droit interne du Canada ou le droit international et n'avait pas de caractère criminel d'après les principes généraux de droit reconnus par l'ensemble des nations;

h) d'une part de ne pas être jugé de nouveau pour une infraction dont il a été définitivement acquitté, d'autre part de ne pas être jugé ni puni de nouveau pour une infraction dont il a été définitivement déclaré coupable et puni;

i) de bénéficier de la peine la moins sévère, lorsque la peine qui sanctionne l'infraction dont il est déclaré coupable est

modifiée entre le moment de la perpétration de l'infraction et celui de la sentence.

Treatment or punishment

12. Everyone has the right not to be subjected to any cruel and unusual treatment or punishment.

12. Chacun a droit à la protection contre tous traitements ou peines cruels et inusités. Cruauté

Self-crimination

13. A witness who testifies in any proceedings has the right not to have any incriminating evidence so given used to incriminate that witness in any other proceedings, except in a prosecution for perjury or for the giving of contradictory evidence.

13. Chacun a droit à ce qu'aucun témoignage incriminant qu'il donne ne soit utilisé pour l'incriminer dans d'autres procédures, sauf lors de poursuites pour parjure ou pour témoignages contradictoires. Témoignage incriminant

Interpreter

14. A party or witness in any proceedings who does not understand or speak the language in which the proceedings are conducted or who is deaf has the right to the assistance of an interpreter.

14. La partie ou le témoin qui ne peuvent suivre les procédures, soit parce qu'ils ne comprennent pas ou ne parlent pas la langue employée, soit parce qu'ils sont atteints de surdité, ont droit à l'assistance d'un interprète. Interprète

Equality Rights

Droits à l'égalité

Equality before and under law and equal protection and benefit of law

15. (1) Every individual is equal before and under the law and has the right to the equal protection and equal benefit of the law without discrimination and, in particular, without discrimination based on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.

15. (1) La loi ne fait acception de personne et s'applique également à tous, et tous ont droit à la même protection et au même bénéfice de la loi, indépendamment de toute discrimination, notamment des discriminations fondées sur la race, l'origine nationale ou ethnique, la couleur, la religion, le sexe, l'âge ou les déficiences mentales ou physiques. Égalité devant la loi, égalité de bénéfice et protection égale de la loi

Affirmative action programs

(2) Subsection (1) does not preclude any law, program or activity that has as its object the amelioration of conditions of disadvantaged individuals or groups including those that are disadvantaged because of race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.

(2) Le paragraphe (1) n'a pas pour effet d'interdire les lois, programmes ou activités destinés à améliorer la situation d'individus ou de groupes défavorisés, notamment du fait de leur race, de leur origine nationale ou ethnique, de leur couleur, de leur religion, de leur sexe, de leur âge ou de leurs déficiences mentales ou physiques. Programmes de promotion sociale

Official Languages of Canada

Langues officielles du Canada

Official languages of Canada

16. (1) English and French are the official languages of Canada and have equality of status and equal rights and privileges as to their use in all institutions of the Parliament and government of Canada.

16. (1) Le français et l'anglais sont les langues officielles du Canada; ils ont un statut et des droits et privilèges égaux quant à leur usage dans les institutions du Parlement et du gouvernement du Canada. Langues officielles du Canada

Official languages of New Brunswick

(2) English and French are the official languages of New Brunswick and have equality of status and equal rights and privileges as to their use in all institutions of the

(2) Le français et l'anglais sont les langues officielles du Nouveau-Brunswick; ils ont un statut et des droits et privilèges égaux quant à leur usage dans les institutions de la Légis- Langues officielles du Nouveau-Brunswick

legislature and government of New Brunswick.

Advancement of status and use

(3) Nothing in this Charter limits the authority of Parliament or a legislature to advance the equality of status or use of English and French.

Proceedings of Parliament

17. (1) Everyone has the right to use English or French in any debates and other proceedings of Parliament.

Proceedings of New Brunswick legislature

(2) Everyone has the right to use English or French in any debates and other proceedings of the legislature of New Brunswick.

Parliamentary statutes and records

18. (1) The statutes, records and journals of Parliament shall be printed and published in English and French and both language versions are equally authoritative.

New Brunswick statutes and records

(2) The statutes, records and journals of the legislature of New Brunswick shall be printed and published in English and French and both language versions are equally authoritative.

Proceedings in courts established by Parliament

19. (1) Either English or French may be used by any person in, or in any pleading in or process issuing from, any court established by Parliament.

Proceedings in New Brunswick courts

(2) Either English or French may be used by any person in, or in any pleading in or process issuing from, any court of New Brunswick.

Communications by public with federal institutions

20. (1) Any member of the public in Canada has the right to communicate with, and to receive available services from, any head or central office of an institution of the Parliament or government of Canada in English or French, and has the same right with respect to any other office of any such institution where

(*a*) there is a significant demand for communications with and services from that office in such language; or

lature et du gouvernement du Nouveau-Brunswick.

Progression vers l'égalité

(3) La présente charte ne limite pas le pouvoir du Parlement et des législatures de favoriser la progression vers l'égalité de statut ou d'usage du français et de l'anglais.

Travaux du Parlement

17. (1) Chacun a le droit d'employer le français ou l'anglais dans les débats et travaux du Parlement.

Travaux de la Législature du Nouveau-Brunswick

(2) Chacun a le droit d'employer le français ou l'anglais dans les débats et travaux de la Législature du Nouveau-Brunswick.

Documents parlementaires

18. (1) Les lois, les archives, les comptes rendus et les procès-verbaux du Parlement sont imprimés et publiés en français et en anglais, les deux versions des lois ayant également force de loi et celles des autres documents ayant même valeur.

Documents de la Législature du Nouveau-Brunswick

(2) Les lois, les archives, les comptes rendus et les procès-verbaux de la Législature du Nouveau-Brunswick sont imprimés et publiés en français et en anglais, les deux versions des lois ayant également force de loi et celles des autres documents ayant même valeur.

Procédures devant les tribunaux établis par le Parlement

19. (1) Chacun a le droit d'employer le français ou l'anglais dans toutes les affaires dont sont saisis les tribunaux établis par le Parlement et dans tous les actes de procédure qui en découlent.

Procédures devant les tribunaux du Nouveau-Brunswick

(2) Chacun a le droit d'employer le français ou l'anglais dans toutes les affaires dont sont saisis les tribunaux du Nouveau-Brunswick et dans tous les actes de procédure qui en découlent.

Communications entre les administrés et les institutions fédérales

20. (1) Le public a, au Canada, droit à l'emploi du français ou de l'anglais pour communiquer avec le siège ou l'administration centrale des institutions du Parlement ou du gouvernement du Canada ou pour en recevoir les services; il a le même droit à l'égard de tout autre bureau de ces institutions là où, selon le cas :

a) l'emploi du français ou de l'anglais fait l'objet d'une demande importante;

b) l'emploi du français et de l'anglais se justifie par la vocation du bureau.

(*b*) due to the nature of the office, it is reasonable that communications with and services from that office be available in both English and French.

Communications by public with New Brunswick institutions

(2) Any member of the public in New Brunswick has the right to communicate with, and to receive available services from, any office of an institution of the legislature or government of New Brunswick in English or French.

(2) Le public a, au Nouveau-Brunswick, droit à l'emploi du français ou de l'anglais pour communiquer avec tout bureau des institutions de la législature ou du gouvernement ou pour en recevoir les services.

Communications entre les administrés et les institutions du Nouveau-Brunswick

Continuation of existing constitutional provisions

21. Nothing in sections 16 to 20 abrogates or derogates from any right, privilege or obligation with respect to the English and French languages, or either of them, that exists or is continued by virtue of any other provision of the Constitution of Canada.

21. Les articles 16 à 20 n'ont pas pour effet, en ce qui a trait à la langue française ou anglaise ou à ces deux langues, de porter atteinte aux droits, privilèges ou obligations qui existent ou sont maintenus aux termes d'une autre disposition de la Constitution du Canada.

Maintien en vigueur de certaines dispositions

Rights and privileges preserved

22. Nothing in sections 16 to 20 abrogates or derogates from any legal or customary right or privilege acquired or enjoyed either before or after the coming into force of this Charter with respect to any language that is not English or French.

22. Les articles 16 à 20 n'ont pas pour effet de porter atteinte aux droits et privilèges, antérieurs ou postérieurs à l'entrée en vigueur de la présente charte et découlant de la loi ou de la coutume, des langues autres que le français ou l'anglais.

Droits préservés

Minority Language Educational Rights

Droits à l'instruction dans la langue de la minorité

Language of instruction

23. (1) Citizens of Canada

(*a*) whose first language learned and still understood is that of the English or French linguistic minority population of the province in which they reside, or

(*b*) who have received their primary school instruction in Canada in English or French and reside in a province where the language in which they received that instruction is the language of the English or French linguistic minority population of the province,

have the right to have their children receive primary and secondary school instruction in that language in that province.

23. (1) Les citoyens canadiens :

a) dont la première langue apprise et encore comprise est celle de la minorité francophone ou anglophone de la province où ils résident,

b) qui ont reçu leur instruction, au niveau primaire, en français ou en anglais au Canada et qui résident dans une province où la langue dans laquelle ils ont reçu cette instruction est celle de la minorité francophone ou anglophone de la province,

ont, dans l'un ou l'autre cas, le droit d'y faire instruire leurs enfants, aux niveaux primaire et secondaire, dans cette langue.

Langue d'instruction

Continuity of language instruction

(2) Citizens of Canada of whom any child has received or is receiving primary or secondary school instruction in English or French in Canada, have the right to have all their children receive primary and secondary school instruction in the same language.

(2) Les citoyens canadiens dont un enfant a reçu ou reçoit son instruction, au niveau primaire ou secondaire, en français ou en anglais au Canada ont le droit de faire instruire tous leurs enfants, aux niveaux primaire et secondaire, dans la langue de cette instruction.

Continuité d'emploi de la langue d'instruction

Application where numbers warrant

(3) The right of citizens of Canada under subsections (1) and (2) to have their children receive primary and secondary school instruction in the language of the English or French linguistic minority population of a province

(*a*) applies wherever in the province the number of children of citizens who have such a right is sufficient to warrant the provision to them out of public funds of minority language instruction; and

(*b*) includes, where the number of those children so warrants, the right to have them receive that instruction in minority language educational facilities provided out of public funds.

Justification par le nombre

(3) Le droit reconnu aux citoyens canadiens par les paragraphes (1) et (2) de faire instruire leurs enfants, aux niveaux primaire et secondaire, dans la langue de la minorité francophone ou anglophone d'une province :

a) s'exerce partout dans la province où le nombre des enfants des citoyens qui ont ce droit est suffisant pour justifier à leur endroit la prestation, sur les fonds publics, de l'instruction dans la langue de la minorité;

b) comprend, lorsque le nombre de ces enfants le justifie, le droit de les faire instruire dans des établissements d'enseignement de la minorité linguistique financés sur les fonds publics.

Enforcement

Recours

Enforcement of guaranteed rights and freedoms

24. (1) Anyone whose rights or freedoms, as guaranteed by this Charter, have been infringed or denied may apply to a court of competent jurisdiction to obtain such remedy as the court considers appropriate and just in the circumstances.

Recours en cas d'atteinte aux droits et libertés

24. (1) Toute personne, victime de violation ou de négation des droits ou libertés qui lui sont garantis par la présente charte, peut s'adresser à un tribunal compétent pour obtenir la réparation que le tribunal estime convenable et juste eu égard aux circonstances.

Exclusion of evidence bringing administration of justice into disrepute

(2) Where, in proceedings under subsection (1), a court concludes that evidence was obtained in a manner that infringed or denied any rights or freedoms guaranteed by this Charter, the evidence shall be excluded if it is established that, having regard to all the circumstances, the admission of it in the proceedings would bring the administration of justice into disrepute.

Irrecevabilité d'éléments de preuve qui risqueraient de déconsidérer l'administration de la justice

(2) Lorsque, dans une instance visée au paragraphe (1), le tribunal a conclu que des éléments de preuve ont été obtenus dans des conditions qui portent atteinte aux droits ou libertés garantis par la présente charte, ces éléments de preuve sont écartés s'il est établi, eu égard aux circonstances, que leur utilisation est susceptible de déconsidérer l'administration de la justice.

General

Dispositions générales

Aboriginal rights and freedoms not affected by Charter

25. The guarantee in this Charter of certain rights and freedoms shall not be construed so as to abrogate or derogate from any aboriginal, treaty or other rights or freedoms that pertain to the aboriginal peoples of Canada including

(*a*) any rights or freedoms that have been recognized by the Royal Proclamation of October 7, 1763; and

(*b*) any rights or freedoms that may be acquired by the aboriginal peoples of Canada by way of land claims settlement.

Maintien des droits et libertés des autochtones

25. Le fait que la présente charte garantit certains droits et libertés ne porte pas atteinte aux droits ou libertés — ancestraux, issus de traités ou autres — des peuples autochtones du Canada, notamment :

a) aux droits ou libertés reconnus par la Proclamation royale du 7 octobre 1763;

b) aux droits ou libertés acquis par règlement de revendications territoriales.

Other rights and freedoms not affected by Charter

26. The guarantee in this Charter of certain rights and freedoms shall not be con-

Maintien des autres droits et libertés

26. Le fait que la présente charte garantit certains droits et libertés ne constitue pas

strued as denying the existence of any other rights or freedoms that exist in Canada.

une négation des autres droits ou libertés qui existent au Canada.

Multicultural heritage

27. This Charter shall be interpreted in a manner consistent with the preservation and enhancement of the multicultural heritage of Canadians.

Maintien du patrimoine culturel

27. Toute interprétation de la présente charte doit concorder avec l'objectif de promouvoir le maintien et la valorisation du patrimoine multiculturel des Canadiens.

Rights guaranteed equally to both sexes

28. Notwithstanding anything in this Charter, the rights and freedoms referred to in it are guaranteed equally to male and female persons.

Égalité de garantie des droits pour les deux sexes

28. Indépendamment des autres dispositions de la présente charte, les droits et libertés qui y sont mentionnés sont garantis également aux personnes des deux sexes.

Rights respecting certain schools preserved

29. Nothing in this Charter abrogates or derogates from any rights or privileges guaranteed by or under the Constitution of Canada in respect of denominational, separate or dissentient schools.

Maintien des droits relatifs à certaines écoles

29. Les dispositions de la présente charte ne portent pas atteinte aux droits ou privilèges garantis en vertu de la Constitution du Canada concernant les écoles séparées et autres écoles confessionnelles.

Application to territories and territorial authorities

30. A reference in this Charter to a province or to the legislative assembly or legislature of a province shall be deemed to include a reference to the Yukon Territory and the Northwest Territories, or to the appropriate legislative authority thereof, as the case may be.

Application aux territoires

30. Dans la présente charte, les dispositions qui visent les provinces, leur législature ou leur assemblée législative visent également le territoire du Yukon, les territoires du Nord-Ouest ou leurs autorités législatives compétentes.

Legislative powers not extended

31. Nothing in this Charter extends the legislative powers of any body or authority.

Non-élargissement des compétences législatives

31. La présente charte n'élargit pas les compétences législatives de quelque organisme ou autorité que ce soit.

Application of Charter

Application de la charte

Application of Charter

32. (1) This Charter applies

(*a*) to the Parliament and government of Canada in respect of all matters within the authority of Parliament including all matters relating to the Yukon Territory and Northwest Territories; and

(*b*) to the legislature and government of each province in respect of all matters within the authority of the legislature of each province.

Application de la charte

32. (1) La présente charte s'applique :

a) au Parlement et au gouvernement du Canada, pour tous les domaines relevant du Parlement, y compris ceux qui concernent le territoire du Yukon et les territoires du Nord-Ouest;

b) à la législature et au gouvernement de chaque province, pour tous les domaines relevant de cette législature.

Exception

(2) Notwithstanding subsection (1), section 15 shall not have effect until three years after this section comes into force.

Restriction

(2) Par dérogation au paragraphe (1), l'article 15 n'a d'effet que trois ans après l'entrée en vigueur du présent article.

Exception where express declaration

33. (1) Parliament or the legislature of a province may expressly declare in an Act of Parliament or of the legislature, as the case may be, that the Act or a provision thereof shall operate notwithstanding a provision included in section 2 or sections 7 to 15 of this Charter.

Dérogation par déclaration expresse

33. (1) Le Parlement ou la législature d'une province peut adopter une loi où il est expressément déclaré que celle-ci ou une de ses dispositions a effet indépendamment d'une disposition donnée de l'article 2 ou des articles 7 à 15 de la présente charte.

Operation of exception

(2) An Act or a provision of an Act in respect of which a declaration made under this section is in effect shall have such operation as it would have but for the provision of this Charter referred to in the declaration.

(2) La loi ou la disposition qui fait l'objet d'une déclaration conforme au présent article et en vigueur a l'effet qu'elle aurait sauf la disposition en cause de la charte.

Effet de la dérogation

Five year limitation

(3) A declaration made under subsection (1) shall cease to have effect five years after it comes into force or on such earlier date as may be specified in the declaration.

(3) La déclaration visée au paragraphe (1) cesse d'avoir effet à la date qui y est précisée ou, au plus tard, cinq ans après son entrée en vigueur.

Durée de validité

Re-enactment

(4) Parliament or a legislature of a province may re-enact a declaration made under subsection (1).

(4) Le Parlement ou une législature peut adopter de nouveau une déclaration visée au paragraphe (1).

Nouvelle adoption

Five year limitation

(5) Subsection (3) applies in respect of a re-enactment made under subsection (4).

(5) Le paragraphe (3) s'applique à toute déclaration adoptée sous le régime du paragraphe (4).

Durée de validité

Citation

Titre

Citation

34. This Part may be cited as the *Canadian Charter of Rights and Freedoms*.

34. Titre de la présente partie : *Charte canadienne des droits et libertés*.

Titre

PART II

RIGHTS OF THE ABORIGINAL PEOPLES OF CANADA

PARTIE II

DROITS DES PEUPLES AUTOCHTONES DU CANADA

Recognition of existing aboriginal and treaty rights

35. (1) The existing aboriginal and treaty rights of the aboriginal peoples of Canada are hereby recognized and affirmed.

35. (1) Les droits existants — ancestraux ou issus de traités — des peuples autochtones du Canada sont reconnus et confirmés.

Confirmation des droits existants des peuples autochtones

Definition of "aboriginal peoples of Canada"

(2) In this Act, "aboriginal peoples of Canada" includes the Indian, Inuit and Métis peoples of Canada.

(2) Dans la présente loi, «peuples autochtones du Canada» s'entend notamment des Indiens, des Inuit et des Métis du Canada.

Définition de «peuples autochtones du Canada»

PART III

EQUALIZATION AND REGIONAL DISPARITIES

PARTIE III

PÉRÉQUATION ET INÉGALITÉS RÉGIONALES

Commitment to promote equal opportunities

36. (1) Without altering the legislative authority of Parliament or of the provincial legislatures, or the rights of any of them with respect to the exercise of their legislative authority, Parliament and the legislatures, together with the government of Canada and the provincial governments, are committed to

(*a*) promoting equal opportunities for the well-being of Canadians;

(*b*) furthering economic development to reduce disparity in opportunities; and

(*c*) providing essential public services of reasonable quality to all Canadians.

36. (1) Sous réserve des compétences législatives du Parlement et des législatures et de leur droit de les exercer, le Parlement et les législatures, ainsi que les gouvernements fédéral et provinciaux, s'engagent à :

a) promouvoir l'égalité des chances de tous les Canadiens dans la recherche de leur bien-être;

b) favoriser le développement économique pour réduire l'inégalité des chances;

c) fournir à tous les Canadiens, à un niveau de qualité acceptable, les services publics essentiels.

Engagements relatifs à l'égalité des chances

Commitment respecting public services

(2) Parliament and the government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation.

Engagement relatif aux services publics

(2) Le Parlement et le gouvernement du Canada prennent l'engagement de principe de faire des paiements de péréquation propres à donner aux gouvernements provinciaux des revenus suffisants pour les mettre en mesure d'assurer les services publics à un niveau de qualité et de fiscalité sensiblement comparables.

PART IV

CONSTITUTIONAL CONFERENCE

PARTIE IV

CONFÉRENCE CONSTITUTIONNELLE

Constitutional conference

37. (1) A constitutional conference composed of the Prime Minister of Canada and the first ministers of the provinces shall be convened by the Prime Minister of Canada within one year after this Part comes into force.

Conférence constitutionnelle

37. (1) Dans l'année suivant l'entrée en vigueur de la présente partie, le premier ministre du Canada convoque une conférence constitutionnelle réunissant les premiers ministres provinciaux et lui-même.

Participation of aboriginal peoples

(2) The conference convened under subsection (1) shall have included in its agenda an item respecting constitutional matters that directly affect the aboriginal peoples of Canada, including the identification and definition of the rights of those peoples to be included in the Constitution of Canada, and the Prime Minister of Canada shall invite representatives of those peoples to participate in the discussions on that item.

Participation des peuples autochtones

(2) Sont placées à l'ordre du jour de la conférence visée au paragraphe (1) les questions constitutionnelles qui intéressent directement les peuples autochtones du Canada, notamment la détermination et la définition des droits de ces peuples à inscrire dans la Constitution du Canada. Le premier ministre du Canada invite leurs représentants à participer aux travaux relatifs à ces questions.

Participation of territories

(3) The Prime Minister of Canada shall invite elected representatives of the governments of the Yukon Territory and the Northwest Territories to participate in the discussions on any item on the agenda of the conference convened under subsection (1) that, in the opinion of the Prime Minister, directly affects the Yukon Territory and the Northwest Territories.

Participation des territoires

(3) Le premier ministre du Canada invite des représentants élus des gouvernements du territoire du Yukon et des territoires du Nord-Ouest à participer aux travaux relatifs à toute question placée à l'ordre du jour de la conférence visée au paragraphe (1) et qui, selon lui, intéresse directement le territoire du Yukon et les territoires du Nord-Ouest.

PART V

PROCEDURE FOR AMENDING CONSTITUTION OF CANADA

PARTIE V

PROCÉDURE DE MODIFICATION DE LA CONSTITUTION DU CANADA

General procedure for amending Constitution of Canada

38. (1) An amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by

(*a*) resolutions of the Senate and House of Commons; and

(*b*) resolutions of the legislative assemblies of at least two-thirds of the provinces

Procédure normale de modification

38. (1) La Constitution du Canada peut être modifiée par proclamation du gouverneur général sous le grand sceau du Canada, autorisée à la fois :

a) par des résolutions du Sénat et de la Chambre des communes;

b) par des résolutions des assemblées législatives d'au moins deux tiers des provinces dont la population confondue repré-

that have, in the aggregate, according to the then latest general census, at least fifty per cent of the population of all the provinces.

sente, selon le recensement général le plus récent à l'époque, au moins cinquante pour cent de la population de toutes les provinces.

Majority of members

(2) An amendment made under subsection (1) that derogates from the legislative powers, the proprietary rights or any other rights or privileges of the legislature or government of a province shall require a resolution supported by a majority of the members of each of the Senate, the House of Commons and the legislative assemblies required under subsection (1).

(2) Une modification faite conformément au paragraphe (1) mais dérogatoire à la compétence législative, aux droits de propriété ou à tous autres droits ou privilèges d'une législature ou d'un gouvernement provincial exige une résolution adoptée à la majorité des sénateurs, des députés fédéraux et des députés de chacune des assemblées législatives du nombre requis de provinces.

Majorité simple

Expression of dissent

(3) An amendment referred to in subsection (2) shall not have effect in a province the legislative assembly of which has expressed its dissent thereto by resolution supported by a majority of its members prior to the issue of the proclamation to which the amendment relates unless that legislative assembly, subsequently, by resolution supported by a majority of its members, revokes its dissent and authorizes the amendment.

(3) La modification visée au paragraphe (2) est sans effet dans une province dont l'assemblée législative a, avant la prise de la proclamation, exprimé son désaccord par une résolution adoptée à la majorité des députés, sauf si cette assemblée, par résolution également adoptée à la majorité, revient sur son désaccord et autorise la modification.

Désaccord

Revocation of dissent

(4) A resolution of dissent made for the purposes of subsection (3) may be revoked at any time before or after the issue of the proclamation to which it relates.

(4) La résolution de désaccord visée au paragraphe (3) peut être révoquée à tout moment, indépendamment de la date de la proclamation à laquelle elle se rapporte.

Levée du désaccord

Restriction on proclamation

39. (1) A proclamation shall not be issued under subsection 38(1) before the expiration of one year from the adoption of the resolution initiating the amendment procedure thereunder, unless the legislative assembly of each province has previously adopted a resolution of assent or dissent.

39. (1) La proclamation visée au paragraphe 38(1) ne peut être prise dans l'année suivant l'adoption de la résolution à l'origine de la procédure de modification que si l'assemblée législative de chaque province a préalablement adopté une résolution d'agrément ou de désaccord.

Restriction

Idem

(2) A proclamation shall not be issued under subsection 38(1) after the expiration of three years from the adoption of the resolution initiating the amendment procedure thereunder.

(2) La proclamation visée au paragraphe 38(1) ne peut être prise que dans les trois ans suivant l'adoption de la résolution à l'origine de la procédure de modification.

Idem

Compensation

40. Where an amendment is made under subsection 38(1) that transfers provincial legislative powers relating to education or other cultural matters from provincial legislatures to Parliament, Canada shall provide reasonable compensation to any province to which the amendment does not apply.

40. Le Canada fournit une juste compensation aux provinces auxquelles ne s'applique pas une modification faite conformément au paragraphe 38(1) et relative, en matière d'éducation ou dans d'autres domaines culturels, à un transfert de compétences législatives provinciales au Parlement.

Compensation

Amendment by unanimous consent

41. An amendment to the Constitution of Canada in relation to the following matters

41. Toute modification de la Constitution du Canada portant sur les questions suivan-

Consentement unanime

may be made by proclamation issued by the Governor General under the Great Seal of Canada only where authorized by resolutions of the Senate and House of Commons and of the legislative assembly of each province:

(*a*) the office of the Queen, the Governor General and the Lieutenant Governor of a province;

(*b*) the right of a province to a number of members in the House of Commons not less than the number of Senators by which the province is entitled to be represented at the time this Part comes into force;

(*c*) subject to section 43, the use of the English or the French language;

(*d*) the composition of the Supreme Court of Canada; and

(*e*) an amendment to this Part.

Amendment by general procedure

42. (1) An amendment to the Constitution of Canada in relation to the following matters may be made only in accordance with subsection 38(1):

(*a*) the principle of proportionate representation of the provinces in the House of Commons prescribed by the Constitution of Canada;

(*b*) the powers of the Senate and the method of selecting Senators;

(*c*) the number of members by which a province is entitled to be represented in the Senate and the residence qualifications of Senators;

(*d*) subject to paragraph 41(*d*), the Supreme Court of Canada;

(*e*) the extension of existing provinces into the territories; and

(*f*) notwithstanding any other law or practice, the establishment of new provinces.

Exception

(2) Subsections 38(2) to (4) do not apply in respect of amendments in relation to matters referred to in subsection (1).

Amendment of provisions relating to some but not all provinces

43. An amendment to the Constitution of Canada in relation to any provision that applies to one or more, but not all, provinces, including

(*a*) any alteration to boundaries between provinces, and

tes se fait par proclamation du gouverneur général sous le grand sceau du Canada, autorisée par des résolutions du Sénat, de la Chambre des communes et de l'assemblée législative de chaque province :

a) la charge de Reine, celle de gouverneur général et celle de lieutenant-gouverneur;

b) le droit d'une province d'avoir à la Chambre des communes un nombre de députés au moins égal à celui des sénateurs par lesquels elle est habilitée à être représentée lors de l'entrée en vigueur de la présente partie;

c) sous réserve de l'article 43, l'usage du français ou de l'anglais;

d) la composition de la Cour suprême du Canada;

e) la modification de la présente partie.

Procédure normale de modification

42. (1) Toute modification de la Constitution du Canada portant sur les questions suivantes se fait conformément au paragraphe 38(1) :

a) le principe de la représentation proportionnelle des provinces à la Chambre des communes prévu par la Constitution du Canada;

b) les pouvoirs du Sénat et le mode de sélection des sénateurs;

c) le nombre des sénateurs par lesquels une province est habilitée à être représentée et les conditions de résidence qu'ils doivent remplir;

d) sous réserve de l'alinéa 41*d*), la Cour suprême du Canada;

e) le rattachement aux provinces existantes de tout ou partie des territoires;

f) par dérogation à toute autre loi ou usage, la création de provinces.

Exception

(2) Les paragraphes 38(2) à (4) ne s'appliquent pas aux questions mentionnées au paragraphe (1).

Modification à l'égard de certaines provinces

43. Les dispositions de la Constitution du Canada applicables à certaines provinces seulement ne peuvent être modifiées que par proclamation du gouverneur général sous le grand sceau du Canada, autorisée par des résolutions du Sénat, de la Chambre des

(*b*) any amendment to any provision that relates to the use of the English or the French language within a province,

may be made by proclamation issued by the Governor General under the Great Seal of Canada only where so authorized by resolutions of the Senate and House of Commons and of the legislative assembly of each province to which the amendment applies.

communes et de l'assemblée législative de chaque province concernée. Le présent article s'applique notamment :

a) aux changements du tracé des frontières interprovinciales;

b) aux modifications des dispositions relatives à l'usage du français ou de l'anglais dans une province.

Amendments by Parliament

44. Subject to sections 41 and 42, Parliament may exclusively make laws amending the Constitution of Canada in relation to the executive government of Canada or the Senate and House of Commons.

44. Sous réserve des articles 41 et 42, le Parlement a compétence exclusive pour modifier les dispositions de la Constitution du Canada relatives au pouvoir exécutif fédéral, au Sénat ou à la Chambre des communes.

Modification par le Parlement

Amendments by provincial legislatures

45. Subject to section 41, the legislature of each province may exclusively make laws amending the constitution of the province.

45. Sous réserve de l'article 41, une législature a compétence exclusive pour modifier la constitution de sa province.

Modification par les législatures

Initiation of amendment procedures

46. (1) The procedures for amendment under sections 38, 41, 42 and 43 may be initiated either by the Senate or the House of Commons or by the legislative assembly of a province.

46. (1) L'initiative des procédures de modification visées aux articles 38, 41, 42 et 43 appartient au Sénat, à la Chambre des communes ou à une assemblée législative.

Initiative des procédures

Revocation of authorization

(2) A resolution of assent made for the purposes of this Part may be revoked at any time before the issue of a proclamation authorized by it.

(2) Une résolution d'agrément adoptée dans le cadre de la présente partie peut être révoquée à tout moment avant la date de la proclamation qu'elle autorise.

Possibilité de révocation

Amendments without Senate resolution

47. (1) An amendment to the Constitution of Canada made by proclamation under section 38, 41, 42 or 43 may be made without a resolution of the Senate authorizing the issue of the proclamation if, within one hundred and eighty days after the adoption by the House of Commons of a resolution authorizing its issue, the Senate has not adopted such a resolution and if, at any time after the expiration of that period, the House of Commons again adopts the resolution.

47. (1) Dans les cas visés à l'article 38, 41, 42 ou 43, il peut être passé outre au défaut d'autorisation du Sénat si celui-ci n'a pas adopté de résolution dans un délai de cent quatre-vingts jours suivant l'adoption de celle de la Chambre des communes et si cette dernière, après l'expiration du délai, adopte une nouvelle résolution dans le même sens.

Modification sans résolution du Sénat

Computation of period

(2) Any period when Parliament is prorogued or dissolved shall not be counted in computing the one hundred and eighty day period referred to in subsection (1).

(2) Dans la computation du délai visé au paragraphe (1), ne sont pas comptées les périodes pendant lesquelles le Parlement est prorogé ou dissous.

Computation du délai

Advice to issue proclamation

48. The Queen's Privy Council for Canada shall advise the Governor General to issue a proclamation under this Part forthwith on the adoption of the resolutions

48. Le Conseil privé de la Reine pour le Canada demande au gouverneur général de prendre, conformément à la présente partie, une proclamation dès l'adoption des résolu-

Demande de proclamation

required for an amendment made by proclamation under this Part.

Constitutional conference

49. A constitutional conference composed of the Prime Minister of Canada and the first ministers of the provinces shall be convened by the Prime Minister of Canada within fifteen years after this Part comes into force to review the provisions of this Part.

PART VI

AMENDMENT TO THE CONSTITUTION ACT, 1867

Amendment to *Constitution Act, 1867*

50. The *Constitution Act, 1867* (formerly named the *British North America Act, 1867*) is amended by adding thereto, immediately after section 92 thereof, the following heading and section:

"*Non-Renewable Natural Resources, Forestry Resources and Electrical Energy*

Laws respecting non-renewable natural resources, forestry resources and electrical energy

92A. (1) In each province, the legislature may exclusively make laws in relation to

(*a*) exploration for non-renewable natural resources in the province;

(*b*) development, conservation and management of non-renewable natural resources and forestry resources in the province, including laws in relation to the rate of primary production therefrom; and

(*c*) development, conservation and management of sites and facilities in the province for the generation and production of electrical energy.

Export from provinces of resources

(2) In each province, the legislature may make laws in relation to the export from the province to another part of Canada of the primary production from non-renewable natural resources and forestry resources in the province and the production from facilities in the province for the generation of electrical energy, but such laws may not authorize or provide for discrimination in prices or in supplies exported to another part of Canada.

tions prévues par cette partie pour une modification par proclamation.

Conférence constitutionnelle

49. Dans les quinze ans suivant l'entrée en vigueur de la présente partie, le premier ministre du Canada convoque une conférence constitutionnelle réunissant les premiers ministres provinciaux et lui-même, en vue du réexamen des dispositions de cette partie.

PARTIE VI

MODIFICATION DE LA LOI CONSTITUTIONNELLE DE 1867

Modification de la *Loi constitutionnelle de 1867*

50. La *Loi constitutionnelle de 1867* (antérieurement désignée sous le titre : *Acte de l'Amérique du Nord britannique, 1867*) est modifiée par insertion, après l'article 92, de la rubrique et de l'article suivants :

«*Ressources naturelles non renouvelables, ressources forestières et énergie électrique*

Compétence provinciale

92A. (1) La législature de chaque province a compétence exclusive pour légiférer dans les domaines suivants :

a) prospection des ressources naturelles non renouvelables de la province;

b) exploitation, conservation et gestion des ressources naturelles non renouvelables et des ressources forestières de la province, y compris leur rythme de production primaire;

c) aménagement, conservation et gestion des emplacements et des installations de la province destinés à la production d'énergie électrique.

Exportation hors des provinces

(2) La législature de chaque province a compétence pour légiférer en ce qui concerne l'exportation, hors de la province, à destination d'une autre partie du Canada, de la production primaire tirée des ressources naturelles non renouvelables et des ressources forestières de la province, ainsi que de la production d'énergie électrique de la province, sous réserve de ne pas adopter de lois autorisant ou prévoyant des disparités de prix ou des disparités dans les exportations destinées à une autre partie du Canada.

Authority of Parliament

(3) Nothing in subsection (2) derogates from the authority of Parliament to enact laws in relation to the matters referred to in that subsection and, where such a law of Parliament and a law of a province conflict, the law of Parliament prevails to the extent of the conflict.

Taxation of resources

(4) In each province, the legislature may make laws in relation to the raising of money by any mode or system of taxation in respect of

(*a*) non-renewable natural resources and forestry resources in the province and the primary production therefrom, and

(*b*) sites and facilities in the province for the generation of electrical energy and the production therefrom,

whether or not such production is exported in whole or in part from the province, but such laws may not authorize or provide for taxation that differentiates between production exported to another part of Canada and production not exported from the province.

"Primary production"

(5) The expression "primary production" has the meaning assigned by the Sixth Schedule.

Existing powers or rights

(6) Nothing in subsections (1) to (5) derogates from any powers or rights that a legislature or government of a province had immediately before the coming into force of this section."

Idem

51. The said Act is further amended by adding thereto the following Schedule:

"THE SIXTH SCHEDULE

Primary Production from Non-Renewable Natural Resources and Forestry Resources

1. For the purposes of section 92A of this Act,

Pouvoir du Parlement

(3) Le paragraphe (2) ne porte pas atteinte au pouvoir du Parlement de légiférer dans les domaines visés à ce paragraphe, les dispositions d'une loi du Parlement adoptée dans ces domaines l'emportant sur les dispositions incompatibles d'une loi provinciale.

Taxation des ressources

(4) La législature de chaque province a compétence pour prélever des sommes d'argent par tout mode ou système de taxation :

a) des ressources naturelles non renouvelables et des ressources forestières de la province, ainsi que de la production primaire qui en est tirée;

b) des emplacements et des installations de la province destinés à la production d'énergie électrique, ainsi que de cette production même.

Cette compétence peut s'exercer indépendamment du fait que la production en cause soit ou non, en totalité ou en partie, exportée hors de la province, mais les lois adoptées dans ces domaines ne peuvent autoriser ou prévoir une taxation qui établisse une distinction entre la production exportée à destination d'une autre partie du Canada et la production non exportée hors de la province.

«Production primaire»

(5) L'expression «production primaire» a le sens qui lui est donné dans la sixième annexe.

Pouvoirs ou droits existants

(6) Les paragraphes (1) à (5) ne portent pas atteinte aux pouvoirs ou droits détenus par la législature ou le gouvernement d'une province lors de l'entrée en vigueur du présent article.»

Idem

51. Ladite loi est en outre modifiée par adjonction de l'annexe suivante :

«SIXIÈME ANNEXE

Production primaire tirée des ressources naturelles non renouvelables et des ressources forestières

1. Pour l'application de l'article 92A :

(*a*) production from a non-renewable natural resource is primary production therefrom if

(i) it is in the form in which it exists upon its recovery or severance from its natural state, or

(ii) it is a product resulting from processing or refining the resource, and is not a manufactured product or a product resulting from refining crude oil, refining upgraded heavy crude oil, refining gases or liquids derived from coal or refining a synthetic equivalent of crude oil; and

(*b*) production from a forestry resource is primary production therefrom if it consists of sawlogs, poles, lumber, wood chips, sawdust or any other primary wood product, or wood pulp, and is not a product manufactured from wood."

a) on entend par production primaire tirée d'une ressource naturelle non renouvelable :

(i) soit le produit qui se présente sous la même forme que lors de son extraction du milieu naturel,

(ii) soit le produit non manufacturé de la transformation, du raffinage ou de l'affinage d'une ressource, à l'exception du produit du raffinage du pétrole brut, du raffinage du pétrole brut lourd amélioré, du raffinage des gaz ou des liquides dérivés du charbon ou du raffinage d'un équivalent synthétique du pétrole brut;

b) on entend par production primaire tirée d'une ressource forestière la production constituée de billots, de poteaux, de bois d'œuvre, de copeaux, de sciure ou d'autre produit primaire du bois, ou de pâte de bois, à l'exception d'un produit manufacturé en bois.»

PART VII

GENERAL

Primacy of Constitution of Canada

52. (1) The Constitution of Canada is the supreme law of Canada, and any law that is inconsistent with the provisions of the Constitution is, to the extent of the inconsistency, of no force or effect.

Constitution of Canada

(2) The Constitution of Canada includes

(*a*) the *Canada Act*, including this Act;

(*b*) the Acts and orders referred to in Schedule I; and

(*c*) any amendment to any Act or order referred to in paragraph (*a*) or (*b*).

Amendments to Constitution of Canada

(3) Amendments to the Constitution of Canada shall be made only in accordance with the authority contained in the Constitution of Canada.

Repeals and new names

53. (1) The enactments referred to in Column I of Schedule I are hereby repealed or amended to the extent indicated in Column II thereof and, unless repealed, shall continue as law in Canada under the names set out in Column III thereof.

PARTIE VII

DISPOSITIONS GÉNÉRALES

Primauté de la Constitution du Canada

52. (1) La Constitution du Canada est la loi suprême du Canada; elle rend inopérantes les dispositions incompatibles de toute autre règle de droit.

Constitution du Canada

(2) La Constitution du Canada comprend :

a) la *Loi sur le Canada*, y compris la présente loi;

b) les textes législatifs et les décrets figurant à l'annexe I;

c) les modifications des textes législatifs et des décrets mentionnés aux alinéas *a*) ou *b*).

Modification

(3) La Constitution du Canada ne peut être modifiée que conformément aux pouvoirs conférés par elle.

Abrogation et nouveaux titres

53. (1) Les textes législatifs et les décrets énumérés à la colonne I de l'annexe I sont abrogés ou modifiés dans la mesure indiquée à la colonne II. Sauf abrogation, ils restent en vigueur en tant que lois du Canada sous les titres mentionnés à la colonne III.

Consequential amendments

(2) Every enactment, except the *Canada Act*, that refers to an enactment referred to in Schedule I thereof is hereby amended by substituting for that name the corresponding name in Column III thereof, and any British North America Act not referred to in Schedule I may be cited as the *Constitution Act* followed by the year and number, if any, of its enactment.

Modifications corrélatives

(2) Tout texte législatif ou réglementaire, sauf la *Loi sur le Canada,* qui fait mention d'un texte législatif ou décret figurant à l'annexe I par le titre indiqué à la colonne I est modifié par substitution à ce titre du titre correspondant mentionné à la colonne III; tout Acte de l'Amérique du Nord britannique non mentionné à l'annexe I peut être cité sous le titre de *Loi constitutionnelle* suivi de l'indication de l'année de son adoption et éventuellement de son numéro.

Repeal and consequential amendments

54. Part IV is repealed on the day that is one year after this Part comes into force and this section may be repealed and this Act renumbered, consequential upon the repeal of Part IV and this section, by proclamation issued by the Governor General under the Great Seal of Canada.

Abrogation et modifications qui en découlent

54. La partie IV est abrogée un an après l'entrée en vigueur de la présente partie et le gouverneur général peut, par proclamation sous le grand sceau du Canada, abroger le présent article et apporter en conséquence de cette double abrogation les aménagements qui s'imposent à la présente loi.

French version of Constitution of Canada

55. A French version of the portions of the Constitution of Canada referred to in Schedule I shall be prepared by the Minister of Justice of Canada as expeditiously as possible and, when any portion thereof sufficient to warrant action being taken has been so prepared, it shall be put forward for enactment by proclamation issued by the Governor General under the Great Seal of Canada pursuant to the procedure then applicable to an amendment of the same provisions of the Constitution of Canada.

Version française de certains textes constitutionnels

55. Le ministre de la Justice du Canada est chargé de rédiger, dans les meilleurs délais, la version française des parties de la Constitution du Canada qui figurent à l'annexe I; toute partie suffisamment importante est, dès qu'elle est prête, déposée pour adoption par proclamation du gouverneur général sous le grand sceau du Canada, conformément à la procédure applicable à l'époque à la modification des dispositions constitutionnelles qu'elle contient.

English and French versions of certain constitutional texts

56. Where any portion of the Constitution of Canada has been or is enacted in English and French or where a French version of any portion of the Constitution is enacted pursuant to section 55, the English and French versions of that portion of the Constitution are equally authoritative.

Versions française et anglaise de certains textes constitutionnels

56. Les versions française et anglaise des parties de la Constitution du Canada adoptées dans ces deux langues ont également force de loi. En outre, ont également force de loi, dès l'adoption, dans le cadre de l'article 55, d'une partie de la version française de la Constitution, cette partie et la version anglaise correspondante.

English and French versions of this Act

57. The English and French versions of this Act are equally authoritative.

Versions française et anglaise de la présente loi

57. Les versions française et anglaise de la présente loi ont également force de loi.

Commencement

58. Subject to section 59, this Act shall come into force on a day to be fixed by proclamation issued by the Queen or the Governor General under the Great Seal of Canada.

Entrée en vigueur

58. Sous réserve de l'article 59, la présente loi entre en vigueur à la date fixée par proclamation de la Reine ou du gouverneur général sous le grand sceau du Canada.

Commencement of paragraph 23(1)(*a*) in respect of Quebec

59. (1) Paragraph 23(1)(*a*) shall come into force in respect of Quebec on a day to be

Entrée en vigueur de l'alinéa 23(1)*a*) pour le Québec

59. (1) L'alinéa 23(1)*a*) entre en vigueur pour le Québec à la date fixée par proclama-

fixed by proclamation issued by the Queen or the Governor General under the Great Seal of Canada.

Authorization of Quebec

(2) A proclamation under subsection (1) shall be issued only where authorized by the legislative assembly or government of Quebec.

Repeal of this section

(3) This section may be repealed on the day paragraph 23(1)(*a*) comes into force in respect of Quebec and this Act amended and renumbered, consequential upon the repeal of this section, by proclamation issued by the Queen or the Governor General under the Great Seal of Canada.

Short title and citations

60. This Act may be cited as the *Constitution Act, 1981*, and the Constitution Acts 1867 to 1975 (No. 2) and this Act may be cited together as the *Constitution Acts, 1867 to 1981*.

tion de la Reine ou du gouverneur général sous le grand sceau du Canada.

Autorisation du Québec

(2) La proclamation visée au paragraphe (1) ne peut être prise qu'après autorisation de l'assemblée législative ou du gouvernement du Québec.

Abrogation du présent article

(3) Le présent article peut être abrogé à la date d'entrée en vigueur de l'alinéa 23(1)*a*) pour le Québec, et la présente loi faire l'objet, dès cette abrogation, des modifications et changements de numérotation qui en découlent, par proclamation de la Reine ou du gouverneur général sous le grand sceau du Canada.

Titres

60. Titre abrégé de la présente annexe : *Loi constitutionnelle de 1981*; titre commun des lois constitutionnelles de 1867 à 1975 (nº 2) et de la présente loi : *Lois constitutionnelles de 1867 à 1981*.

SCHEDULE I

to the

CONSTITUTION ACT, 1981

MODERNIZATION OF THE CONSTITUTION

Item	Column I Act Affected	Column II Amendment	Column III New Name
1.	British North America Act, 1867, 30-31 Vict., c. 3 (U.K.)	(1) Section 1 is repealed and the following substituted therefor: "1. This Act may be cited as the *Constitution Act, 1867*." (2) Section 20 is repealed. (3) Class 1 of section 91 is repealed. (4) Class 1 of section 92 is repealed.	Constitution Act, 1867
2.	An Act to amend and continue the Act 32-33 Victoria chapter 3; and to establish and provide for the Government of the Province of Manitoba, 1870, 33 Vict., c. 3 (Can.)	(1) The long title is repealed and the following substituted therefor: "*Manitoba Act, 1870*." (2) Section 20 is repealed.	Manitoba Act, 1870
3.	Order of Her Majesty in Council admitting Rupert's Land and the North-Western Territory into the union, dated the 23rd day of June, 1870		Rupert's Land and North-Western Territory Order
4.	Order of Her Majesty in Council admitting British Columbia into the Union, dated the 16th day of May, 1871		British Columbia Terms of Union
5.	British North America Act, 1871, 34-35 Vict., c. 28 (U.K.)	Section 1 is repealed and the following substituted therefor: "1. This Act may be cited as the *Constitution Act, 1871*."	Constitution Act, 1871
6.	Order of Her Majesty in Council admitting Prince Edward Island into the Union, dated the 26th day of June, 1873		Prince Edward Island Terms of Union
7.	Parliament of Canada Act, 1875, 38-39 Vict., c. 38 (U.K.)		Parliament of Canada Act, 1875
8.	Order of Her Majesty in Council admitting all British possessions and Territories in North America and islands adjacent thereto into the Union, dated the 31st day of July, 1880		Adjacent Territories Order

ANNEXE I

LOI CONSTITUTIONNELLE DE 1981

ACTUALISATION DE LA CONSTITUTION

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
1.	Acte de l'Amérique du Nord britannique, 1867, 30-31 Vict., c. 3 (R.-U.)	(1) L'article 1 est abrogé et remplacé par ce qui suit : «1. Titre abrégé : *Loi constitutionnelle de 1867*.» (2) L'article 20 est abrogé. (3) La catégorie 1 de l'article 91 est abrogée. (4) La catégorie 1 de l'article 92 est abrogée.	Loi constitutionnelle de 1867
2.	Acte pour amender et continuer l'acte trente-deux et trente-trois Victoria, chapitre trois, et pour établir et constituer le gouvernement de la province de Manitoba, 1870, 33 Vict., c. 3 (Canada)	(1) Le titre complet est abrogé et remplacé par ce qui suit : «*Loi de 1870 sur le Manitoba*.» (2) L'article 20 est abrogé.	Loi de 1870 sur le Manitoba
3.	Arrêté en conseil de Sa Majesté admettant la Terre de Rupert et le Territoire du Nord-Ouest, en date du 23 juin 1870		Décret en conseil sur la terre de Rupert et le territoire du Nord-Ouest
4.	Arrêté en conseil de Sa Majesté admettant la Colombie-Britannique, en date du 16 mai 1871		Conditions de l'adhésion de la Colombie-Britannique
5.	Acte de l'Amérique du Nord britannique, 1871, 34-35 Vict., c. 28 (R.-U.)	L'article 1 est abrogé et remplacé par ce qui suit : «1. Titre abrégé : *Loi constitutionnelle de 1871*.»	Loi constitutionnelle de 1871
6.	Arrêté en conseil de Sa Majesté admettant l'Île-du-Prince-Édouard, en date du 26 juin 1873		Conditions de l'adhésion de l'Île-du-Prince-Édouard
7.	Acte du Parlement du Canada, 1875, 38-39 Vict., c. 38 (R.-U.)		Loi de 1875 sur le Parlement du Canada
8.	Arrêté en conseil de Sa Majesté admettant dans l'Union tous les territoires et possessions britanniques dans l'Amérique du Nord, et les îles adjacentes à ces territoires et possessions, en date du 31 juillet 1880		Décret en conseil sur les territoires adjacents

SCHEDULE I

to the

CONSTITUTION ACT, 1981—*Continued*

Item	Column I Act Affected	Column II Amendment	Column III New Name
9.	British North America Act, 1886, 49-50 Vict., c. 35 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act, 1886*."	Constitution Act, 1886
10.	Canada (Ontario Boundary) Act, 1889, 52-53 Vict., c. 28 (U.K.)		Canada (Ontario Boundary) Act, 1889
11.	Canadian Speaker (Appointment of Deputy) Act, 1895, 2nd Sess., 59 Vict., c. 3 (U.K.)	The Act is repealed.	
12.	The Alberta Act, 1905, 4-5 Edw. VII, c. 3 (Can.)		Alberta Act
13.	The Saskatchewan Act, 1905, 4-5 Edw. VII, c. 42 (Can.)		Saskatchewan Act
14.	British North America Act, 1907, 7 Edw. VII, c. 11 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1907*."	Constitution Act, 1907
15.	British North America Act, 1915, 5-6 Geo. V, c. 45 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act, 1915*."	Constitution Act, 1915
16.	British North America Act, 1930, 20-21 Geo. V, c. 26 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act, 1930*."	Constitution Act, 1930
17.	Statute of Westminster, 1931, 22 Geo. V, c. 4 (U.K.)	In so far as they apply to Canada, (*a*) section 4 is repealed; and (*b*) subsection 7(1) is repealed.	Statute of Westminster, 1931
18.	British North America Act, 1940, 3-4 Geo. VI, c. 36 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1940*."	Constitution Act, 1940
19.	British North America Act, 1943, 6-7 Geo. VI, c. 30 (U.K.)	The Act is repealed.	

ANNEXE I (*suite*)

LOI CONSTITUTIONNELLE DE 1981

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
9.	Acte de l'Amérique du Nord britannique, 1886, 49-50 Vict., c. 35 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle de 1886.*»	Loi constitutionnelle de 1886
10.	Acte du Canada (limites d'Ontario) 1889, 52-53 Vict., c. 28 (R.-U.)		Loi de 1889 sur le Canada (frontières de l'Ontario)
11.	Acte concernant l'Orateur canadien (nomination d'un suppléant) 1895, 2e session, 59 Vict., c. 3 (R.-U.)	La loi est abrogée.	
12.	Acte de l'Alberta, 1905, 4-5 Ed. VII, c. 3 (Canada)		Loi sur l'Alberta
13.	Acte de la Saskatchewan, 1905, 4-5 Ed. VII, c. 42 (Canada)		Loi sur la Saskatchewan
14.	Acte de l'Amérique du Nord britannique, 1907, 7 Ed. VII, c. 11 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1907.*»	Loi constitutionnelle de 1907
15.	Acte de l'Amérique du Nord britannique, 1915, 5-6 Geo. V, c. 45 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle de 1915.*»	Loi constitutionnelle de 1915
16.	Acte de l'Amérique du Nord britannique, 1930, 20-21 Geo. V, c. 26 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle de 1930.*»	Loi constitutionnelle de 1930
17.	Statut de Westminster, 1931, 22 Geo. V, c. 4 (R.-U.)	Dans la mesure où ils s'appliquent au Canada : *a*) l'article 4 est abrogé; *b*) le paragraphe 7(1) est abrogé.	Statut de Westminster de 1931
18.	Acte de l'Amérique du Nord britannique, 1940, 3-4 Geo. VI, c. 36 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1940.*»	Loi constitutionnelle de 1940
19.	Acte de l'Amérique du Nord britannique, 1943, 6-7 Geo. VI, c. 30 (R.-U.)	La loi est abrogée.	

SCHEDULE I

to the

CONSTITUTION ACT, 1981—*Continued*

Item	Column I Act Affected	Column II Amendment	Column III New Name
20.	British North America Act, 1946, 9-10 Geo. VI, c. 63 (U.K.)	The Act is repealed.	
21.	British North America Act, 1949, 12-13 Geo. VI, c. 22 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Newfoundland Act*."	Newfoundland Act
22.	British North America (No. 2) Act, 1949, 13 Geo. VI, c. 81 (U.K.)	The Act is repealed.	
23.	British North America Act, 1951, 14-15 Geo. VI, c. 32 (U.K.)	The Act is repealed.	
24.	British North America Act, 1952, 1 Eliz. II, c. 15 (Can.)	The Act is repealed.	
25.	British North America Act, 1960, 9 Eliz. II, c. 2 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1960*."	Constitution Act, 1960
26.	British North America Act, 1964, 12-13 Eliz. II, c. 73 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1964*."	Constitution Act, 1964
27.	British North America Act, 1965, 14 Eliz. II, c. 4, Part I (Can.)	Section 2 is repealed and the following substituted therefor: "2. This Part may be cited as the *Constitution Act, 1965*."	Constitution Act, 1965
28.	British North America Act, 1974, 23 Eliz. II, c. 13, Part I (Can.)	Section 3, as amended by 25-26 Eliz. II, c. 28, s. 38(1) (Can.), is repealed and the following substituted therefor: "3. This Part may be cited as the *Constitution Act, 1974*."	Constitution Act, 1974

ANNEXE I (*suite*)

LOI CONSTITUTIONNELLE DE 1981

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
20.	Acte de l'Amérique du Nord britannique, 1946, 9-10 Geo. VI, c. 63 (R.-U.)	La loi est abrogée.	
21.	Acte de l'Amérique du Nord britannique, 1949, 12-13 Geo. VI, c. 22 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi sur Terre-Neuve.*»	Loi sur Terre-Neuve
22.	Acte de l'Amérique du Nord britannique (N° 2), 1949, 13 Geo. VI, c. 81 (R.-U.)	La loi est abrogée.	
23.	Acte de l'Amérique du Nord britannique, 1951, 14-15 Geo. VI, c. 32 (R.-U.)	La loi est abrogée.	
24.	Acte de l'Amérique du Nord britannique, 1952, 1 Eliz. II, c. 15 (Canada)	La loi est abrogée.	
25.	Acte de l'Amérique du Nord britannique, 1960, 9 Eliz. II, c. 2 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1960.*»	Loi constitutionnelle de 1960
26.	Acte de l'Amérique du Nord britannique, 1964, 12-13 Eliz. II, c. 73 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1964.*»	Loi constitutionnelle de 1964
27.	Acte de l'Amérique du Nord britannique, 1965, 14 Eliz. II, c. 4, Partie I (Canada)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé de la présente partie : *Loi constitutionnelle de 1965.*»	Loi constitutionnelle de 1965
28.	Acte de l'Amérique du Nord britannique, 1974, 23 Eliz. II, c. 13, Partie I (Canada)	L'article 3, modifié par le paragraphe 38(1) de la loi 25-26 Elizabeth II, c. 28 (Canada), est abrogé et remplacé par ce qui suit : «3. Titre abrégé de la présente partie : *Loi constitutionnelle de 1974.*»	Loi constitutionnelle de 1974

SCHEDULE I

to the

CONSTITUTION ACT, 1981—*Concluded*

Item	Column I Act Affected	Column II Amendment	Column III New Name
29.	British North America Act, 1975, 23-24 Eliz. II, c. 28, Part I (Can.)	Section 3, as amended by 25-26 Eliz. II, c. 28, s. 31 (Can.), is repealed and the following substituted therefor: "3. This Part may be cited as the *Constitution Act (No. 1), 1975*."	Constitution Act (No. 1), 1975
30.	British North America Act (No. 2), 1975, 23-24 Eliz. II, c. 53 (Can.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act (No. 2), 1975*."	Constitution Act (No. 2), 1975

ANNEXE I (*fin*)

LOI CONSTITUTIONNELLE DE 1981

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
29.	Acte de l'Amérique du Nord britannique, 1975, 23-24 Eliz. II, c. 28, Partie I (Canada)	L'article 3, modifié par l'article 31 de la loi 25-26 Elizabeth II, c. 28 (Canada), est abrogé et remplacé par ce qui suit : «3. Titre abrégé de la présente partie : *Loi constitutionnelle nº 1 de 1975.*»	Loi constitutionnelle nº 1 de 1975
30.	Acte de l'Amérique du Nord britannique nº 2, 1975, 23-24 Eliz. II, c. 53 (Canada)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle nº 2 de 1975.*»	Loi constitutionnelle nº 2 de 1975

Hon. Paul Yuzyk: Honourable senators, the proposed Constitution Act, 1981 is the result of over a year of bitter and acrimonious bargaining between the federal government and the provinces. Finally, after much manipulation behind the scenes, the first ministers, with the exception of the Premier of Quebec, reached the Accord of November 5, reflecting the tradition of compromise and consensus, often referred to as the "Canadian way."

In this respect, this is a unique method of constitution-making, even though Parliament is involved. Most modern states of the world have drafted their constitutions at constituent assemblies or constitutional conventions which, through elections, represented the will of the people. In the debate, the political leaders in Canada showed that they were more concerned with power than the general good of the people. Hopefully, this document of law will be the end of a beginning and not the beginning of the end, as Winston Churchill once stated in a different context.

Since my speeches in this constitutional debate on November 3 last year and on March 26 this year, several improvements have been made. I am particularly happy that the new constitutional document includes equal rights for women, for which I introduced an amendment in the Senate; aboriginal and treaty rights of native peoples; and the recognition of multiculturalism. Welcoming the inclusion of these rights in the Canadian Charter of Rights and Freedoms, the women, the natives and the ethnic groups of non-Anglo-Celtic and non-French origins complained that their rights were not adequately defined and had little clout in their implementation.

Let us examine the place in the Constitution for the "other Canadians," those who are neither Anglo-Celtic nor French, who constitute nearly one-third of the population and who are almost as numerous as the French Canadians. They have been in this country for many generations and have contributed significantly to the economic, social and political life of our country. The main reference to them is found in section 27 which states:

> This Charter shall be interpreted in a manner consistent with the preservation and enhancement of the multicultural heritage of Canadians.

That is a very broad and general statement. What does it really mean and how can it be enforced? It is merely a recognition of the fact that Canada is a pluralistic society, composed of many ethno-cultural groups, whose cultural heritages are valuable enough to be preserved, perpetuated and developed for all Canadians to share—a motherhood principle. There is no provision for the ways and means of preserving and enhancing this multicultural heritage, and no provision preventing provinces from opting out of this section.

[Senator Austin.]

Of course, it will be stated that, if the ethno-cultural groups have a reasonable grievance, they can now make their case in the courts. We all know how costly this procedure would be, making it virtually impossible for the smaller and weaker minorities to get justice. Even if, after great cost, effort and time, a case reached the Supreme Court, we all know that legal interpretations can twist decisions, with inconclusive results. Therefore, this protection of the rights of these minorities is, in reality, meaningless.

There is another reference in this Constitution to these minorities. Section 22 states:

> Nothing in sections 16 to 20 abrogates or derogates from any legal or customary right or privilege acquired or enjoyed either before or after the coming into force of this Charter with respect to any language that is not English or French.

This sounds reasonable, but let us now look at subsection 16(3) which states:

> Nothing in this Charter limits the authority of Parliament or a legislature to advance the equality of status or use of English and French.

This section can be fully enforced by the governments, using large appropriations of money coming from all the taxpayers of Canada. There is no such provision in section 22 for the advancement of other languages which, under these circumstances, will be allowed gradually to die, as will these other cultures.

Obviously, the proposed Constitution Act, 1981 has many limitations and shortcomings. It is not a complete, modern Constitution which will meet present-day needs and be flexible enough to provide the means for the solution of future problems. A complete, modern Constitution should delineate the distribution of powers between federal and provincial governments, set out the functions of the houses of Parliament, establish the structure and function of the courts to prevent partisanship of judges, include and improve the Charter of Rights, provide for a more representative electoral system, contain a suitable amending formula and all matters that go into the making of such a Constitution.

● (1055)

As I have earlier stated, most democratic countries drew up their Constitutions in constituent or constitutional assemblies. Since the United States of America is a federal state much like Canada, I draw attention to the method of creation of the American Constitution. The Articles of Confederation drawn up by the states in the summer of 1776 provided for a

continental congress composed of delegates chosen by each state. There was much quarreling among the states at the two continental congresses, so the delegates decided to call a constitutional convention in May 1787. The 55 representatives of states, under the leadership of such able men as Washington, Franklin, Madison, Hamilton and others, drafted a constitution in four months, which was then ratified by the states and became the law of the nation two years later in 1789. This is a good example of the constitutional convention.

I believe that the people of Canada desire a new, modern Constitution. This can be best and speedily achieved by a constitutional convention. This body should consist of experts drawn from all walks of life, as well as representatives of classes, women, minorities, regions, and so forth. The delegates would have at their disposal a considerable amount of material and recommendations made by a joint parliamentary committee in 1972, the Pepin-Robarts Task Force, several federal-provincial conferences, a special Senate committee and numerous briefs and testimony by authorities and experts in the past 10 years.

In a short while, the Constitution Act, 1981, with an amending formula, will probably be approved by the Parliament of the United Kingdom and the revised B.N.A. Act, with amendments, will be domiciled in Canada. We shall be recognized, then, as a sovereign, bilingual and multicultural nation. Let us fulfil our nationhood in the near future with a complete, modern constitution, based on democratic principles and procedures.

• (1100)

[*Translation*]

Hon. Léopold Langlois: Honourable senators, this debate will undoubtedly go down in history as one of the most important parliamentary debates our country has ever known, and I am proud to be a participant on this occasion.

The period of gestation of the draft resolution before us today was a long and sometimes uneasy process. I wish to thank those who were involved, as authors or participants, for their dedication, and I wish to congratulate them on the successful achievement of this goal. It was no easy task to obtain a consensus that would bring together nine of the ten provinces of Canada. I can only regret that the political authorities of my own province preferred not to join the vast majority of Canadian politicians speaking on behalf of the other components of this nation, despite the good will shown by so many politicians of Canada who were able to transcend their many differences of opinion and different political views.

My congratulations go first and foremost to the Prime Minister of Canada, who did everything in his power to find a common ground for agreement with his provincial counterparts. In my speech, as you probably expect, I shall be criticizing the positions taken by a number of those who took part in preparing the draft, but I shall try to avoid excessive language and especially personalities, because I am firmly convinced that our country deserves a debate in which this subject is discussed in a spirit of equanimity and understanding of the politicians and others who prepared the draft resolution.

In this short introduction, I also wish to say a few words about the tremendous task that faced our courts of appeal when they had to analyze the various aspects of the thorny and complex issues put before them, and the remarkable flexibility and consummate skill with which they prepared their decisions.

I shall now consider briefly the issues that were put before the courts, as well as the clear and precise rulings they were able to formulate.

I feel that the most difficult question was the original plan for unilateral patriation of the Constitution with a Charter of Rights affecting certain provincial jurisdictions and an amending formula. The parties opposed to this initial plan protested vehemently from the outset and questioned particularly the legality of proceeding with patriation of the Constitution and the amendments I have just mentioned, when eight Canadian provinces had already formed a solid bloc, both substantively and formally. Their main arguments were based on the premise that the initial plan violated constitutional law and constitutional conventions. They then took their cases to the appeal courts in each of the eight provinces, finally resulting in an appeal to the Supreme Court of Canada, which pronounced its judgment on September 28 of this year.

I shall review briefly the judgment by the Supreme Court of Canada, a review that my honourable colleagues will probably think is too superficial, which, of course, I cannot deny.

The basis of the main argument was that the procedure chosen was not consistent with Canadian federalism, and in this respect I noted the following sentence at page 12 of the reasons of the Supreme Court by Justice Owen of the Superior Court of Quebec:

> The provincial argument was weakened by the fact that Canada is not "the theoretical ideal confederation contemplated by text-book writers".

This sentence was of course taken from the reasons of the Quebec Appeal Court, in reply to the reference of the province.

• (1105)

On the other hand, quite a number of cases had been cited on which counsel for Manitoba relied to support his contention of conventions crystallizing.

At page 16 of the reasons, the Supreme Court answers as follows:

> "It was urged before us that a host of cases have given legal force to conventions. This is an overdrawn proposition. One case in which direct recognition and enforcement of a convention was sought is *Madzimbamuto v. Lardner-Burke,* [1969] 1 A.C. 645. There the Privy Council rejected the assertion that a convention formally recognized by the United Kingdom as established, namely, that it would not legislate for Southern Rhodesia on matters within the competence of the latter's legislature without its government's consent, could not be over-

riden by British legislation made applicable to Southern Rhodesia after the unilateral declaration of independence by the latter's government. Speaking for the Privy Council, Lord Reid pointed out that although the convention was a very important one, "it had no legal effect in limiting the legal power of Parliament."

The chief support put forward for the "crystallization into law" proposition of Duff C.J.C. in Reference re Weekly Rest in Industrial Undertakings Act, (1936) S.C.R. 461, better known as the Labour Conventions case when appealed to the Privy Council, (1937) A.C. 326.

At page 21, the Supreme Court quotes the portion of the reasons of Sir Lyman Duff that contains the passage relied on, but places it in its proper context. They are, in this case, the conventions entered into under the auspices of the Labour Organization of the League of Nations ratified by the Government of the Dominion concerned. Following this clarification, the Supreme Court quotes the two following paragraphs from Chief Justice Duff's ruling, at page 22 of its reasons:

> "Indeed, agreements between the Government of Canada and other governments in the form of an agreement between Governments, to which His Majesty is not a party, have been recognized by the Judicial Committee of the Privy Council as adequate in international law to create an international obligation binding upon Canada (*Radio* Reference, [1932]A.C. 304.)"...
>
> "Ratification was the effective act which gave binding force to the convention."

At page 23, Chief Justice Duff indicated his view of convention as allegedly maturing into law in its context in Reference re Disallowance and Reservation of Provincial Legislation, [1938] S.C.R. 71. There it was urged that a certain portion of s. 90 of the British North America Act (incorporating, in respect of the provinces, ss. 56 and 57, with some modification) had by reason of convention become spent and was suspended by the alleged convention. As to this, the Chief Justice said (at p. 78):

> We are not concerned with constitutional usage. We are concerned with questions of law which, we repeat, must be determined by reference to the enactments of the *British North America Acts* of 1867 to 1930, the *Statute of Westminster,* and, it might be, to relevant statutes of the Parliament of Canada if there were any.

At pages 28 and 29 of the reasons, the Supreme Court refers to an article by Munro, "Laws and Conventions Distinguished, (1975)":

> The validity of conventions cannot be the subject of proceedings in a court of law. Reparation for breach of such rules will not be effected by any legal sanction. There are no cases which contradict these propositions. In fact, the idea of a court enforcing a mere convention is so strange that the question hardly arises.

[Senator Langlois.]

At page 25 of the reasons, the Supreme Court comments on a contrary view relied on by the provincial appellants and expressed by Professor W. R. Lederman in two published articles, one entitled "Process of Constitutional Amendment in Canada (1967)", and the second entitled "Constitutional Amendment and Canadian Unity (1978)". It is further added the Professor Lederman himself recognized that there are contrary views, including those of an equally distinguished scholar, Professor F. R. Scott, in "Essays on the Constitution (1977)".

● (1110)

At page 30 of the reasons, the Supreme Court further comments:

> Professor Lederman relies in part on a line of cases that has already been considered, especially the reasons of Sir Lyman Duff in the Labour Conventions case. The leap from convention to law is explained almost as if there was a common law of constitutional law, but originating in political practice. That is simply not so. What is desirable as a political limitation does not translate into a legal limitation, without expression in imperative constitutional text or statute.
>
> The position advocated is all the more unacceptable when substantial provincial compliance or consent is by him said to be sufficient. Although Professor Lederman would not give a veto to Prince Edward Island, he would to Ontario or Quebec or British Columbia or Alberta. This is an impossible position for a court to manage.

The Supreme Court then turns to the authority or power of the two federal houses to proceed by resolution to forward the address and appended draft statutes to Her Majesty the Queen for enactment by the Parliament of the United Kingdom. There is no limit anywhere in law, either in Canada or in the United Kingdom, having regard to section 18 of the British North America Act, as enacted by 1875 (U.K.), c. 38, which ties the privileges, immunities and powers of the federal houses to those of the British House of Commons to the power of the houses to pass resolutions. Under section 18 aforesaid, the federal Parliament may by statute define those privileges, immunities and powers, so long as they do not exceed those held and enjoyed by the British House of Commons at the time of the passing of the federal statute.

At pages 33 and 34 of the reasons, the Supreme Court adds:

> "For the moment, it is relevant to point out that even in those cases where an amendment to the British North America Act was founded on a resolution of the federal Houses after having received provincial consent, there is no instance, save in the British North America Act 1930 where such consent was recited in the resolution. The matter remained, in short, a conventional one within Canada, without effect on the validity of the resolution in respect of United Kingdom action. The point is underscored in relation to the very first amendment directly affecting provincial legislative power, that in 1940 which added "Unemployment Insurance" to the catalogue of

exclusive federal powers. Sir William Jowitt, then Solicitor General, and later Lord Chancellor, was asked in the British House of Commons about provincial consent when the amendment was in course of passage. The question put to him and his answer are as follows (see 362 U.K. Parl. Deb. 5th Series, H.C. 1177-1181):

Mr. Mander, the member concerned, put the following question to Mr. Jowitt:

> In this bill, we are concerned only with the Parliament of Canada, but, as a matter of interest, I would be obliged if the Solicitor General would say whether the provincial Canadian Parliaments are in agreement with the proposals submitted by the Dominion Parliament—

Sir William Jowitt answered as follows:

> One might think that the Canadian Parliament was in some way subservient to ours, which is not the fact. The true position is that at the request of Canada, this old machinery still survives until something better is thought of, but we square the legal with the constitutional position by passing these acts only in the form that the Canadian Parliament require and at the request of the Canadian Parliament.
>
> My justification to the House for this bill—and it is important to observe this—is not on the merits of the proposal, which is a matter for the Canadian Parliament; if we were to embark upon that, we might trespass on what I conceive to be their constitutional position. The sole justification for this enactment is that we are doing in this way what the Parliament of Canada desires to do . . . .

And Sir William Jowitt goes on:

> In reply to the honourable member for East Wolverhampton (Mr. Mander), I do not know what the view of the provincial Parliaments is. I know, however, that when the matter was before the Privy Council some of the provincial Parliaments supported the Dominion Parliament. It is a sufficient justification for the bill that we are morally bound to act on the ground that we have here the request of the Dominion Parliament and that we must operate the old machinery which has been left over at their request in accordance with their wishes.

At page 34, the Supreme Court states that it has been asked, in effect, to enshrine as a legal imperative a principle of unanimity for constitutional amendment to overcome the anomaly—more of an anomaly today than it was in 1867—that the B.N.A. Act contained no provision for effecting amendments by Canadian action alone. Although Saskatchewan has, alone of the eight provinces opposing the federal package embodied in the resolution, taken a less stringent position, eschewing unanimity but without quantifying the substantial support that it advocates, the provinces, parties to the references and to the appeals, are entitled to have the Court's primary consideration of their views.

We now come to a position that the Province of Quebec seems bent on upholding, namely that it has and has always had a right of veto on any amendment to the Canadian Constitution even though the effect to the present resolution is to terminate any need to resort to the United Kingdom Parliament in the future. In line with its rejection of unanimity, Saskatchewan asserted that it sees no violation of the principles of federalism in the resolution so far as concerns the amending formula proposed thereby.

An important question was raised by the Saskatchewan position which invited this Court to take a severable view of the substance of the resolution, namely, to hive off the Charter of Rights and Freedoms and perhaps other elements, save the amending formula and the patriation feature. This was not the position of the Attorney General of Canada nor of any of the other provincial attorneys general; they were all of the view that it was the whole package that was involved in the legal issue posed by question 3 and question B. Indeed, the legal arguments pro and con do not engage the contents of the package, and it is impossible to qualify the issue of legality by considerations of fairness or equity or political acceptability or even judicial desirability.

The Court believed that the stark legal question was whether it could enact by what would be judicial legislation a formula of unanimity to initiate the amending process which would be binding not only in Canada but also on the Parliament of the United Kingdom with which amending authority would still remain.

It would have been anomalous indeed, overshadowing the anomaly of a Constitution which contains no privision for its amendment, for the Court to say retroactively that in law we have had an amending formula all along, even if we have not hitherto known it; or, to say, that we have had in law one amending formula, say from 1867 to 1931, and a second amending formula that has emerged after 1931.

The Court added that no one could gainsay the desirability of federal-provincial accord or acceptable compromise. That does not, however, go to legality. As Sir William Jowitt said in the passage quoted earlier, we must operate the old machinery perhaps one last time.

The Court was then invited to regard the Balfour Declaration of 1926 as embracing the provinces of Canada and, presumably, the states of the sister Dominion of Australia in its reference to "autonomous communities".

The Court then cites that well-known statement of principle, a political statement in the context of evolving independence of the Dominions in their relations with the United Kingdom, and I quote the following excerpt:

> They are autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations.

At page 38, the Supreme Court adds:

> Although the Balfour Declaration cannot, of itself, support the assertion of provincial autonomy in the wide sense contended for, it seems to have been regarded as

> retroactively having that effect by reason of the ultimate enactment of the Statute of Westminster. That statute is put forward not only as signifying an equality of status as between the Dominion and the provinces vis-à-vis the United Kingdom parliament, but also as attenuating the theretofore untrammelled legislative authority of that Parliament in relation to Canada where provincial interests are involved.

And then:

> The germ of these consequences was said by the Newfondland Court of Appeal to be in the Balfour Declaration, arising out of the Imperial Conference of 1926 and embodied in the report of that conference.

At page 39, after citing the reasons of the Newfoundland Court of Appeal, the Supreme Court expresses the opinion that if the significance attached to the Statute of Westminster is, indeed, what is asserted in the above-quoted passage and what has been urged by the provinces in this Court, there is no need to resort to the Balfour Declaration, save possibly as a footnote. The course of events leading to the Statute of Westminster is detailed in numerous writings. It is sufficient to refer, in general, to the discussion in Wheare, the Statute of Westminster Dominion Status (1953, 5th ed.), passim; and see, especially, Chapter VII, The Statute and the Legal Status of Canada.

The submissions made on the Statute of Westminster by counsel who were before this Court engage the preamble to the Statute and several sections and paragraphs listed at page 40.

The Court then reviews the Statute of Westminster, the Colonial Laws Validity Act, the report of the 1930 Imperial Conference and even pronouncements by political figures and persons in other branches of public life. With regard to those pronouncements, the Court adds that "there is little profit in parading them".

Support for a legal requirement of provincial consent to the resolution that was before the Supreme Court, consent which is also alleged to condition United Kingdom response to the resolution has been, finally, asserted to lie in the preamble of the B.N.A. Act itself, and in the reflection, in the substantive terms of the Act, of what are said to be fundamental presuppositions in the preamble as to the nature of Canadian federalism.

At page 58, the Court concludes that the law knows nothing of any requirement of provincial consent, either to a resolution of the federal Houses or as a condition of the exercise of United Kingdom legislative power.

Finally, at pages 59 and 60, we find the following:

> Nothing said in these reasons is to be construed as either favouring or disapproving the proposed amending formula or the Charter of Rights and Freedoms or any of the other provisions of which enactment is sought. The questions put to this Court do not ask for its approval or disapproval of the contents of the so-called "package".
>
> What is central here is the untrammelled authority at law of the two federal Houses to proceed as they wish in the management of their own procedures and hence to adopt the resolution which is intended for submission to Her Majesty for action thereon by the United Kingdom Parliament. The British North America Act does not, either in terms or by implication, control this authority or require that it be subordinated to provincial assent. Nor does the Statute of Westminster interpose any requirement of such assent. If anything, it leaves the position as it was before its enactment. Developments subsequent thereto do not affect the legal position.

In conclusion, I submit that the Supreme Court of Canada, in its judgment of September 28, clearly established the legality of the federal proposal with regard to the resolution now before us, while stressing that constitutional conventions should be taken into consideration despite the fact that they are not legally binding.

May I be allowed to give my interpretation of that important judgment, without attempting to distort the pronouncement of the honourable court: it did seem to me that it wanted to draw to the attention of politicians involved in the proceedings and decisions the need to bear in mind the political decisions of the past and constitutional conventions. In addition, I feel that the representatives of the federal government as well as of the provinces did take notice of the shade of difference in the judgment of the Court and acted accordingly in their negotiations, with the result that several major changes were discussed in depth and later implemented. We therefore have before us a resolution that has been changed several times and then agreed to by nine of the ten Canadian provinces.

● (1120)

The amendments added to the original patriation project deal with the amending formula and the Charter of Rights and Freedoms which were accepted by all sides, with the exception of Quebec, as a result of the climate created by the last part of the judgment delivered by the Supreme Court to which I have just referred.

Honourable senators, I would like to apologize because I am fighting a bad flu.

I was strongly impressed by Senator Robichaud's emotional plea last Friday. He stated the various reasons why he was proud to be a Canadian, especially proud of taking part in this debate on the project the main purpose of which will be to give Canadians a Constitution which, together, they will progessively improve from year to year on the basis of the experience gained as a result of the enforcement of the new Canadian Constitution. He mentioned several very important aspects of that new Constitution, to which I would like to add the following.

(1) Fundamental freedoms mentioned in section 2;

(2) Democratic rights of citizens;

(3) Mobility rights for Canadian citizens to enable them to earn their living in any province;

(4) Legal rights from section 7 to 14 inclusive;

(5) Equality rights including equal protection and benefit of the law without discrimination, especially discrimination based

on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability;

(6) Official languages of Canada—status and equal rights and privileges as to the use of English and French in all institutions of the Parliament and Government of Canada and in all institutions of the legislature and Government of New Brunswick, while it does not limit the authority of Parliament or of a legislature to advance the equality of status or use of the English and French languages.

(7) Sections 16 and 17 deal with the advancement of status and use.

I think that we have here the answer to a point raised during this debate, when it was suggested that the Canada clause was not going as far as Bill 101 in effect in Quebec. I should point out that the last part of clause 38(6) on official languages provides that nothing in that section may limit the power of Parliament or of the legislatures as to the advancement of the status of French and English or their use. This means that a minimum has been set, but it does not prevent the provinces from going further if they wish to do so. Contrary to what was apparently suggested in this house the other day, there is no inconsistency between the resolution now before us and Bill 101.

I will now refer to the minority language provision commonly known under the name of Canada clause, that is section 23.

Opposition has also been voiced against the restrictive clause of the Charter dealing with "Application where numbers warrant"; it is, in my opinion, because of a failure to recognize that this is at least a privilege or right which the francophones outside Quebec did not enjoy. That is therefore a step in the right direction, and just as my friend senator Robichaud said the other day, I wonder how anybody can object to such a provision. I am aware that several of my colleagues consider this resolution as the end of the world, that it will become untouchable, that it will never be improved. But this is not so. And on any future amending proposal, the provinces will have their say just as they do now under the B.N.A. Act. I do not think that this innovation which allows for the teaching of both the French and English languages should be discarded, even with the restrictive clause concerning sufficient numbers.

● (1130)

In that regard, I feel the old Quebec saying applies—half a loaf is better than none. At least, we are taking a step forward.

Now to get back to the headings and short titles in the Charter of Rights:

(8) Enforcement of guaranteed rights and freedoms;

(9) General provision guaranteeing certain ancestral, treaty and other rights and freedoms to the aboriginal peoples of Canada; the cultural heritage of Canadians; equal rights to both sexes; rights respecting certain schools, namely separate denominational and separate schools;

(10) Confirmation of the existing rights of the aboriginal peoples; definition of "aboriginal peoples of Canada";

(11) Equalization and regional disparities; commitment to promote equal opportunities: (a) promoting equal opportunities for the well-being of Canadians; (b) furthering economic development to reduce disparity in opportunities; (c) providing essential public services of reasonable quality to all Canadians; commitment on the part of Parliament and the government of Canada to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation;

(12) Obligation for the Prime Minister to convene, within one year after Parti IV comes into force, a constitutional conference composed of the first ministers of the provinces and himself, representatives of the native peoples of Canada and the elected representatives of the Yukon Territory and the Northwest Territories.

(13) Procedure for amending the constitution of Canada with the participation of the legislative assemblies, in accordance with the provisions set forth in sections 38 to 40 inclusive.

(14) Amendment to the Constitution Act, 1867 with respect to matters relating to non-renewable natural resources, forestry resources and electrical energy.

(15) In the field of education or in other cultural matters where there is a transfer of provincial legislative powers to Parliament, the obligation for Canada to provide fair and reasonable compensation to the provinces concerned.

(16) Unanimous consent on any amendment to the Constitution of Canada related to the following questions. First, these amendments shall be made by proclamation issued by the Governor General of Canada where authorized by resolutions of the Senate and House of Commons and of the legislative assembly of each province.

Such amendments shall be limited to the following matters: (*a*) the office of the Queen, the Governor General and the Lieutenant Governor of a province; (*b*) the right of a province to a number of members in the House of Commons not less than the number of senators by which the province is entitled to be represented at the time this Part comes into force; (*d*) the composition of the Supreme Court of Canada is subject to the same rules.

(17) Any amendment to the Constitution of Canada in relation to the following matters may be made only in accordance with section 38, with all the requirements and restrictions of that section, especially subsection (1): (*a*) the principle of proportionate representation of the provinces in the House of Commons prescribed by the Constitution of Canada; (b) the powers of the Senate and the method of selecting senators; (*c*) the number of members by which a province is entitled to be represented in the Senate and the residence qualifications of senators; (*d*) subject to paragraph 41(*d*), the Supreme Court of Canada; (*e*) the extension of existing provinces into the territories; and (*f*) notwithstanding any other law or practice, the establishment of new provinces, and so on and so forth. (Sec. 42)

I close this list which is probably too long already by saying once again that we have here a very innovative constitutional proposal which provides Canadians with a Charter that can

grow in the future with the help of all concerned citizens of this country.

For all these reasons, I will be supporting the resolution as amended and I recommend its passage to all my colleagues in this chamber, even though some aspects might not meet their full approval.

Before closing, I want to reiterate my deep regret over Quebec's dissidence, which will now stand alone, and its categorical refusal to negotiate and sign the agreement reached by the federal government and the other provinces.

Despite this shortcoming, I remain convinced that my province will not continue to hold such a negative attitude and that Quebec will soon return to the bargaining table. The Prime Minister has expressed this wish several times recently adding that he was always willing, like his other provincial counterparts, to listen to grievances, both before and after the patriation of the Constitution.

I was very happy to see, at the end of the federal-provincial conference of last November, that all the premiers there as well as the Prime Minister, regretted the attitude espoused by Quebec in refusing to sign the agreement and appeared quite willing to listen to and consider any new proposals that Quebec might put forward.

Although I respect the opinion of the Quebec government, I am convinced that it is wrong in choosing, as it announced in an order in council a few days ago, to uphold this negative attitude of opposing patriation by once again appealing to the courts.

In that respect, I think Quebec is making a mistake, because it is entering a legal fight with a sadly shattered armour.

Senator Flynn: This is to your advantage.

Senator Langlois: No, it is not, and I said I deplored it. But if you want me to tell you in what respect that armour is battered, I can do so. It is battered because Quebec itself—and I do not mean one political party but the political authorities in general—Quebec itself through its past attitude, especially when the Victoria Formula was developed, and later at the Toronto consensus, and finally through the so-called Vancouver formula, took actions that in effect relinquished the right of veto it is now claiming.

And at any rate, another gap in its armour is the following: Why, in its referral to the Quebec Court of Appeal, did it not claim the right to veto it is now submitting it has? Another gap in its armour, and this is what I meant, is simply its chances of success before the courts. Another gap is in the fact that the Supreme Court, as I have just established in my review of its judgment of September 28, 1981, rejected any unanimity formula, any supremacy or sovereignty of provinces to legislate, even in areas of their own jurisdiction.

I think this is where the Premier is having an exercise in futility. I wish him every possible luck, but I do not believe his chances are very high.

Honourable senators, I conclude these remarks by apologizing once more for a bad attack of flu. I hope that what has just happened in the process of the very protracted and complex discussions on the Canadian Constitution, will soon be put aside, and that my fellow Canadians, once we have received this new Constitution, will be understanding and open-minded enough—and this includes not only the people in general but our politicians—to try and take advantage of that new Canadian Constitution, so that we may have the privilege to live in a still stronger and more united Canada.

I conclude my remarks with that prayer: May God protect and bless Canada, our beloved country!

[Senator Langlois.]

• (1140)

[*English*]

Hon. Richard A. Donahoe: Honourable senators, I rise to take part in the most significant debate that this chamber has ever known. I am unlike the nominator at the political convention who says all the good things he has to say and then keeps the name of the candidate in suspense as long as he possibly can. I have no intention of following that technique. I propose to tell you now how I shall vote, and I propose to vote against this Resolution, against the government proposal which we are considering today.

Having said that, I could sit down. Anything more that I might add would make no difference, but at least you will understand some of the reasons for my action. You will not understand all of my reasons because I do not propose to speak about all of them. I do not propose to speak about the violent exception I take to what was said by Senator Langlois on the state of mind of the people of Quebec. I would much prefer to be advised by Senator Flynn, Senator Tremblay or someone on this side of the house on that matter, because I would be much nearer the truth than if I were to follow Senator Langlois.

However, in order that you may understand some of the reasons for my action, I feel that you are entitled to a few words from me before we are called upon to cast our vote.

First and foremost, unless the resolution calls, in unmistakable terms—which, in its present form, it does not—for the protection of human life from the moment of conception, my conscience will not permit me to support it. I can never put out of my mind the thousands of murders which take place under the present law in Canada each year.

I can never forget that it was the men of the present government who introduced and made possible that present law—men such as Pierre Elliott Trudeau, Jean Chrétien and scores more who were part of the conspiracy which made it possible by putting it in an omnibus bill, wrapping it in programs for which a decent man could vote and thus foisting it upon the Canadian public. Pierre Elliott Trudeau argues that the sanctity of human life is still in the hands of Parliament and that this resolution will not affect that fact. If we take him at his word, Parliament, as interpreted by the Supreme Court, has ruled that the human fetus is not a person. Until the Supreme Court and Pierre Elliott Trudeau are proven wrong, no measure will pass with my vote until it clearly admits that human life is worthy of protection from the moment of conception to that of death.

Moreover, when amendment to the Constitution was first mooted, my party—correctly, I submit—said that the Constitution of Canada should be made in Canada, for Canadians and by Canadians. If I vote this afternoon for the resolution before us, what am I doing? What are you going to do?

Senator Robichaud: If you are asking me, I will vote for it.

Senator Donahoe: But what does your vote mean?

Senator Robichaud: One vote.

Senator Donahoe: Those of you who are listening to me, how are you going to vote? Some will vote one way and some will vote the other, but I want to say to you that I know what I am doing. I am asking the legislators of a foreign country to make laws for me. I do not find such a procedure to fit in with the belief I have held all my mature life, that Canada is a sovereign nation.

I will not support any resolution which will in perpetuity cause me to consult the statutes of a foreign nation in order to understand the basis of my country's Constitution. And if anyone says to me, "But you do that now", my answer is, "Yes, but I don't like it." Here, we have the opportunity to clear up all this misunderstanding, the opportunity to make the world understand that our country, Canada, is, in fact, a sovereign nation.

Since I have mentioned the word "Canada," I would like to say that at this point in my address I yield to no man on this floor in my love of Canada and of this great country. I resent anybody suggesting that because my vote is not with his that I am any less of a Canadian than he, because it is not true, and I love Canada. I was born in the wonderful province of Nova Scotia, part of the Confederation that was at the time known as the Dominion of Canada. With my people and my party, I have supported Confederation all these years, and I have lived to come here to the Senate to see what, in my honest, considered opinion, is the first step towards the disintegration of our nation, the first step in saying to the people of the province of Quebec, "We don't give a damn what you think, this is what we think and this is what we are going to have."

• (1150)

Finally, I cannot vote for a resolution with which nobody is satisfied. Jamie Lamb, a writer for the Vancouver *Sun*, said that we will soon have a Constitution. She quoted the Prime Minister as saying, "a new imperfect one." Who the hell wants an imperfect Constitution? Are we to fall into the position that it is better to have an imperfect one than none at all?

Lamb says that, yes, it is an imperfect one, but it seems to suit Mr. Trudeau fine—at least, he is asking everyone to vote for it. He is going to ask the British government to vote for it. In so doing, he will ask those people, whom you and I did not elect, to support him. He says that he is going to patriate the Constitution. He is not going to patriate the Constitution that Canada now has. He is going to build a new Constitution to his own model. He will ask that that model be endorsed by the British Parliament and, when the British Parliament has done his will and endorsed it, then he will bring it to Canada and will say to the people of Canada, "Look, you now have your Constitution in Canada." We will patriate our Constitution, but Canada will never be the same kind of country as it was before patriation.

Every effort on the part of the Right Honourable Joe Clark to improve this resolution in the slightest degree was rejected. The Honourable Mr. Broadbent, the Leader of the New Democratic Party, has been for and against this Resolution as long as his stand would enable him to maintain his status in Parliament.

As an aside, consider the attitude of the Right Honourable Pierre Elliott Trudeau to those on his side who had the courage of their convictions and voted against him. He has said of them that there will be no punishment and no action taken against them. He has said that it is their right to vote as they see fit. Therefore, he has approved, not so much of what they have done but of the manner in which they have done it.

Compare his attitude towards those on his own side to his attitude towards those on the opposite side of the House of Commons who did exactly the same thing. You will find that, instead of keeping an open mind, he has poured scorn and disdain on, and has poked fun at, those who—for reasons as valid as those that impelled the men of his party to do as they did—saw fit to take an identical stand. Their reasons may not have been identical, but they were of the same nature.

I do not expect to sway anyone's vote by what I am saying here today, but I sincerely trust that those whose training and opinions on the sanctity of human life are the same as mine, but who, because of party loyalty or any other reason, will not vote as I will, will be able to reconcile their conscience with their actions.

The Minister of Justice, the Honourable Jean Chrétien, was asked on television, "When do you expect that the British Parliament will send the Constitution home?" He replied that he did not expect any opposition of consequence or, at least, any that would cause delay. I might say that I, too, expect very little because I, like him, have a true conception of the quality of the minds of the men who occupy the seats opposite me. I know how they reached their present eminence; I know what their position will be; I know they will vote to follow, without any question or hesitation, the wishes of the man who temporarily leads them, and then, when they have voted for him, they may find, to their great sorrow, that he has gone and, what is worse, that they have gone with him because what they are doing today may very well serve as the final knell for this upper chamber.

I know that there are those on my side of the chamber who believe that the Senate could be improved. They believe that instead of being appointed we should be elected. All I would say to them is that we do not require an elected chamber because we already have one.

We are a Confederation which has been put together with a bicameral parliament—two houses, one elected and one appointed. Reason and common sense have always governed the men and women who have formed this Senate. They have seen to it that this Senate has operated, not in any intransigent

way and not in any way to defeat the wishes of those elected by the people of this country, but so that those wishes are brought into effect in the best, the most normal and the finest way they can be. We have been and, in my opinion, we should continue to be, a superb example of a second chamber providing sober second thought to the wishes of those who are elected by the people of this country.

The Honourable Jean Chrétien expected no opposition to the resolution. He knew how those opposite would vote. He knew the kind of people who occupy those chairs, and that independence of mind was not necessarily one of their attributes, and his view was shared by others.

Hugh Townsend, in the local Halifax newspaper, stated that "the patriation package must still pass the Senate." It took the media a long time to realize that there is a Senate. I am sure all honourable senators are aware that the media said that it was all over because it had been passed by the House of Commons. Certainly, it was all over, because they were relying on the position to be adopted by each one of you opposite when you vote for this Constitution—not for Canada, but for the Liberal Party. However, Hugh Townsend said that "the patriation package must still pass the Senate," and he went further and said that approval here would be just an academic stamp. It is not an academic stamp with my co-operation.

On the doorstep of this place I see Esmond Butler and Jean Chrétien panting on the mat, waiting to purchase their tickets to fly the ocean and carry the results of your deliberations to the British Parliament. As I stand here today, I have every confidence that that is exactly what they will do, but I have every satisfaction in the world in knowing that, do it they may, but they will not do it with my approval or with my consent.

I trust that anyone who has listened to me today will not be led to believe that the reasons I have advanced are the only ones that motivate me. I have been ill, and because of that fact I will not speak at great length today. I have finished what I wanted to say, but I would add that I could, as my friend before me did, occupy the time of this chamber for a much longer period of time in advancing the flaws and defects in the Resolution before us, which I am expected to vote for and with which we are going to attempt to govern this nation, Canada, which is, in effect, the first ring of the death knell of the country that you and I have known.

● (1200)

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I listened with a great deal of attention to the Honourable Senator Donahoe. I certainly cannot agree with his conclusion that what we are doing today is in any way detrimental to the future and the future well-being of this country.

Patriating our Constitution and including in that Constitution some very important provisions which will serve the interests of the citizens of this country, I think, is a giant step forward.

I think the constitutional process that has been followed demonstrates the best way this nation could have gone in dealing with this difficult and delicate matter. The Prime Minister brought in his proposals many months ago. They were discussed at a number of first ministers' conferences; many amendments have been made and are before us today with the approval of nine of the ten provinces, and with the support of an overwhelming vote in the House of Commons, constituting a majority of the members of each of the three political parties. So, I say that this Constitution before us today, and on which we are going to vote, has, in fact, the general support of Canadians, and they will be supporting us when we pass it in this chamber today.

I think that there are some important provisions in the Constitution resolution before us that will, in fact, improve the lot of Canadians. Over the years, many Canadians and many Canadian leaders have fought hard for a Bill of Rights or a Charter of Rights, and today we have an opportunity to support a Charter of Rights. I think that that Charter of Rights is of major importance.

One cannot quote—one does not need to quote—all the various provisions of the Charter of Rights, but there are important guideposts. One of them is the provision of legal rights. I think it is important that the legal rights of all Canadians be spelled out thoroughly, as they are in the constitutional proposal that is before us.

We have not been able to do all we would wish to do in dealing with aboriginal and treaty rights. Our natives look to Parliament for an indication that we support aboriginal and treaty rights. I think that in the circumstances we are doing all that can reasonably be done at this time. Section 35 of the resolution reads as follows:

> The existing aboriginal and treaty rights of the aboriginal peoples of Canada are hereby recognized and affirmed.

There will be a constitutional conference within a year to deal with this important subject.

The question of providing for equalization payments in the Constitution, setting forth the rights of Canadians to a basic standard of government services, is very important. Those of us who come from provinces where, over the years, we have not had a standard of living or an income level as high as the average in the country, have enjoyed the benefits of equalization payments. As our lot in the west has changed, I think it is well that we support this provision, because it says that while we are likely to enjoy relative wealth, at least in the immediate future, then we should be prepared to share this wealth with the rest of Canada, particularly with those parts of Canada and those citizens of Canada who have an average per capita income lower than that which we enjoy. So, I think that that is very important.

I am pleased that the Prime Minister has been able to entrench language rights so that French-speaking minorities living in the province of Saskatchewan, for example, will have the right, if numbers warrant, to have their children educated in the French language. In the province of Saskatchewan, this has been a controversial question. The current provincial gov-

ernment has been dragging its feet on this, and I think that this provision will help correct that weakness. I am very pleased it is there, and I am very pleased to support it.

I listened to the speech delivered earlier by Senator Yuzyk. I have known Senator Yuzyk for many years, and am an admirer of his and the work he has done in Canada to strengthen our knowledge and understanding of the contribution that Canadians of Ukrainian origin have made and are making to the welfare of this country.

Senator Yuzyk is not the only senator who takes an interest in multiculturalism and in the promotion of the rights of our ethnic citizens. Senator Bosa has been very active in the Italian communities; Senator Haidasz, a former Minister of State for Multiculturalism, has made a most valuable contribution. I think it is a step forward to tell our citizens of ethnic origin that the right to their culture is being imbedded in the Constitution of Canada. I think that this also is an important step.

In reference to language rights, our multicultural community and equalization payments, I think that these are important steps forward. I think one of the most important steps forward is the provision assuring equality of treatment for the disabled and that provision setting forth equality of the sexes. I think that the recognition that women should have equal rights in every way in this country with citizens who are males is most important. Soon after the provisions of this Constitution have passed, I think it will have a widespread effect. I can see it having a major effect on employment; I can see the banks in this country, with this provision in the Constitution, correcting their whole employment policy with regard to the sexes. I think it is just incomprehensible, it is not understandable, that with the huge banking system we have in this country there is just a handful of women who are branch managers. I think that the airlines, because of the Constitution that we are passing today, will have a substantial number of women pilots and co-pilots.

There is a case under consideration in which it is alleged that the CNR has discriminated against women in its hiring process. I can see this Constitution, in setting forth equal rights for the sexes, will have a very important and major effect in the employment of women in our whole society.

The Whip has asked of me to be brief, and I hope to be brief so that others can have an opportunity to make a contribution to this debate. I regret that Quebec is not part of this agreement at this time, as do other members of this chamber, but it is not from a lack of trying on the part of the Prime Minister and Mr. Chrétien. The only reason I see for Quebec not being part of this has been the attitude of the Premier of Quebec. My hope is that, as the days unfold, Quebec will, in every way and in every appearance, be as supportive of this Constitution, which is a Constitution for all Canadians, as I am sure are all Canadians from other parts of this nation.

A country as broad as ours and with so many regions is, of course, difficult to govern. People from various regions have different needs. Away from the capital, many of them feel alienated and ostracized. It is easy for citizens to become very provincial in their outlook, but I am convinced that Canadians from coast to coast are loyal and patriotic.

• (1210)

I hope that we can take a step forward, after the Constitution has been brought home, by following a practice that would encourage young Canadians to travel and see this country while they are in high school, or soon after they leave high school.

Probably the single most important factor that can convince us that we live in a great land of which we are privileged to be citizens, is to travel across Canada and see what a wonderful country we have.

Over the years, I have had the opportunity to travel from coast to coast, and, I believe, Canadians generally are very loyal and supportive of their federal institutions and of this great country.

There are those who are doubting Thomases and there are those who are picking holes in the Constitution that is before us, but I am fully convinced that, when this Constitution is brought home, Canadians, generally, will celebrate and will be pleased with these milestones that set forth the rights of Canadian citizens, and all of us who had a part to play—even though it has, in most instances, not been a major part—in bringing our Constitution home will today be serving Canada well.

Hon. Martha P. Bielish: Honourable senators, I shall not be long. I should like to pay tribute to the Honourable Ernest C. Manning, C.C., the first member of the Order of Excellence of Alberta. I should also like to pay tribute to him on his excellent speech on the Constitution which he gave on December 3. It portrays the hallmark of statesmanship. As a Canadian from Alberta, I offer to him my sincere congratulations on both the honour bestowed on him and the quality of his speeches in this chamber.

I should like to thank and commend all honourable senators who conscientiously worked on the Special Joint Committee on the Constitution, particularly Senator Roblin, Senator Asselin and Senator Tremblay. I was given the opportunity to substitute for Senator Roblin and Senator Asselin on one or two occasions. At other times, I sat in the audience and watched and listened.

Honourables senators, as I enter this debate I find myself in a very questioning mood. In a book entitled *In Times Like These* by Nellie McClung, the author says:

> Two prisoners looked out once through the bars,
>
> One saw the mud, the other saw the stars.

Today, I feel that I am both of those prisoners in one, for I can see both the mud and the stars.

Is this a time of great rejoicing and great opportunity, or is this beloved country of ours in serious trouble, perhaps even in grave danger? Is this a new commitment and a fresh start that will meet the needs of Canadians, not only in the 1980s, the

1990s, but also for generations to come? Will it give rise to internal dissension, and give cause for lasting bitterness and much litigation?

No sooner was the Address to Her Majesty tabled in the other place than there was evidence of omissions here, a loophole there and the sense of security that Canadians might have had was shattered. Once again came the cautions and admonitions that there were to be no amendments; a threat or fear that the Accord would be broken if any were to be proposed.

Women soon discovered that section 28, unanimously accepted last April, was subjected to a legislative override. Women, once again, were denied full equality in law. Once again, they took up the fight. Whoever performed emasculation did not get very far. Women marshalled their forces across the nation, as they did on February 14 and 15, 1981. This was accomplished in an effective united fashion. The result was a recall of the override. Now section 28 states:

> Notwithstanding anything in this Charter, the rights and freedoms referred to in it are guaranteed equally to male and female persons.

This marks a signal victory, and Canadians will be able to say with pride that in the United Nations Decade for Women we have moved one step forward toward equality, development and peace.

In 1981, Canadian women have kept faith with the Famous Five—Emily Murphy, Nellie McClung, Henrietta Muir Edwards, Irene Parlby and Louise McKinney—the five who took their case to the Supreme Court of Canada and were denied, but were not stopped because they moved on to the highest court of appeal, the Judicial Committee of the Privy Council in Britain.

On October 18, 1929, women then received the news that women, indeed, are persons. In the ensuing 52 years, how far have women progressed? Where are women at today? I will not subject you to a list, but I will simply ask you to refer to a fact sheet put out by the Advisory Council on the Status of Women entitled "Women and Poverty". A quick reference may be found in the Honourable Flora MacDonald's speech in the other place on November 24, 1981, at pages 13195 and 13196 of Commons *Hansard*. In the interest of time, I will simply say that equality for 52 per cent of the entire population of Canada has long been overdue.

Senator Williams covered concerns of our native peoples much more eloquently and better than I can. Senator Yuzyk, along with Senator Argue, made some mention of the ethnic cultural groups. Senator Donahoe made specific mention of the fact that he was born in Nova Scotia, and that he was proud to be a Canadian.

[Senator Bielish.]

I was born in Alberta of parents who were brought up in Central Europe—in the province of Bukovina, Ukraine, then under Austria. My father was ten when he came to Canada, and he had some schooling in the old country. My mother came to Canada when she was seven, and she and her family moved into the wilderness, into that great free land that they were promised. They lived 13 miles from the closest school, not knowing any language but their own. My mother lived and died totally illiterate, and I am proud to say that. It did not stop her from instilling in us the fact that this was to be our country, that she would do what she knew how to do and could do, but that there was an opportunity in this country for us if we worked, if we studied, and if we put our best efforts forward.

• (1220)

I will not say more. She lived for 37 years and left eight of us. We have survived. She was going to learn English before she passed away. At that time I was just back from normal school and we were going to assume some of her responsibilities in an effort to ease her load.

However, my story is perhaps beside the point. The point is that I feel no less a Canadian. I thought we had reached the place in the Constitution where we could say, "We are Canadians from the east coast to the west coast, from the Arctic to the Great Lakes." I propose to close my remarks with a prayer taken from *In Times Like These*, by Nellie McClung.

> Lord, if Thou wilt Thou canst
> take us today
> To the Mount of Decision,
> And show us the land that we live in
> With glorified Vision!

Hon. William J. Petten: Honourable senators, this is indeed an historic debate in which we are now engaged. All of us, I am sure, are anxious to ensure that our Constitution will be patriated; and I am equally sure that we share a sense of relief that it will be returned as a made-in-Canada document.

The constitutional package gives Canada a workable process within which each province, through further compromise and understanding, can achieve its particular objectives, in balance with the best interests of the nation.

It is no secret that many Newfoundlanders, as relatively new Canadians, were quite concerned that our rather special situation was not being understood and reflected in the earlier resolution before Parliament. Accommodations have been made, compromise has been achieved.

The premier of my province, Newfoundland, the Honourable Brian Peckford, and his Minister of Justice, the Honourable Gerry Ottenheimer, played an active role in the negotiations leading up to the signing of the Accord. The only living Father of Confederation, the Honourable Joseph R. Smallwood, has publicly supported the negotiated document.

My late father, a former member of this chamber, the Honourable Ray Petten, a Canadian by choice rather than by birth, would have warmly supported this resolution.

Honourable senators, I am grateful for the opportunity to actively support this resolution, in the certain knowledge that we will further amend and improve it, in the best interests of all Canadians, following its return to Canada.

Hon. Joan Neiman: Honourable senators, it is a great privilege for me to be able to participate today in what I believe is a significant beneficial and historic milestone for Canada. The last time I spoke in this chamber with reference to the proposed changes in our Constitution was on November 3, 1980 when the first draft resolution, laid before both houses, was being discussed. I stated at that time that I supported in principle the thrust of the resolution and the objectives it was apparently attempting to achieve. But I confined myself to criticizing those provisions which, because they seemed deficient in principle or application, would not have protected fundamental and legal rights in the way and to the extent that each of us would wish them protected.

Today I look at the Constitution resolution before us and I am filled with quiet, if not complete, satisfaction at the changes which have been made during the past 14 months. Those changes have been brought about by the dedicated efforts, persuasiveness—bulldog determination, if you will—and literally thousands of hours of long and hard work by multitudes of people, many of whom we shall never know. But we do know that all of the parties in the two houses of Parliament participated in the process and contributed to the result; the provincial governments wrought major changes in several areas, and individuals and organizations from coast to coast have made a significant impact. They all had a share in fashioning what will be our first truly Canadian Constitution incorporating a Charter of Rights. I cannot help mentioning particularly the contribution of the Prime Minister of Canada, the Right Honourable Pierre Elliott Trudeau, and his Minister of Justice, the Honourable Jean Chrétien. Without their vision, inspiration and determination, this major accomplishment in our constitutional history would not have become a reality.

Most of the misgivings that I had with the first draft resolution have now been allayed. There have been important changes to the section dealing with legal rights, so that the test of reasonableness will now apply in both interpretation and application.

As we all know, the classes to which equality rights apply have been expanded to include those persons who suffer from mental or physical disabilities. Hopefully the quality of protection under that section has also been strengthened.

I need hardly say that I am delighted with the inclusion of those clauses which re-affirm and re-emphasize equality of the sexes, and also the aboriginal and treaty rights of the native peoples of Canada, who are truly our founding Canadians.

In my earlier speech I said that Senator Bird and I, as well as other women members of Parliament, were going to fight for the inclusion of that recognition and those protections. I did not realize then how much effort by so many people it would take, and that we could almost lose our prize even when it was within our grasp. Many men joined with hundreds of women to help them attain their goal, and many members of Parliament in both houses joined with the native groups who wished greater protection of their ancient rights within the Charter.

That was a battle well worth winning, but we must remember that, human nature being what it is, the war against discrimination and inequitable treatment of people will probably never end. The *non obstante* provision in clause 33 will serve to keep us vigilant and will provide a challenge to legislators each time its application is proposed.

I have mixed feelings about that provision, because I do not believe it should apply without exception to our fundamental freedoms, since, in any case, they are subject to "such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society". On the other hand, I believe there will be times and situations when Parliament or provincial legislatures may have to derogate from the broad principles of the Charter in order to attain certain carefully targeted objectives.

So this provision should reassure those people and governments—and I understand that the Government of Quebec was among them—who insist that Parliament and legislatures must have the means if necessary to override the courts.

• (1230)

The existence of a sunset provision, whereby all legislation containing a *non obstante* clause automatically ceases to have effect, and must be renewed in the appropriate forum each five years, is reassuring for all of us. However, the presence of a comprehensive Charter of Rights in our Constitution will not end the battle for recognition of our fundamental freedoms, and our civil or legal rights. It simply gives us another weapon with which to fight.

I could not approve clause 44 in the first draft of the Constitution because, according to the formula which was then proposed for making future changes in the Constitution, the power of the Senate could have been diminished, or the Senate could even have been abolished without the consent of the provinces. The proposal we are now considering has the concurrence of nine out of ten provinces, as well as the Government of Canada. Because I have, for several years, supported the idea of a Senate having on a suspensive veto, even with respect to legislation touching its own powers, I am quite content with the present provisions.

In clause 52 the primacy of the Constitution is proclaimed, and the many acts, orders and amendments thereto which

form part of it are specified. That provision is extremely important to ensure the paramountcy of the Charter of Rights contained in the Constitution over other legislation. I am disappointed, however, that there is not a further clause which asserts that this paramountcy applies as well to orders, rules and regulations made pursuant to the legislation, because, as I am sure most of us are aware, many infringements on, and violations of, civil and legal rights have occurred because of the application of regulations which have not been approved or, often, even scrutinized by legislators. Such a provision was contained in some of the draft Charters of Rights which were considered by the first ministers over the past few years, but it has not appeared in any of the draft resolutions which we have considered in the last 14 months. That is a pity, and an omission which, I trust, will one day soon be rectified.

Many people, and some parliamentary leaders, including my own, may not be as happy with the present amending formula as they were with the first proposal, but I am. I have been a resident of Ontario for many years, and, of course, I represent that province here. However, I have also lived in many parts of Canada. I did not like the first so-called Victoria amending formula, because it would have given a veto to Ontario and Quebec for all time, regardless of how different the demography of Canada may be 100 years from now. Either one of those provinces still has a virtual veto for the foreseeable future, provided it can marshal enough support from a reasonable number of other provinces. To me, this formula is much more equitable for all components of Confederation.

The referendum provisions are gone, and that relieves my mind. I have always believed that a referendum procedure should be very severely restricted as to the occasions upon which it is used, and confined, when used, to single, clear-cut issues. The complexities involved in constitutional amendments are, in my view, beyond the ability of elected representatives of the people, or laymen learned in political science and constitutional law, to explain in simple terms, without passion or bias, to the people who would vote. The responsibility for making decisions on constitutional amendments must remain with our elected representatives and governments.

The inclusion of linguistic rights in the Charter has been, for many of us, an achievement, but for others a disappointment, because the recognition and enforcement of those rights do not go far enough. I understand and sympathize with the frustration of the latter group, and can only hope that the present Charter will be the goad and inspiration for all Canadians and the provinces in which they reside to give broader and, hopefully, legislative recognition to our English and French heritages and languages.

The greatest sadness and concern for all of us in this chamber, as we prepare to vote on this historic resolution, which will make our Constitution truly Canadian, and give us a renewed and strengthened Charter of Rights, is that the Government of Quebec could not bring itself to join in the Accord. In that regard, much as I respect our colleague Senator Asselin, and admire his devotion to his province, I cannot accept without reservation his interpretation of certain events during the negotiations which led to the adoption of the recent Accord on the Constitution without Quebec's consent. I believe that we here are all federalists who want nothing more warmly than to have every government in our Confederation join in this resolution, even though certain of them may have misgivings or reservations about particular elements of it. It is regrettable that the Premier of Quebec has denied his province the right to participate because he had to protect and re-affirm his separatist status with his supporters. He was given room to manoeuvre and to negotiate in order to protect and enhance the unique quality of his province within Confederation. However, after he apparently outmanoeuvred himself and his province, he has chosen simply to deride and to threaten. The events of the past weekend suggest that the premier may not be able to ride the whirlwind created by his intemperate talk and actions over the past few weeks.

I want my Quebec cousins to remain with us in Canada, and I do believe, in spite of a nagging worry when I read and hear some of the comments that are made, that the great majority of them also desire that for themselves and their children. I hope that those people will soon be given the opportunity to elect a new government in Quebec which believes in its future within Canada, even though it feels that changes in its status are still necessary.

When we receive this new Constitution of Canada, let us all remember that Quebec is very much a part of it. Let us remind her that we will always want her to be a part of Canada, a very special part, and that we also understand why she feels she must still struggle for a special recognition which she considers vital to her existence.

One of our eminent French-Canadian historians, Jacques Monet, has just complete a series of fascinating articles in the *Globe and Mail* on the history of Quebec. He concluded the series with the words of another French-Canadian, Sir Wilfrid Laurier:

> "Canada," he said, "has been the inspiration of my life. I have had before me as a pillar of fire by night and a pillar of cloud by day a policy of true Canadianism, of moderation, of conciliation . . . In all the difficulties, all the pains, and all the vicissitudes of our situation, let us always remember that love is better than hatred, and faith better than doubt, and let hope in our future destinies be the pillar of fire to guide us in our career."

Those words remind us that our country was conceived in pain, and that it has evolved in doubt, but they also inspire us to move with determination towards the goal of a harmonious unity, and with the undiminished hope that we shall attain that goal.

Senator Godfrey: Honourable senators, would the honourable senator permit a question? I put it only to clear up a possible misunderstanding that I would not want on the record.

The honourable senator said she was disappointed "that there is not a further clause which asserts that this paramountcy applies as well to orders, rules and regulations made pursuant to legislation." As honourable senators know, I am

Joint Chairman of the Standing Joint Committee on Regulations and other Statutory Instruments. For seven or eight years we have operated on the basis that regulations are law with the same legal effect as statutes. I wonder if the honourable senator is aware that in the Statutory Instruments Act a regulation is defined as something having a legislative effect. Regulations are known in the vernacular, in legal circles, as subordinate legislation, subordinate law. The provision in section 52 as to "any law" surely applies to regulations as well.

• (1240)

Senator Neiman: Senator Godfrey, you may be and probably are entirely right; you are always right.

Senator Hicks: I wouldn't go quite that far!

Senator Frith: Call in the members!

Senator Neiman: If my memory serves me correctly, Professor Walter Tarnopolsky expressed doubts on this very question. He has argued that, because of certain judicial decisions, it is not clear whether regulations would in fact be subject to a Bill of Rights or to a Charter of Rights. He formulated a provision, to which I referred, which was included in the earlier draft charters which were discussed by the first ministers. Professor Tarnopolsky felt that it was necessary to have that additional provision included, just to remove any doubt whatsoever. I am inclined to agree with him.

[*Translation*]

Hon. Guy Charbonneau: Honourable senators, my participation in the debate will be limited to the motion of Senator Perrault on the Constitution Act of 1981, and I shall be brief. I must admit that I am very disappointed in certain aspects of this act. First of all, the Charter of Rights entrenched in the act does not contain what I consider to be indispensable, namely, the right to enjoyment of property, which I discussed on March 18 of this year. The right to enjoyment of property is fundamental in a democracy. It is also essential under a free market system, as it enables the individual to improve his circumstances as far as he is able, without being prevented from doing so by any arbitrary decision of the state to impose a new division of wealth in order to achieve political or ideological ends. In other words, the profile of our society depends on the freedom of citizens to choose their way of life and to improve or change it.

It is unnatural for a country like Canada not to include the right to enjoyment of property among its fundamental freedoms, since after all, property is the reward for work in a free enterprise society.

Removing the right to enjoyment of property goes against our Canadian way of life. It makes nationalization easier and even acceptable. It makes the state the repository of tremendous financial power and of rewards for the individual, which in fact gives the state absolute control over the welfare and values of its citizens.

I hope that this right can later be entrenched in the Charter of Rights according to the provision for subsequent amendments.

Another aspect of the resolution which I regret is of course related to the absence of Quebec from the agreement. As Senator Manning and several others said so eloquently last week and this week, it is hard to imagine the coming into being of this act without the participation of Quebec.

Serious attempts to remedy the situation have been made, and I am thinking of the Leader of the Opposition in the House of Commons, the Right Honourable Joe Clark, who, despite the flexibility and patience he showed in trying to reconcile the differences of both parties, was nevertheless turned down by Mr. Lévesque. And that is why, last week, I supported a resolution by Senator Flynn aimed at making a last effort to obtain the agreement of the Government of Quebec.

However, as I again realized this weekend, the option of the present Government of Quebec, and in fact the raison d'être of the Parti Québécois, is to persuade the province to separate from the rest of Canada, in other words, to break up Canada as we know it today.

Although I do not share his views, I respect the right of Mr. Lévesque and the members of his political party to work towards that objective, as long as they do so democratically and without using public funds.

We should not be surprised at their refusal to continue negotiations, since an agreement would be incompatible with their political objectives. You all know, honourable senators, the history of the negotiations on the amending formula that took place among the eight provinces who, at the time, were opposed to the resolution. The Accord was signed in April and a common front was the result, falling apart suddenly when Quebec opted for amendment by referendum.

Thus, the mere fact of suggesting the referendum formula which had not been accepted by the seven other provinces, basically meant that Quebec no longer wished to be associated with them. Is it so suprising that they should decide to accept the amending formula we are now considering? Mr. Lévesque claims that he gave up Quebec's veto right for the sake of obtaining fiscal compensation for opting-out. I fail to understand the reasoning behind this, because it looks too much like swapping principles for fiscal compensation.

Nevertheless, the issues at hand are always negotiable, even after the new act is passed. I have always believed in our democratic institutions and the good faith of partners in a federation such as ours.

The Constitutional Act provides for an amending mechanism that will no doubt be used if Quebec's rights are tampered with. Were those conditions of good faith to disappear and Quebec be harmed, I would be the first to support Quebec's separation from Canada.

In certain circles, there may be some surprise at my attitude concerning this proposal, and I may be accused of lacking in patriotism. Beforehand, my answer is that I have no lesson to learn from anybody on that matter. As a Quebecer and a Canadian, when I was needed to defend the principles of

freedom that existed in this country during the Second World War, I answered the call of my own free will.

Today, in a different way, I feel I am just as patriotic in putting forward in this chamber my deep convictions on the future of Quebec and Canada.

It would have been much easier for me to vote against the proposal. But in so doing, I would not be reflecting the views submitted to me by a great number of Quebecers of all geographic, economic and social sectors in Quebec.

Honourable senators, I would have much preferred simple patriation with an amending formula. But the provinces we are representing have now concurred in the resolution, and I say this of course in the light of the suggestions I made a few minutes ago, concerning the Quebec government. I know that this Charter of Rights is not perfect, it does not include what I feel are basic rights, such as the right to life, property rights and so forth. It will never be satisfactory for everyone. But when it is enacted, I am confident that all Canadians will be in a position through that amending process, to bring changes that are acceptable to those who do not feel easy in the present context. As I said earlier, I have confidence in the good faith and sound judgment of all partners to the Canadian Confederation.

● (1250)

[*English*]

POINT OF ORDER

Hon. Daniel A. Lang: Madam Speaker, may I rise on a point of order? I had rather hoped that Senator Marchand would be in the Chair, but I see that he is not. Nonetheless, I think I should proceed with my point of order at this time.

As I have said in previous speeches in this house, there may well be a serious impediment to the power of His Honour the Speaker to put this question to the Senate later this day.

I have been reluctant to raise this point of order in the face of the overwhelming significance of the matter before us and because of the political impetus it has attained. However, I do not want us to lose our perspective in the face of immediacy and in the face of the sense of occasion.

A great judge once said, and I am afraid I must paraphrase, that the rule of law is bound up in the interstices of procedure. It is the rule of law that we must sustain, honourable senators, in this chamber in the midst of an on-rushing wave of political expediency.

Section 4 of the Senate and House of Commons Act limits the exercise of the powers of the Senate insofar as the same are inconsistent with or are repugnant to the British North America Act of 1867. The resolution before the chamber now is inconsistent with and is repugnant to the British North America Act, 1867, and is acknowledged to be so by the present government and has been found to be so by the Supreme Court of Canada. Therefore, may I ask the Speaker for a ruling as to whether the motion before us is in order?

[Senator Charbonneau.]

Hon. Royce Frith (Deputy Leader of the Government): Are you asking for a ruling on whether the motion is in order, or on whether there is some impediment to the question's being put? In other words, are you asking whether the resolution itself is in order, or whether there is an impediment to the Speaker's putting the question?

Senator Lang: As to whether the question can be put.

Senator Frith: Honourable senators, I suggest, for the consideration of the Speaker and other honourable senators, that the ruling on this point of order be deferred until later this afternoon.

Senator Lang: Agreed.

[*Translation*]

Hon. Jean-Paul Deschatelets: In support of the point of order, could I say a few words which could also be taken into consideration by the Speaker? Honourable senators, I shall be very brief; I support the point of order raised by the Honourable Senator Lang. I submit that this project is unconstitutional according to the conventions which concern my province, Quebec, which has refused to give its agreement. I would like to make the following points: First, the Supreme Court has judged that this proposal affects the powers of the provinces, including Quebec. This was a unanimous decision.

Second, the Quebec premier came to the last conference with a mandate from the Quebec National Assembly to oppose any action which would affect its powers without its consent.

Third, the Supreme Court stated that there was no rule of law to prevent the government from proceeding with this unconstitutional action according to conventions.

Fourth, the decision of the Supreme Court does not affect the Standing Orders of the Senate. The Supreme Court does not make the law; it only interprets its. If, according to our customs and traditions, our rules prevent us from giving passage to unconstitutional legislation, I ask you, Your Honour, to state that this resolution proposal is out of order as it will reduce permanently the powers of Quebec without its consent. May I add that I would be very happy for His Honour the Speaker to consider this point of order and give his decision immediately before the vote. As former Speaker, I want to add that I shall respect the decision of the Speaker, whatever it may be, and that I shall certainly not appeal it.

[*English*]

Senator Frith: Honourable senators, just a word in favour of the propriety of the resolution and against the point of order. I agree with Senator Deschatelets's observation that it is not up to the courts to rule on the propriety or impropriety of a resolution or certain procedures in Parliament. If it is asked to, of course, the court may rule on the legality of certain procedures, just as it did; but with respect to our procedure I ask His Honour the Speaker to take into account the fact that our rules clearly provide for a resolution of the kind that is before us, namely, for an Address to Her Majesty. That is specifically and impliedly authorized by the rules, and any resolution in that category, it seems to me, is therefore proper-

ly before us. It is an inevitable corollary thereto that, if the resolution is properly before us, it is proper for it to be put to the Senate for a vote.

The Hon. the Speaker: Honourable senators, I regret that I was absent when this discussion took place. If you will allow me some time to consider the matter, I will tell you what I think later on.

[*Translation*]

Senator Deschatelets: Mr. Speaker, if I may, we would appreciate it if you could give your ruling a few moments before the vote.

The Hon. the Speaker: Could I simply ask a question for my own enlightenment? Is it a question of determining the legality or the illegality of the resolution? If it is, I do not think that I have the authority to make such a judgement.

Senator Frith: Mr. Speaker, perhaps you could simply defer your decision until you are ready to give it, as long as it is before the vote.

Senator Asselin: Are we to understand that it would be before the vote?

Senator Frith: Yes, before the vote.

Senator Deschatelets: Mr. Speaker, would it be possible, so as not to delay our proceedings and prevent the honourable senators from making their comments, for you to inform us of the suggestion made by Mr. Lang and myself?

Senator Frith: And also by myself.

The Hon. the Speaker: I agree with pleasure to postpone my decision.

[*English*]

Hon. Charles McElman: Honourable senators, after many months of intense bargaining, bickering and bartering between the governments of the provinces and the Government of Canada and among the three national parties represented in Parliament, we finally have before us a resolution resulting from an Accord signed by the governments of nine provinces and the Government of Canada. It has received the sanction of the House of Commons. It now requires only the approval of the Senate and concurrence by Westminster to achieve a goal or purpose that has been sought for many years.

We Canadians will then have our own Constitution in Canada. The last remaining symbol of full and complete nationhood will become ours. It will reside here in Canada. That in itself will make worthwhile all of the anguish and anxiety, the pain and the punishment that we have endured.

But it is much more than a symbol. It will be a working document or instrument that wise politicians, and perhaps even some few statesmen, may use as a foundation upon which to build a truly great, although diverse, Canada. God knows, we know our diversity. We have laboured mightily to prove it, to stress it more in negative than positive terms. But we now have almost within our firm grasp our Constitution, with an imperfect, yet basic Charter of Rights and Freedoms and with an amending formula.

• (1300)

That last element, honourable senators, the amending formula, is the most vital part of the resolution now before us. It, too, is imperfect, but it is the best that can now be achieved at this point in time without losing the existing federal-provincial Accord. With the amending formula, the process—and it will be a long and difficult process—of improving the Charter of Rights and Freedoms, the protection of individual Canadian citizens from the excesses of government, the process of exchanging respective powers and responsibilities between the respective levels of government, all of these can then begin in earnest.

We must understand that this resolution is not the end of constitution-making; it is only the beginning. Aside from the inadequate and what I believe to be the shamefully watered-down Charter of Rights and Freedoms, all we are really doing at this time is establishing the framework or the ground rules within which the Canadian and the provincial governments must negotiate to build a stronger and more respectable Constitution, a framework within which they will agree upon exchanges of powers and responsibilities to better serve the needs of our people and our nation.

Why do we need a stronger Charter of Rights, one that will avoid the inevitable checkerboard result of the current proposal that was so diluted by provincial demands and pressures? Some do not support even this weak version. They would retain the current system whereby citizens can be separated from their basic rights and freedoms, in varying degrees, from province to province.

In listening to and reading the remarks in the debate by various "status quo" senators, it appears that Senator Manning—and I regret that he is not present at the moment—is their most vociferous spokesman. Here are his words as recorded at page 3168 of the *Debates of the Senate*, of December 3, 1981. He said:

> The British tradition with respect to the supremacy of Parliament, that had been our heritage since our birth as a nation, was to be set aside, and our Constitution was to be Americanized.

Very strange, indeed. Senator Manning further stated:

> No longer were the people's representatives to be trusted with the guardianship of citizens's rights; instead, these rights were to be spelled out and entrenched in the Constitution and henceforth the appointed judges of the courts, not the elected representatives of the people, would be the guardians of citizens' rights and the adjudicators when those rights were in dispute.
>
> Not surprisingly, the committee was unable to reach a consensus, and a further First Ministers' Conference

resulted in eight of the ten provincial governments rejecting the federal proposals.

At page 3169 of *Debates of the Senate*, Senator Manning is reported as saying:

> —we have a Charter that requires the abandonment of the long-standing British tradition under which Canada's parliamentary democracy has operated successfully for over 100 years.

So, Senator Manning and others would leave Canadian citizens to the tender mercies of the elected provincial representatives. What is the record of their "tender mercies" to their fellow citizens?

Let us look at the record and let us start with Alberta. For years, the Government of Alberta, by legislation, deprived the Hutterites, a people of different religious values, of their basic property rights as Canadian citizens. I need not elaborate on that matter because Senator Manning, as a former Premier of Alberta, is intimately familiar with all the deplorable details. At the close of World War II, the Alberta government was quick to compound the discrimination of the federal government by demanding that it remove as quickly as possible from Alberta's soil those Canadian citizens who, by reason of their Japanese heritage, were there in Alberta as internees. We also remember the legislation of Alberta that would have stifled freedom of the press and which had to be struck down.

Every province in Canada has discriminated to varying degrees against its black citizens, be they of long-standing citizenship or more recent immigrants.

Quebec became notorious for its discrimination on religious grounds against Jehovah's Witnesses.

All provinces have, along with the federal authority, discriminated against our aboriginal peoples almost, in some areas, to the point of genocide.

British Columbia does not have an enviable record in dealing with its citizens of Chinese and Japanese origin.

All provinces, at various times, have enforced the most despicable land expropriation practices against their own citizens.

Some provisions of Bill 22 and Bill 101 in Quebec have been obnoxious to both francophones and anglophones. Discriminating practices of the business and commercial elite of Quebec have been equally unfair and obnoxious to all Quebecers.

For decades, in my own province of New Brunswick, the record of discrimination by governments of both political persuasions towards, not only the minority Acadian community, but most rural residents of the province, in the lack of equality in education, health and social services, was an absolute disgrace.

In Manitoba, Nova Scotia and Prince Edward Island, the covert practices of provincial governments to assimilate and refuse elementary cultural recognition and services to their francophone communities; and in my area, the Acadian communities, have been highly discriminatory.

The refusal of official basic recognition of its major francophone community by the Government of Ontario is beyond all understanding. It is also the cause of much understandable reaction in the province of Quebec.

The list of discriminations and the denial of human rights by provincial governments is long, notorious, noxious and unacceptable. Yet, Senator Manning speaks for those premiers who have watered down the Charter for the most obvious and unwarranted reasons, as they long for a retention of what he refers to as:

> —the long-standing British tradition under which Canada's parliamentary democracy has operated successfully for over 100 years.

Honourable senators, each and all of our provincial and federal governments have legislated and practised discrimination. That is why we desperately need even this watered-down Charter and also why we need the amending formula, eventually to eliminate the capability of governments to continue to discriminate against their citizens. The "good old days" were really not the good old days at all, and the remnants of those prejudicial and discriminatory practices must eventually be eliminated.

That is what Canadians want, irrespective of the delaying tactics of some of their provincial governments, and governments that do not at least stay abreast of their electors' wishes will suffer the results so recently experienced by the Lyon government in Manitoba. Canadians want this Charter, even with its imperfections, and they will continue to demand that it be improved and the imperfections removed, and that is as it should be.

Let me turn now to the regrettable circumstances that find the Government of Quebec as the only non-signatory to the constitutional Accord.

● (1310)

Some honourable senators opposite have gone to great lengths to blame the Prime Minister, the Right Honourable Pierre Trudeau, and the federal members of Parliament and cabinet ministers from Quebec for this undesirable situation. In my opinion, those senators are unwittingly, or witlessly, playing the game of Mr. René Lévesque and his PQ Party and government.

Yesterday, Senator Asselin stated that the Quebec veto had been "brushed aside," and he referred to Quebec's "isolation." He said that Quebec had been "badly represented" by its MPs in Ottawa. He referred to what he termed the "provocative" attitude of Quebec cabinet ministers in the federal government. He heaped scorn and some condemnation upon them. He did not go quite so far as to refer to them as "traitors", as has been done by some PQ sympathizers of recent days, and as Mr. René Lévesque has done in the not-distant past.

Senator Asselin also referred several times to the "nine English-speaking provinces." May I remind him once again, as I have felt compelled to do on occasions in the past, that my province, the province of New Brunswick, is the only officially-bilingual province in Canada, thanks to the government of the

Honourable Louis Robichaud which began that laudable process and the now government of the Honourable Richard Hatfield, which has continued and strengthened it. Our development as a bilingual province is still incomplete and imperfect, but we are making good progress, and we did not wait for legislative perfection before we began such implementation.

I share the pride and sense of satisfaction with my fellow New Brunswickers that our bilingual status will now be firmly entrenched in our new Constitution. I only wish that the government of the great and powerful province of Ontario would follow the good example of my own small province. Such a step in equity and statesmanship by Ontario would help immensely in overcoming current feelings of distrust, resentment and frustration within our federation.

Let us return to the accusations of some honourable senators. Senator Asselin deplored what he termed "Quebec's isolation." We all share his regret, but who is responsible for that isolation? Certainly not Pierre Trudeau.

Senator Flynn: Well, perhaps Jean Chrétien.

Senator McElman: And certainly not Jean Chrétien. Let us have a look at the facts. Mr. Trudeau has spent the whole of his public life promoting and developing a country in which Quebecers and all of us could feel comfortable and at home in all its parts. Mr. Lévesque, not Mr. Trudeau, founded the PQ Party.

Senator Flynn: Because of Mr. Trudeau.

Senator McElman: He did so to isolate Quebec from the rest of Canada. Let us not forget his purpose. It was Mr. Lévesque, not Mr. Trudeau, who "brushed aside" any claim Quebec may have had of an absolute veto in constitutional matters.

Senator Flynn: So what? You are speaking from both sides of your mouth.

Senator McElman: Confident that he had charmed the majority of his fellow premiers to believe, as Mr. Sterling Lyon put it, "that he is a great Canadian," Mr. Lévesque gave away, "brushed aside," weakened, dissipated any claim to veto, either real or perceived, that Quebec may have had. He did so as part of the Accord by eight provinces that he, Mr. Lévesque, not Mr. Trudeau, officially signed on behalf of the great province of Quebec. He did so because he was confident that that Accord, as concocted, was absolutely unacceptable to the Prime Minister and the federal Government of Canada, including those Quebec MPs and cabinet ministers who are now being condemned by Senator Asselin and others.

While Mr. Lévesque was concocting this scheme that "brushed aside"—Senator Asselin's own words—and gave away any claim Quebec may have had to a constitutional veto, what were Mr. Trudeau, his government, and the Quebec MPs and cabinet ministers doing? They were trying desperately to convince all the premiers of all the provinces, including Mr. Lévesque, to accept and approve an amending formula that would have given the provinces of Quebec and Ontario a constitutional veto in perpetuity. That is what Mr. Trudeau was doing.

Senator Flynn: At the beginning, yes.

Senator McElman: I would ask Senator Asselin and other honourable senators: Who "brushed aside" Quebec's claim to a veto? I think we should keep the record straight on that score. Mr. Lévesque negotiated it away. In Senator Asselin's words, Mr. Lévesque "badly represented" the people of Quebec.

Senator Flynn: Not as badly as Pierre Trudeau.

Senator McElman: English-speaking Canada did not "abandon" Quebec as Senator Asselin suggested. Mr. Lévesque abandoned his principles and his province in his deceptive attempt to solidify the deadlock. In trying to mislead all premiers into an unacceptable Accord and into an immoveable and intransigent position, one that could only continue the deadlock and one that would prevent any hope of achieving agreement by the Government of Canada, he tried to become too clever by half and he did not bargain in good faith. He tried to be clever—deceptively so. He tried to impress his fellow premiers with his appearance of moderation but, finally, his deception became clear to his fellow premiers. The mask fell off and his fellow premiers again saw the true face of the obstructionist, the dedicated separatist, and those premiers woke up again from their charmed state to adopt the sense of appreciation of the Canadian way of compromise.

Senator Flynn: And punished Quebec in the process.

Senator McElman: They found a receptive Prime Minister and federal government waiting to negotiate in good faith, waiting to compromise, waiting to join in bringing home our Constitution, and waiting to get on with the job of building a greater, stronger Canada, a Canada that will be more sensitive to the needs, the rights and the freedoms of its citizens.

As the deceptive mask of moderation and sweet reason fell away from the face of Mr. Lévesque at the First Ministers' Conference, so last weekend did the mask fall away from the face of the PQ government and party.

Senator Flynn: Your own mask will fall soon.

Senator McElman: The first rule in dealing with a pressing danger is the act of seeing and recognizing that danger for what it is. The real face of the PQ Party is separation—sovereignty without association. It is dedicated to that purpose. It was a good, revealing weekend for the people of the province of Quebec and for the people of all of Canada. Mr. Lévesque is shaken. He is now threatening his own followers. They have the same end purpose that he espoused long ago, but they are now moving too fast for him. They have destroyed his devised image of moderation, compromise and reasonableness. They are destroying his grand step-by-step plan for separation through gradualism, his plan to have Quebecers follow him piece by piece, step by step, until the day arrived when there could be no turning back and the last step to separation would inevitably be taken.

• (1320)

Gradualism means the gradual destruction of the Canada that most of us know and love. Imperfect as it is, it is still the best nation in the world of which to be, or become, a proud citizen.

Now it is up to the people of Quebec and all of us, as people who believe in the future of Canada, to do all possible to keep the true face of the PQ Party and government and Mr. Lévesque foremost in our minds, to frustrate their purpose of destroying Quebec and Canada, and to contribute to their defeat at the first possible opportunity. That is our responsibility, our duty as Canadians, who believe in our federal state and our nation.

Senator Flynn: You re-elected them the last time.

Senator McElman: Having defeated the PQ Party and Mr. Lévesque, the people of Quebec can then use this renewed and revitalized Constitution as their vehicle, their instrument, and again get on with the job of solidifying and strengthening their place in a whole Canada—a Canada that is becoming ever more receptive to change and improvement; a Canada that is becoming increasingly sensitive to the needs and human aspirations of its people, wherever they may live; a new kind of Canada that Pierre Trudeau has tried so hard and so long to bring into being—

Senator Flynn: And badly.

Senator McElman: —despite slings and arrows, despite adversity and setbacks, and despite the distrust, dislike and even hatred that some have tried so continuously to stir up against him personally.

So, there it is in all its stark reality: Trudeau the builder; Trudeau the federalist; Trudeau the dedicated Canadian;—

Senator Flynn: The centralist.

Senator McElman:—and opposed to him we have Mr. Lévesque and the PQ, the destroyers; Mr. Lévesque and the PQ, the anti-federalists; Mr. Lévesque and the PQ, the dedicated separatists. So, let us not confuse the players or their opposing purposes in this vital business of nation building, as some have been doing of late.

I implore those who have been deceived into giving comfort to the now clearly recognizable enemy of Quebec and Canada to stop doing so.

Honourable senators, on a more pleasant note let me congratulate the Honourable Louis Robichaud for the stirring speech he made in this debate. It was "vintage Louis," and I subscribe to all that he said. He continues to be a wholly dedicated Canadian, despite his detractors.

Permit me also to pay tribute to the strong, leading and constructive role that the current Premier of New Brunswick, the Honourable Richard Hatfield, has played throughout these long and tedious constitutional conferences, debates and negotiations. He, too, is a respected and totally dedicated Canadian.

We New Brunswickers, we Maritimers, we of the Atlantic provinces, are gratified that the new Constitution will include

a dedication to the principles of equalization, alleviation of regional disparities, and the equality of opportunity for Canadians in all parts of Canada.

The people of the Atlantic provinces are looking forward to the day, hopefully soon, when we will contribute much more to the economic and fiscal well-being of our nation. We will gladly share the benefits of our new-found wealth with those Canadians who have so generously shared with us.

Before closing, honourable senators, let me express my delight with the elimination of the provision for referenda from this constitutional resolution.

I remember well the words of a wise old parliamentarian at the 1979 meeting of the Canada-European Community Interparliamentary Group held in the Conference Centre here in Ottawa. There was a discussion of the pros and cons of referenda. Herr. K. U. Von Hesse, of West Germany, a former President of the Bundestag, defined the word "referendum". He said it means "a carnival for demagogues." I share that view. I believe that referenda, in such a diverse and ever more regionalized Canada, can only be divisive and destructive. I am relieved and gratified that that provision has been eliminated.

Finally, honourable senators, let me refer to section 47, which eliminates the absolute veto of the Senate in reference to amendment of the proposed Constitution.

It is no secret to honourable senators that I opposed such a proposal in the earlier resolution; that I fought it out nose to nose with both the Minister of Justice and the Primer Minister and was gratified when it was removed from the earlier proposal. But now it is back. This time, however, it is back not only with the approval of the Government of Canada and the elected members of the House of Commons, but it also has the approval and support of the elected governments of nine of the ten provinces. That changes the situation drastically from its earlier appearance.

• (1330)

I will reluctantly accept this expression of the will and agreed wish of the elected representatives of the people, both federal and provincial.

It is my hope that, with the incentive of this provision, the Senate will finally determine and express forcefully its proposals for modification, reform and effective improvement of this house of Parliament.

I would also hope that the House of Commons will reform and reinvigorate itself, as it surely needs to do. With both houses reformed, the people could again be properly and effectively represented by their acknowledged representatives, without imbalance of influence by the executive and the bureaucracy.

Honourable senators, I will support this resolution.

Hon. Stanley Haidasz: Honourable senators, I welcome this opportunity to participate in this historic debate on the constitutional resolution as changed by the federal-provincial first ministers' Accord of November 5, 1981, precipitated by the historic September 28 decision of the Supreme Court of Canada.

Some speakers on this debate have noted, others have emphasized strongly, and still others have deplored, the weakening of the original constitutional amendments. After much tense negotiation and bartering, we now have before us a compromise Constitution. Due to the intransigence and narrow-mindedness of some provincial premiers, the shortcomings of the Accord have allowed increased provincialization and decreased Canadianization in this country.

The amending formula makes the Constitution mostly an inter-governmental affair. The Accord also reduces most of the Charter of Rights and Freedoms to little more than guidelines, which the provincial legislatures may override.

It was sad to hear so many federal legislators say that they willingly and gladly accept an imperfect formula without seizing this unique opportunity to try to present proposals and amendments for improvement or, at least, to try to suggest improvements.

Before coming to the crux of my speech, I should like to state that there are, however, some good sections in this Constitution Act, 1981, especially in part I, entitled "Canadian Charter of Rights and Freedoms". I wish to refer to section 27 in particular relating to multiculturalism, which was referred to and commented on by Senator Argue, Senator Yuzyk and Senator Bielish earlier today.

When the Prime Minister of Canada, the Right Honourable Pierre Elliott Trudeau, on October 8, 1971, made the declaration in the other place, of his government's official policy of multiculturalism, he stated that within the context of both official languages of Canada there is no official culture, no culture that supersedes the other, and that the policy of multiculturalism will be promoted by the Government of Canada not only to recognize the cultural heritage of all Canadians, but also to assist them in preserving that culture, in developing it, and in sharing it with their fellow Canadians.

He also stated on that occasion that we cannot force anybody nor legislate anyone to preserve their cultural heritage. This is what I want to underline and bring to the attention of Senator Yuzyk, in particular, that the Prime Minister stated on that day that it is really up to the ethno-cultural groups themselves—it is up to their own will of survival, if they wish to retain their cultural heritage.

As the first Minister of State for Multiculturalism responsible for the implementation of that policy, I am proud to see that it has been further improved, so that today we have many programs in place which assist Canadians, not only to preserve their culture, but also to preserve their heritage languages.

I think that one of the essential duties of a legislator is to protect the weak, the disadvantaged and the voiceless. The weakest and most disadvantaged in human society is the unborn child. That is why in my speech in support of the Constitution in this chamber on March 26 last I expressed, as reported in *Hansard* on page 2182, the desirability of "words to protect more clearly the rights of the unborn".

Along with Senator Sullivan, I believe the unborn child has many rights. As he stated, for example, the right to life, the right to share in an inheritance, in disability and workmen's compensation benefits. A mother should be able to sue for the support of her unborn child, and she should be able to hold a defendant liable for injuries sustained by her unborn child, as a result of accident or assault.

Honourable senators, in some countries a pregnant woman convicted of a capital crime may not be executed until after her baby is born. That is why I commend Senator Sullivan for his motion on December 4 to amend section 7 of the Charter so as to include reference to the unborn child. Unborn children are really members of our human family. That is why I believe that legislators have an obligation to see that their fundamental rights are protected. I also accept the premise that the fertilized ovum is a developing baby. In doing so, I am not enunciating a sectarian or theological viewpoint, for it is biology, not any religious faith, that tells us that a fertilized ovum is the earliest form of human life. I was shocked, as I believe many honourable senators and Canadians were, to learn last week of the announcement by Statistics Canada that in 1980, 65,751 lives of unborn children were snuffed out. Today, we have that many less boys and girls who could be growing up in this beautiful, rich country, and later developing into men and women contributing to the welfare of Canada and mankind.

Senator Sullivan: That is a good expression—"snuffed out."

Senator Haidasz: There were 65,751 lives snuffed out. That is almost twice as many as the 38,584 Canadians who died of cancer in 1980. It is even more than the 50,613 Canadians who died of coronary heart disease in 1980. These deaths, including the snuffed-out lives numbering 65,751, are a great tragedy. They are a great loss to Canada.

• (1340)

Honourable senators, although Senator Sullivan's amendment is commendable, I have been told that there exists some doubt in legal circles that the honourable senator's amendment will truly and completely guarantee full protection for the unborn in this country, because there is the federal-provincial override section, which will allow Parliament to overrule section 7. Furthermore, even without the override, there is still a great deal of uncertainty over the meaning of the phrase in section 7, which reads:

> —except in accordance with the principles of fundamental justice.

Apparently, few people have come to realize the full weight and meaning of section 28 of the proposed Charter. The inclusion of the word "persons" in section 28 categorically denies any protection to the unborn child. That is based on the fact that in the U.S. Supreme Court abortion decision, in *Roe v. Wade,* the court held that "person" did not include the unborn child. That U.S. case has been quoted with approval by Canadian courts in the *Dehler v. Ottawa Civic Hospital* case, which held that the unborn child had no rights until birth. So any law of Parliament to protect the unborn child could be considered by the courts as an imbalance between the rights of an individual, recognized as such by law—namely, the moth-

er—and those of an unborn child, recognized in law as being only capable of asserting rights after birth.

It should also be noted that in section 15(1), dealing with equality rights, the Minister of Justice, the Honourable Jean Chrétien, replaced the word "everyone" by the word "individual," apparently to make it clear that the section would apply to "persons" only.

Furthermore, it could be argued in the courts that section 28 of the Charter is paramount and has primacy over any other section—even section 33, the override section—because of the opening words "Notwithstanding anything in this Charter".

Legal opinion also exists that should the Supreme Court of Canada hand down a decision in favour of abortion-on-demand, the Parliament of Canada would be unable to override that court decision.

It has always been a Canadian tradition to respect and protect human life in the mother's womb. Although the law on abortion was widened by Parliament in 1969, nevertheless the law has, as its purpose, the protection of the lives of unborn children.

In the light of the threat that is posed to the unborn children of Canada by sections 15 and 28, an amendment should be considered. It is therefore my intention to propose a positive amendment which will preserve the authority of Parliament to legislate on behalf of the rights of unborn children. It will not affect either the provincial governments or the legislative assemblies, and therefore will not upset the November 5 Accord. My amendment should also easily find acceptance with the Prime Minister, because it simply makes explicit what the Prime Minister, the Right Honourable Pierre Elliott Trudeau, in the House of Commons has already made implicit by his assurances that the Canadian Charter of Rights and Freedoms would not affect the authority of Parliament to deal with the rights of unborn children.

MOTION IN AMENDMENT

Senator Haidasz: Honourable senators, I therefore move, seconded by Senator McGrand:

> That the proposed Constitution Act, 1981, be amended by
>
> (a) adding after clause 31 the following new clause:
>
> "32. Nothing in this Charter precludes Parliament from legislating on the rights of unborn children."
>
> and
>
> (b) by renumbering the subsequent clauses accordingly.

The Hon. the Speaker: Honourable senators, the same rule will apply in the case of this amendment, that, pursuant to the order adopted on December 2, 1981, the recorded vote is deferred.

Senator Haidasz: Honourable senators, I wish to conclude my remarks by saying, on behalf of the voiceless and defenceless unborn children, that I strongly appeal to honourable senators to support my amendment. In doing so, I believe we shall truly protect the most fundamental right—namely, the right to life—without discrimination. We will then have that peace of mind and satisfaction from knowing that we have at least tried to do our best to improve our new Constitution. Finally, may God bless our efforts in this vital task of legislating for our people and in building a just and strong nation.

Hon. Allister Grosart: Honourable senators, the motion that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada poses for me what I believe to be the most difficult decision I have had to make in the almost 20 years that I have been in the Senate. I know that I am not the only one who is placed in that situation; nor am I the only one who will vote—as I intend to vote, unless in the meantime I am persuaded otherwise—with reservations and with some concern that the issue before us is not more clear-cut, is not one that has, as I believe it could have had, the full support of members of both houses and of all 10 provinces. Such support, of course, is not the case.

For those of us who from time to time have to weigh values one way or another, the values on each side of this matter are strong and many. My decision at the moment is that I will vote against the motion. I am fully aware, of course, that there are differing opinions. I am fully aware that it could be said that, generally speaking, the Canadian public would like to see the constitutional debate concluded and the matter disposed of. I believe that is so because they are probably fed up with the long process that has taken place and with the ad hoc way in which there has been pieced together what we are in future to call the Constitution of Canada.

I am happy that great improvements have been made about the original suggestion of the contents of the Address to Her Majesty the Queen. I am particularly glad that we are not now asked to approve a major step in constitution building which is completely—as it was at one time—unilateral, that is, a decision of the federal government, only one of the partners in Confederation, to push through these fundamental changes without the consent even of a majority of the provinces. Like many other senators, I regret that there is still an element of dissent among the partners. It is my view, and it has been and will continue to be, I think, that we will be making a very great mistake here today if we pass this motion. The mistake will be, in my view, that we will have possibly—and I use the word advisedly, and without any assurance—have made the separation of Quebec from our Confederation inevitable. I am not saying that I am certain that that is so, but I would think that all honourable senators would agree that there is the risk of such an eventuality, and perhaps a great risk.

● (1350)

The question I have to ask myself is, why take that risk? I must also ask myself the question, do we need to take it today? The answer that comes immediately is, No.

Why do we have to take this decision today? The whole history of the discussions that have taken place about the motion proves conclusively that to delay is the way to improve the whole situation. Over and over again, situations have arisen when we have seemed to be up against a stone wall. Hard work, negotiation, compromise, flexibility, made it possi-

ble for us to breach that wall, just as Joshua brought down the walls of Jericho by a miracle. The age of miracles is not past. In my view, it is not even past at this moment, in this respect. I think it is still possible that the Senate here today, instead of contributing, as it may well be contributing, to the break-up of our Confederation, can put itself historically in the position of saying, "The Senate saved Confederation".

I am not speaking with any great certainty. I am not saying that I know this is so. I do know, however, that there is a risk, and I do know that it is possible, down the road a few years, that the separation of Quebec will have taken place for one reason or another. If that happens, would anyone deny that any of us who are here or that historians looking back will say, "Wasn't the cause of it what the Senate did on that day in December 1981?" It may turn out that it was not the only cause, but certainly one of the major causes could well be what we are asked to do today.

Then I must ask myself, could we prevent it? Of course, we could. We could delay decision. We could recognize that persuasion is possible, even in the case of Mr. Lévesque. The one power that is left to the Senate at the moment is the power of persuasion, and there is no way, in my view, that we can exercise that power of persuasion, or that anyone else can exercise it, if we take action precipitately today.

I have to ask myself, what is the hurry? I asked this question during the debate in the last few days. I asked the deputy leader what the urgency was. I asked him if there was a deadline. I was told that I would be given the answer, but I have not had it. There is no evidence before me, or, I believe, before the Senate, that this is in the slightest degree urgent today. There has been some talk, of course, about getting the matter over to Westminster, and possibly having a new Constitution before us before Christmas. Is that a good reason for urgency? If there is risk, and if there is a possibility that delay can bring about the compromise that we need to make this a real Canadian Constitution, then why are we hurrying?

I would be much happier if we were being asked to create a Canadian Constitution here today. I have been one, and I am sure this includes every senator here, who has believed for a long time that the time is overdue for the so-called patriation of our Constitution. By "patriation" I thought we meant a Canadian Constitution based on a Canadian act of Parliament. I thought we were going to be able to say to anyone—to our American friends, particularly—"We do not want to hear any more about the fact that our Constitution is an act of the British Parliament. From now on we are going to say, 'It is an act of the Canadian Parliament.' " Nothing of the kind will be the result of this resolution.

This resolution provides for two acts, the Canada Act, which will be an act of the United Kingdom Parliament, and a schedule to that act, an annex, to be found at the back of the act, will be what is called the Constitution Act. This will not be an act enacted by the Parliament of Canada, but will appear as a schedule to an act of the British Parliament. Senator Donahoe stressed this point, and I noticed some honourable senators seemed surprised that he said that this was so.

The evidence of this, of course, is in the wording of the act as presented to us:

> Whereas Canada has requested and consented to the enactment of an Act of the Parliament of the United Kingdom [we are] requesting that Her Majesty may graciously be pleased to cause a Bill to be laid before the Parliament of the United Kingdom for that purpose.

That act will be the Canada Act. The Constitution Act, that has been talked about so much here, is set out in Schedule B of the act, and is enacted, not by the Canadian Parliament but by the United Kingdom Parliament. The words are:

> 1. The *Constitution Act, 1981* set out in Schedule B to this Act is hereby enacted for and shall have the force of law in Canada and shall come into force as provided in that Act.

So all our dreams of a Canadian Constitution, based on an act of the Canadian Parliament, are out the window.

I am concerned also with the suggestion that the Province of Quebec may, by mistake or otherwise, have alienated certain rights, particularly the veto right. It seems to me that that idea can only come from an assertion that the rights, whatever they may be, that we call provincial rights are government rights. Obviously, they are nothing of the kind. Section 92 of the B.N.A. Act makes it clear that these rights are invested in the legislatures. I would not want to make too much of that at the present time, but there has been no consent of the provinces to the alienation of any of their rights as enshrined in the B.N.A. Act. No legislature, so far, has voted to give up its rights. Obviously, the assumption is that the premiers—the governments—would eventually be able to carry their legislatures, and I am sure that is so; but this comes back, as far as I am concerned, to my objection to all this haste. How much better this whole process would be if there were some reasonable delay, and if arrangements had been made that every legislature in Canada, including Quebec, would, in due course, pass the necessary enactment to say, one after the other, "We"—each legislature, not each government—"approve what is being done." Obviously, this is not the case with regard to the resolution which is before us.

• (1400)

I have other reservations, as well. I share those which were indicated by Senator Haidasz and Senator Sullivan in their amendments. I find it difficult to believe that the partially enshrined Bill of Rights, while it provides for the right to life and liberty, assumes at the same time that the right to live is limited by the wording of the bill and by the judgment of the Supreme Court. Honourable senators, I am not a zealot on this subject. It is not a matter of religious faith or dogma with me. It is merely a feeling on my part that the right to live should be dealt with more specifically and realistically than it is in the proposed resolution.

I repeat, honourable senators, that I honestly believe that the Senate can prevent what may be a Canadian tragedy. It is

for that reason that I supported Senator Flynn's motion that we defer debate until December 14. I had seriously considered offering an amendment which would have had the same effect. On consideration and consultation with my colleagues, I decided that it would not be an appropriate action to take at this time. There are two reasons for this decision, one of which is the order of the Senate that we will take a vote at 5 o'clock today. The other is that the normal wording would be the so-called "six months' hoist," which is always used to defeat a motion rather than to achieve the intended objective in this case, which is to delay the vote. My intention does, however, express my firm opinion that the Senate could cause a pause at this time. Surely, it would be fully within the great tradition of the Senate to suggest that we pause, think again, and try again. One could almost say that such an action would be the pre-exercising of the suspensive veto which we believe, in due course, will be one of our new powers, if it can be called a power.

Another means by which this pause could be brought about, of course, would be a delay in the proclamation of the act requested of the British Parliament. This was done upon the original proclamation of the British North America Act. The act was passed on March 19; it was proclaimed on May 22; and it came into force, as we all know, on July 1, 1867.

If the Senate does not think it good judgment to take the action that I have proposed, which is to delay, I would then suggest that consideration might be given to delaying the proclamation or the effective date of any act that may come to us from the British Parliament. In this way we will have another opportunity to consider this matter and to ensure that we will not, by taking a vote here today, break up our Confederation.

Hon. Willie Adams: Honourable senators, I want to thank you very much for allowing me to speak on this resolution. Some time ago the Prime Minister and the premiers decided to drop section 35 from the resolution. At that time I felt that all aboriginal peoples had been dropped from the rest of Canada. Since section 35 has been put back in by way of amendment, I feel a lot better standing here in the Senate chamber debating the Constitution.

Honourable senators, for the last four years I have been sitting here in the Senate chamber, living among the people of the south of Canada. Life in the north of Canada is different. People live there in isolation. I think that today we have two voices here in Ottawa, one from the House of Commons and one from the Senate. I think it should be realized that the people living in the north of Canada are Canadians. Up to now they have been living in the Yukon and the Northwest Territories, but we understand that in the future both those territories may become provinces.

All honourable senators are aware that a couple of weeks ago the Legislative Assembly of the Northwest Territories came to Ottawa and was here a week in an effort to get section 35 back into the Constitution. At that time it was said that the territories only have a population of 45,000, while the rest of Canada has a population of 24 million. It does not matter how large the population is; we will try to run our country. That is what we are here for. It does not matter how many people live up in the north. They have been living there for a long time, and I think they want to be represented in the Constitution.

We understand that there is a lot of activity going on in the north. People are beginning to realize this and to say that it should be put on to the rest of Canada. The people up there do not want to become part of Alberta, part of Manitoba or part of Saskatchewan. I believe that we want to control ourselves, just as the rest of Canada does.

A short time ago I travelled to other parts of Canada as a member of the Agriculture Committee. I am used to life on a farm. Here in Ottawa I live out in the country because I cannot stand living in the city. When I first moved to Ottawa I found it completely different from my homeland. I lived right in the middle of the city and every time I went out for a walk I found myself just staring at the buildings and missing the open country. I think the people who live in the north, in the territories, like to have the feeling of freedom. They do not like the closed-in feeling you get from living in a town or city. Up north, when they have to go some place, they have the feeling that they are free. They don't have to worry, when they get up in the morning, that somebody will tell them they have to go some place or have to do something. I think a lot of the time that is the way our culture works, especially for the people living up in the north.

• (1410)

I started working when I was 14. I can tell you that we don't have a lot of nice weather up north, so when a nice day does come along even the people with steady jobs will be out on the land, hunting. Somebody will ask you, "How come you didn't come to work today?" The answer is simple. "It's nice weather today and it is the only time I will get the chance to go out. If it's bad weather tomorrow, I'll come back to work."

I think sometimes the only way you should have to live is not to have somebody telling you what to do, and then if it's nice weather when you get up in the morning you can go and hunt.

Honourable senators, with respect to section 35 of the resolution and the proposed amendments to section 42, subsections (1)(e) and (1)(f), I would just remind you of the letter we received from George Braden, Co-Chairman of the Special Committee on the Constitution of Canada, Legislative Assembly of the Northwest Territories. You will recall that he wanted the Senate to vote against section 42, subsections (1)(e) and (1)(f). But I think, honourable senators, that, under section 37, with the constitutional conferences that will be convened in the future by the Prime Minister and premiers of the provinces, and with the participation of representatives of the Governments of the Yukon Territory and the Northwest Territories, there is no real need to amend section 42. As I say, I think it is covered by section 37, and by section 38 as well.

Honourable senators, I really haven't much to add to what I have said. I hope if we get the Constitution back to Canada that the people in the rest of Canada and the Government of Canada will listen to what the people of the north have to say

with respect to the settlement of land claims. I know that there are organizations that have been fighting with the government for the last 15 or 20 years on this question and they haven't gotten anywhere. So, if the Constitution comes back to Canada with section 35 in it, the people of the north will have more of a chance in determining their own future, just as the rest of the country has now.

One other concern I have is for the people of the north living in Quebec and in Labrador. How much of a say will they have in the future with regard to land claim settlements? What power will the Inuit have when it comes time to speak to the people in the rest of the country through the premiers of the provinces? I hope they have more of a chance in the future than they have now.

Well, honourable senators, I think that is pretty well all I wanted to say. Thank you very much for listening to me.

Hon. Sidney L. Buckwold: Honourable senators, about a year ago, when this resolution was first put to us, you may recall that I became the "darling" of the Opposition.

Senator Roblin: You always are.

Senator Buckwold: Am I?

Senator Roblin: Yes.

Senator Buckwold: Thank you.

Senator Roblin: Any time.

Senator Buckwold: For a change I even had complimentary remarks from the Leader of the Opposition, the Honourable Jacques Flynn, because I raised many issues on the resolution, not so much concerning its contents as the method of implementing it. You may recall that some of us felt that it was being imposed with a very short time limit. We were anxious to know about amendments. We were questioning how the public would be able to have an input. Again you will recall that the time limit was a bare few weeks. In my opinion, and in the opinion of many other members of this chamber, it was an outrage that the process should be so curtailed.

However, having looked at this matter over the last year I have seen many of those concerns taken care of by a parliamentary system of which I am proud. I can say it was a parliamentary system that was enhanced by a first-class opposition—and that shows the importance of a good opposition. The parliamentary process was strengthened by the pressure of public groups who wanted to have input, and improved by Parliament itself. For that I am truly grateful. I think it is a re-emphasis of the strength of our parliamentary system.

Having at that time, as I say, been the "darling" of the opposition, I can now tell you point blank that I will support this resolution with full heart, because I feel it has achieved at least some of the kinds of things I wanted to see in our Constitution.

A famous man was once asked the secret of his success. He replied to his questioner, "I cannot tell you the secret of success, but I can tell you the secret of failure—try to please everyone." I think there would have been a failure here if we had tried to have a Constitution that would meet with everyone's approval, because in the end we would have had an unworkable document and one which would really not meet the needs of the country. But as the result of the process I was referring to, honourable senators, it seems to me that we now have at least a workable document on which to build.

I am not happy with the "notwithstanding" clauses. My main support for the resolution does not lie in the fact that we are bringing our Constitution back to Canada. It lies in the fact that I am a firm believer in a Charter of Rights. I have spoken on several occasions on that subject. As one whose grandparents left a foreign country in order to escape persecution, I believe it is important to know that Canadians will have a Charter of Rights guaranteed by a Constitution. Those rights are watered down a little now, and for that reason I am not entirely happy with the Charter, but, again as I say, you cannot please everyone. It is a most difficult process we have been going through.

• (1420)

When I delivered my last utterances in this chamber about the importance of provincial rights, I emphasized the concerns of my province, Saskatchewan, over natural resources, native rights, interprovincial trade, multicultural protection, and these things, to a very great degree, have now been met in the resolution we have before us. If I may add a little levity, without in any way being irreverent, I am reminded by this constitutional process of the story of Moses coming down the mountain with the Ten Commandments. One of his lieutenants came upon a group of Israelites who were awaiting Moses and said, "I have had a look at the tablets, and there is some good news and some bad news. The good news is that we have reduced them to ten. The bad news is that adultery is still in." I am not in any way indicating my support for either aspect; I am merely saying that it is impossible to please everyone, and I felt that this might be an appropriate analogy.

In addition, I must pay tribute to the opposition, to the Canadian people who have led the fight, and to those in my province. I believe that Premier Blakeney and the deputy premier, Roy Romanow, have been very persuasive and influential in bringing about a meeting of the minds of at least nine of the premiers. I compliment Senator Asselin on the speech he made yesterday. I, too, am concerned about Quebec.

However, I am confident that the wisdom of the good people of Quebec will once again prevail. Quebecers will realize that what is happening here is not something that is being imposed by nine English-speaking premiers but, in fact, something that they would want Quebec to embrace. Eventually—and I will predict this for my friends who are giving us very dire warnings—their wisdom and genuine intelligence will bring Quebecers to an appreciation of the fact that it is in their interests, as well as the interests of Canada, to live together with their fellow citizens under this Constitution. Having said that, I want to indicate once again that I will support this resolution.

I thank all of you who have participated in the debate, and I reiterate my great confidence in this whole process of Parliament as we have seen it. However, I have one last thought. It seems to me now that we should begin thinking of the amend-

ments that are necessary to make this country work even better. For example, with regard to elected representation in the national Parliament, we find ourselves in a country in which we do not seem to have national parties. This is a topic with which, I feel, both houses must deal. It may end up, for example, in a proportionately elected Senate. At the moment, however, it seems that our system precludes this situation. There is a wide variety of necessary changes.

I shall conclude by saying to my friend, Senator Grosart, who closed his remarks by saying that we should not vote today for the breakup of Confederation, that I believe that in voting for the resolution today we are voting for a stronger Canada and one which in the long run will make us more united than we have ever been before.

Senator Lang: May I ask a question of Senator Buckwold?

Senator Buckwold: Yes.

Senator Lang: This is probably the only opportunity I will ever have to ask a senator from Saskatchewan a question on the floor of this chamber. Is the conventional wisdom that the premier of your province was the instigator of the re-introduction of the suspensive veto in the Senate a correct assumption or not?

Senator Buckwold: My reply must be, I honestly do not know. If what you suggest is true, I am not that concerned. I happen to be one of those who was not upset with the provisions of the original resolution which now constitutes section 47 of this resolution. I felt that if it ever came to the point where the elected Parliament of Canada and the provincial legislature of Canada had in mind a certain concept, then certainly it would be proper and in the interests of this country to have it implemented without a Senate veto.

Hon. G. I. Smith: Honourable senators, I wish to begin with just a word or two of congratulation to all of those who have preceded me in this debate. I know it is a subject on which feelings run very deep and very strong, and it would not have been surprising had there been a great deal of evidence that perhaps that feeling took control of the debate and of the words of the people who are involved in it. It seems to me, however, that that is not the case. The standard has been very high and, although I disagree with much of what has been said, I recognize the sincerity, honesty and dignity with which it has been said. I hope I can do as well.

I am an anglophone from Nova Scotia, as everybody who knows me knows. Some may ask—indeed, I have been asked—why I should be concerned about Quebec. My answer to that has been the same for all these many years, simply that I am a Canadian, proud of my country and I want to see Canada survive and grow; I want to see Quebec a continuing and important part of Canada, and I want other Canadians to refrain from action which may tend to put a weapon in the hands of those in that great province who would wish to convince their fellow citizens that their destiny is more fortunate outside the bounds of Canada.

I would like to say a few words in reference to Senator Buckwold's comment, that you cannot please everybody. I do not wish to please everybody, but I do want to avoid giving aid and comfort to a group who want to destroy our country. I want to do that as fervently as I can want to do anything. I think that anyone who suggests that that is trying to please everybody, sincere and honourable though he may be, misses the whole point of what moves me, and that is the preservation of our country as it is and the avoidance of anything which, to my mind at least, may tend to encourage its enemies.

I realize the constraints of time on this debate, and I do not complain about them. I realize we all agreed to the limits which we are trying to follow. In order to avoid using up too much of that time, you will be glad to know that you will not be subjected to all that I intended to say. There are, however, a few things—and nothing very new, I suppose—which I do want to put on the record as my beliefs.

● (1430)

I am glad that at last the British North America Act or, if you prefer, our Constitution, will be patriated. Of course, I support that as I have supported the idea for as long as I can remember in my activities in constitutional law and political life. Being fully aware, however, that we have been completely our own masters since the Statute of Westminster was passed 50 years ago, I think it most unlikely that we shall notice anything very different about that aspect of our national life.

As for the amendment of our Constitution, I am glad a formula has been reached which is acceptable to the federal government and to nine of the provinces. However, how I wish, honourable senators, that one of those nine provinces could have been one of the four provinces which joined together in 1867 to create this great country—the province of Quebec. Alas, that, for the time being at least, is not to be. In my mind, that leaves the present document with a fatal gap.

One of the unfortunate results of the long struggle over this document was—and I note in some places continues to be—an uninformed name-calling attack on the premiers of the provinces of Canada because they did what they were elected to do and what their people wanted them to do. I suppose that for some people name-calling is easier than having to produce reasons. It does seem to me that these very able and devoted gentlemen, carrying out their duties as they believed them to be, and as I believe them to be as well, have been subjected to the most unfair attack that you can imagine in public life. They have not deserved that; indeed, they deserve the thanks and gratitude of the people of their provinces and the people of this country. Had it not been for them, the activities of the opposition to which Senator Buckwold referred, and the activities of the Special Joint Committee on the Constitution, we certainly would not have this document in the form in which we have it before us today.

Let me turn for a moment to the Charter or Rights. I am not against the Charter of Rights if that is what people want, and I will not vote against this resolution because it contains a Charter of Rights. My reasons for doing so are different. However, I do not regard the Charter of Rights, or any Charter of Rights, with the great enthusiasm that some people do. I believe that, for the most part, having a Charter of

Rights will not lead us into a promised land where there is no injustice and where everyone gets what he or she thinks to be his or her rights. Indeed, I do not believe that it will do away with all injustice, real or fancied. It is only the attitudes of people that, in the final analysis, lead to the true preservation of human rights for the people of a country. All the legislation that has been conceived so far in the world has not managed to produce a country in which there is no failure to recognize proper, everyday human rights—or legal rights for that matter.

For instance, we have often heard mention, in this house and elsewhere, of how we Canadians of descent other than Oriental, treated our Japanese Canadians during the Second World War, especially on the west coast. People are prone to point to our draft Charter and claim that no such thing could ever happen if the rights contained therein were only enforced. To them I say three things: First, I say, as I am sure they will recall if they stop to think about it, that the existence of the United States Constitution, to which our attention is so often directed, did not prevent the same thing happening there at the same time; indeed, it may very well be, as I have heard it said, that it was the United States attitude in this matter that led Canada to take the action it then took.

Second, I say to such people that in times of great danger, real or apprehended, nothing but superior force is likely to prevent a nation from doing whatever it considers necessary to meet that danger, and the repetition of similar circumstances, under a similar feeling of great imminent danger, would result in similar action by the state, whether it is this one or some other, no matter what the Constitution of that state may say.

Third, I say to them: Consider the words of section 1 of the proposed Constitution Act, 1981 which states:

> The *Canadian Charter of Rights and Freedoms* guarantees the rights and freedoms set out in it subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society.

I draw attention again to the words:

> —subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society.

Prescribed by what law, honourable senators? The law of Canada? The law of a province? The law of a municipality? The common law?

What, honourable senators, are "reasonable" limits? Are limits which were reasonable in the circumstances of yesterday reasonable in the circumstances of today, or will they be reasonable in the circumstances of tomorrow?

● (1440)

What is meant by "demonstrably justified?" What is required for justification? What is required to be demonstrated?

What is a free and democratic society? Is Canada? Is the United States? Is the United Kingdom? Is France, or is West Germany? If the answer to the question about these and similar countries is yes, then, under this section, is it sufficient to show that a particular action would be justified in any one of them or in some other country or society, or must it be a hypothetical society?

Honourable senators, who can answer these questions? Well, the courts can, of course, but it is going to take many a costly lawsuit to find the answers, and probably those lawsuits will not settle these questions for all time because circumstances are constantly changing. What might be more to the point is: Who is going to pay the cost of such lawsuits?

I do not raise these questions to criticize this particular section; I raise them to illustrate the type of section that this is. I raise them to show that this Charter of Rights is not a source of immediate and unlimited joy for all, and that its existence will not allow us to escape the harsh facts of life.

I suppose that coming from a province which has argued for and received equalization payments for as long as any province in Canada has, I would be expected to make a reference to the paragraph concerning equalization payments in this resolution, and I will do so. I am glad to see it there. I am also glad to see the reference to regional disparities. However, I do point out, honourable senators, that that reference has absolutely no legal significance whatsoever. It is merely a pious statement that the government believes in the principle of equalization. There is not a jot or a title or a sign anywhere in this document or anywhere else, except in the sovereign power of the people at the ballot box, which can force any Government of Canada, of whatever political stripe, to pay any equalization to any province or to make them pay it at a particular level.

It would not necessarily be so; it does not have to be that way. You only have to glance for a moment at our fellow Commonwealth countries, India and Australia, or a European country, West Germany, to see how this is handled in other places that are not afraid to make the obligation to pay equalization a legal one, one which can be compelled by reference to the courts. I see no reason why that should not be the case here.

It does strike me as being a little peculiar that the Government of Canada, which now wants to subject so many things as set out in this resolution to the determination of the courts rather than to decisions of government, stops short at making this fundamental obligation a legally enforceable one binding on the federal government of whatever stripe it may eventually be.

I now come to what to me is the decisive reason I cannot support this resolution, even though I am in favour of patriation, in favour of an amending formula and in favour of equalization.

Whatever we may say about this document, and however enthusiastic some may be about it, we cannot help noting that there is one large and unhappy gap not yet filled; that is the absence of the concurrence of Quebec.

As I have said a number of times in recent days, I cannot suggest that we should be concerned about trying to please Mr. Lévesque and his government. They are obviously determined to bring about the separation of Quebec from Canada,

and nothing we can say or do is likely to turn them from their purpose. However, eighteen months ago about sixty per cent of the voters of Quebec voted to remain Canadians; they chose to continue as part of Canada. I am concerned about those people, and I would not want them to feel that they have been deserted in their time of need.

It seems to me most unfortunate, indeed, that the Parliament of Canada should now be engaged in doing something which obviously does not show sufficient regard for their hopes and aspirations, and which also places in the hands of their separatist opponents in Quebec a dangerous weapon indeed—dangerous to them, dangerous to us. That is the fundamental reason why I shall vote against this resolution.

Honourable senators, as I rise to speak on this resolution as a whole, I fervently wish I could do so with joy and pride in my heart and peace and comfort in my mind. That is how I feel it should be, as a good Canadian, proud of my country, believing it to be the best in the world; proud of the achievements of my fellow Canadians of today and my fellow Canadians of the past; confident of our future, if we can stay together. That is how any person should feel about the document which may soon be the basic law which governs our lives.

My blood should be singing its way through my veins and my voice should be vibrant and vigorous with happiness.

And so it might have been; but so it is not. The document before us fails to arouse any such greatly to be desired feelings. Instead, we have a document conceived in the the form of a battle plan, designed to avoid the collective wisdom and consent of Canadians, and to evade the Supreme Court of Canada; its preamble written by draftsmen with all the eloquence and inspiration of a corporation lawyer writing to a funeral director, and its final effect seeming much more likely to divide than to unite.

It is not as bad as it would have been had that original battle plan worked. As has so often been said, the dedicated work of the Special Joint Committee on the Constitution allowed the voices of a great many Canadians to be heard, and allowed their views to help shape the document. The ingenious, the hard, and the persevering work of the Leader of the Opposition in the other place, and his caucus, finally forced the government to take its draft document to the Supreme Court of Canada. The decision of that court forced the government to enter into serious consultation with the provinces. Out of that consultation came an Accord accepted by nine provinces and the federal government but, as I have pointed out, and it is, indeed, sad to say, not by the tenth province, one of the founding provinces which created our wonderful country.

● (1450)

I emphasize once more that I speak not of its lack of acceptance by the present government of that province. That is a government dedicated to the destruction of Canada. It would be foolish, indeed, to hope that it would accept anything which is intended to strengthen Canada. I speak, as I have already said, of those good Canadians in Quebec who want to continue to be good Canadians, and want to live in a country called Canada in which, so far, they have spent their lives.

Honourable senators, I believe that any arrangement for living together with them in the great country which we have—a country which can continue to be great—any such arrangement cannot long survive unless it is acceptable to the great majority of the people of Quebec.

From all the information I have gathered, it seems to me that the words of Claude Ryan, spoken a few days ago, are correct, that this document represents an important decision taken in Ottawa that has not the support of the people of the province of Quebec. Therefore, with great reluctance, I have to say that I cannot support it.

Hon. M. Lorne Bonnell: Honourable senators, I rise to take part in this historic debate on a document which will, if accepted in its present form, mean that Canada will no longer be a colony of Great Britain but an independent state, and Canadians will be able to amend their Constitution in Canada in all respects. No longer will we have to request the Parliament of the United Kingdom to make amendments to our Constitution. It will mean that Canada will have finally grown up and become a free nation, an independent state.

In order to reach this stage of agreement among the several political parties in the other place, along with nine of the provincial premiers and the Right Honourable the Prime Minister, it has taken well over a year. Although we do not have the support of the Government of Quebec, I believe that we do have the support of most of the people of Quebec. This was shown to us by the large, strong and united support given by the members of the House of Commons from the province of Quebec to the motion now before us. Even though this document may not be perfect, it behooves me to support the package when it has so much appeal to the Canadian people, the support of the premiers of nine provinces, the support of the Prime Minister of Canada, the support of the Leader of Her Majesty's Loyal Opposition, the support of the Leader of the New Democratic Party, and the support of the House of Commons. I believe there are things that can be done to strengthen the Constitution Act. I believe I can best serve my region, my province and my people by supporting this motion so that the Constitution of Canada can be brought home and amended further here in this country as the premiers and the Government of Canada see fit, from time to time, so that it can better serve the needs and wishes of most of the people, for the most good, most of the time.

Before I go any further, I should like to take this opportunity to congratulate the Prime Minister and the Honourable Jean Chrétien, Minister of Justice, for the hard work and devotion in following this constitutional change to the point where we have an Accord, where we have a legal right and a motion before us today with such strong support among Canadians.

I should also like to congratulate Senator Harry Hays and the Honourable Serge Joyal, who, as joint chairmen of the joint committee, listened to so many briefs, petitions and

individuals, and heard their views and concerns for a better Constitution for Canada.

It was interesting to note that most Canadians, most groups and most provinces supported patriation from the very beginning. The different viewpoints that were expressed were mostly on the Canadian Charter of Rights and Freedoms.

I noticed, as I travelled in different countries in different continents of the world, that most countries were founded as a result of wars, battles, insurrections and revolutions, and the historical landmarks of their countries are based on monuments to generals, to brigadiers, to colonels and to others who laid down their lives for the formation of a new land and a new Constitution.

We, in Canada, are an exception to the rule. We were able to sit down at a table in Charlottetown, Prince Edward Island, in September 1864, and negotiate, compromise and come up with recommendations for a British North America Act which laid the foundation for the birth of this country. The only monument we have of that great day is a table still sitting in the Parliament Buildings in Charlottetown, Prince Edward Island, commemorating the foundation and the formation of a country—the birth of a nation. Men like Sir John A. Macdonald, Sir Charles Tupper and others just sat down in Charlottetown and built themselves a land. They built better than they knew.

That British North America Act, which was further debated at the Quebec Conference, later became our Constitution. It has carried us through to 1981 with a few minor amendments.

I am now pleased to be part of the Parliament of Canada when this motion, having been adopted with such strong support in the other place, now comes before us in this chamber for our sober second thought. I hope that if this motion receives the support of the Senate, we will respond as joyful and united Canadians and stand in our places and sing "O Canada, our Home and Native Land" and become united as one—Canadians all.

I should like to say a few words concerning Part I which is the Canadian Charter of Rights and Freedoms. I am pleased to note that this part starts with the premise that Canada is founded upon principles which recognize the supremacy of God and the rule of law. I know that the original proposal of the Prime Minister recognized the supremacy of God, and this was later changed by the committee of both houses. I am pleased that all parties now support this premise, and all parties recognize that Canada is founded upon principles that recognize the supremacy of God. I support Part I which guarantees fundamental freedoms and democratic rights to all, as well as mobility rights, legal rights, equality rights and language rights. I also support the rights of aboriginal peoples of Canada which are found in Part II of the proposed Constitution Act, 1981.

In Part III it guarantees equalization and the reduction of regional disparities. This part of the proposed Constitution Act is very important for the province of Prince Edward Island. As you know, Prince Edward Island, although it was the birthplace of the nation, is one of the have-not provinces, and receives equalization payments from the federal government. Up until now this equalization has been based upon the goodwill of other provinces and the goodwill of the federal government, so that we, as islanders, were able to receive some essential public services and some opportunities for economic development. But this has always been because of the goodwill and support of the other provinces and the federal government, never by right.

Under the proposed Constitution Act when it becomes law, it is stated in Part III that:

> (1) Without altering the legislative authority of Parliament or of the provincial legislatures, or the rights of any of them with respect to the exercise of their legislative authority, Parliament and the legislatures, together with the government of Canada and the provincial governments, are committed to
>
> (a) promoting equal opportunities for the well-being of Canadians;
>
> (b) furthering economic development to reduce disparity in opportunities; and
>
> (c) providing essential public services of reasonable quality to all Canadians.
>
> (2) Parliament and the government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation.

● (1500)

Honourable senators, this section, which is part of Canada's new Constitution, will confirm that the have-not provinces will receive equalized payments by right and not by consensus or agreement. For that reason, I believe that all have-not provinces will be pleased to note Part III of the Constitution.

Part IV also has my support, in that a constitutional conference shall be convened by the Prime Minister within one year after the act comes into effect. I am pleased to note that the Yukon Territory and the Northwest Territories will be able to participate in those discussions.

Part V sets out the procedure for amending the Constitution of Canada. I agree with that, with the exception of section 47, which states:

> An amendment to the Constitution of Canada made by proclamation under section 38, 41, 42 or 43 may be made without a resolution of the Senate authorizing the issue of the proclamation if, within one hundred and eighty days after the adoption by the House of Commons of a resolution authorizing its issue, the Senate has not adopted such a resolution and if, at any time after the expiration of that period, the House of Commons again adopts the resolution.

It is my view that the Senate should have full powers in changing the Constitution and should have a full veto over any amendments to the Constitution so that we can protect the

rights of Canadians and the regions of Canada as we were meant to do in the original British North America Act and as recommended by the Fathers of Confederation.

I have no objection to a suspensive veto for 180 days for ordinary legislation, if the elected representatives of the people wish to pass a second time legislation which has been vetoed by the Senate; but it is my fear that if the Constitution can be amended subject only to a suspensive veto of 180 days on the part of the Senate, at some time in the future we might well find that we will lose our Queen and our Governor General, and become a republic.

Some Hon. Senators: Hear, hear.

Senator Bonnell: We could also lose our bicameral parliamentary system. But despite my objection to this section, I intend to support it, because I feel that if it represents the wishes of the members of the House of Commons, and of seven of the Canadian premiers, that the Constitution should be changed, then those seven premiers could well represent the respective regions. It would not behoove me to think that I know more than they, and therefore I intend to support this part of the Constitution.

As a result, honourable senators, I intend to support the whole resolution, without the amendments, as it was sent to us from the other place, with the Accord signed by the nine premiers. The minor changes that I and others believe are needed can well be made within Canada, since we will have an amending formula and we will have our Constitution home in Canada.

Honourable senators, I am pleased to have participated in the debate. I am pleased to support the motion, and I will be pleased when Canada is a free and independent state, with its own Constitution home in our own country.

Hon. Arthur Tremblay: Honourable senators, if I am informed correctly, there was an agreement between the two leaders that Senator Flynn should commence his speech at 3.15 p.m. Senator Frith then requested ten minutes, to which I agreed. I thought that I could deliver my speech in 10 or 15 minutes, and that therefore I would conclude at 3.05 p.m. It now appears that I have to complete my speech in less than a minute, and I must confess that I cannot manage that. Therefore I will yield to Senator Frith and let him have the 10 minutes we agreed on. Perhaps, because of my decision, I will receive more applause from the other side than I might have received for my speech.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, it is indeed generous of Senator Tremblay to accommodate us, although I am sorry that we will not have the benefit of his intervention. We know his views on some matters, but not on all aspects of the constitutional resolution. I should explain that I do not wish to take 10 minutes. I understand that Senator Riel, who is on the list, wishes to speak. I am not sure that Senator Tremblay should have to cede his allotted time to me. I propose to speak for no more than three minutes, and perhaps Senator Riel and I, between us, can try to conclude by 3.15 or shortly thereafter.

[*Translation*]

Hon. Maurice Riel: I shall try to be as brief as possible, honourable senators. Those unfamiliar with the Senate, had they been in the chamber over the last few days, would have been struck by the high quality and serious tone of the debates taking place therein. They would have realized the care and conscientiousness with which senators of different parties and different regions approached their consideration of the resolution now before us. I shall try to be brief.

One can never completely detach oneself from one's past, and the marks on each of us left by our education are difficult to efface. Each one of us has an ideal for our country and our countrymen, but each of us sees this ideal in the light of our past history, and our personal conditioning and upbringing lead us to take different views of a particular situation.

But despite all that, each individual aspires to happiness, to what, in a historic document, Jefferson called "The pursuit of happiness", and what the authors of our resolution call, more prosaically, "the right to well-being". As an expression this is less elevating, but no doubt they were striving to be more realistic! We are then, honourable senators, in the middle of a difficult struggle to arrive at a decision. For us, this is a historic day. Tomorrow, things will not be looked at in quite the same way as they were. But, again, since each individual sees the truth from his own point of view, it will be quite natural that for certain people the future will look very grim, while for others everything will look very rosy. In fact, things will probably be neither grim nor rosy. They will be what they have always been—our future will unfold with the same joys and sorrows, quarrels and reconciliations, nothing being perfect in this world. But I believe that the reform contained in the resolution will succeed in improving the situation. In my opinion, the resolution will make it possible to eliminate frictions in many cases, and I have developed in this regard the very accurate picture given by Senator Tremblay of the way French-speaking Protestants were treated in Montreal under the old school legislation. May I remark that all these things are relative? Those poor people were losers every time since, as Protestants, they were not represented on the school board of the majority, which was Catholic, and being francophones, they were not in good position within the Protestant board, which was by definition anglophone. This was a rather anomalous situation which dated back to the French regime, when Protestants did not have the right to immigrate into *Nouvelle-France*. As everyone knows, they had absolutely no civic rights in France. Because of this, there was immigration by the Huguenots into Holland, England and Germany, but not to the French colonies.

In the same vein, straying slightly from what Senator Tremblay has said, I would go on to speak of the case of those Jews who started to arrive in Montreal at the turn of the century and who found themselves in a situation rather similar to that of the French-speaking Protestants: refused by the Catholic school commissions, but accepted, after some legal hesitations on both their parts, by the Protestants, who collected their school taxes, the Jews having, over the years become important

real-estate owners in Montreal. Accepted and taxed by the English-speaking Protestants, but for long not represented on the school commissions, one sometimes saw a Jewish-owned building pass into the name of a Catholic secretary acting as prête-nom, when the Catholic tax rate was more favourable. But, anyway, French-language schools were not attended by the Jews.

This situation was repeated at the beginning of the seventies, according to the testimony of Saul Hayes of the Canadian Jewish Congress before the Joint Parliamentary Commission on Immigration in 1974. At that period, 10,000 Sephardic Jews, who were French-speaking, immigrated from Morocco to Montreal, and for the same reasons, they were unable to attend French-language schools, the schools being confessionally based for Catholics.

Anomalies were seen here and there across the country, and apart from missed opportunities, there were also flagrant injustices. Senators Roblin and Molgat have both spoken of things which took place in Manitoba, and which, because of my family's distant relationship to Louis Riel, have always been of particular interest to me. My colleagues were not completely in accord with each other on facts in which they, personally, may well have played a part. I believe in their good faith; it is the deforming mirror principle which causes one to see a particular situation according to the angle from which one views it. It is certain, however, that during the ministry of Mr. Roblin, one could discern some progress in the Manitoba situation, and we must say that we appreciate his efforts.

But I believe that the resolution we have before us will render possible the elimination of such anomalous situations.

I believe that the interpretation and the implementation of the Constitution outside of any political influence will help to protect the rights of groups and minorities.

In any case, good faith is the basis of everything and this is still provided in the old civil code of Quebec, but there sometimes seem to be very sensible provisions which become outdated.

• (1510)

Unlike certain senators, I believe that to give our courts the right to interpret and to apply the Constitution is something progressive. Such a system works for our neighbours to the south, we are ourselves North Americans, our way of doing business, of behaviour and of living are North American. Even for those of us of the French language, the American system by which the courts interpret and apply the Constitution represents no shock. Besides, would you not agree with me that it will be better for the peace and unity of the country that constitutional questions be settled by our tribunals, far from the noisiness of political and electoral passions? It is a considerable change, but this system has been proved successful for over 200 years amongst our neighbours to the south, who, it may be said in passing, have had problems to contend with as divisive as our own. I do not see why it should not succeed with us.

In the past, and for the English, their system—of which I am an admirer—has been successful, but I believe that the American system is more adapted to our era and to the ways of thinking, and being, of the majority of Canadians.

Much has been said about the adherence, or lack of it, of the Government of Quebec to the current reform. Obviously I would have liked that the government of my own province give its support to the project and that the affair conclude on a note of complete harmony. I would not presume to express a judgment upon actions which only the passage of years will show whether they are just or not. Besides, I do not despair of a negotiated adherence by Quebec being arrived at at a later date, either by the present government or by its successor, but I am certain that a *modus vivendi* will be found. Nations, like people, are able to adapt and Quebecers have proven in the past their capacity and talent for survival. But when I look to the past, I find the same model. We have had Sir Wilfrid Laurier, on one side, and Bourassa, on the other. We have had St-Laurent and Duplessis; we have Trudeau and Lévesque. Our people have always attached themselves to one or another leader of superior calibre—before that it was Papineau and Lafontaine—and in so doing they have divided themselves into two passionately engaged groups. This continues. For many generations, Quebec has been seeking its roots, its place, the control of its destiny. Never believe that it is easy to be French-speaking in North America. Our life is North American in style, our businesses, everything which surrounds us, even the air we breathe. By its nature, life in North America is based upon the English language and way of thinking—at least, it is certainly not French. It is nobody's "fault" that we are here, happy and cheerful as we frequently are and yet also unhappy and complaining. It is not easy in these circumstances to find our right place in the North American context; we find ourselves buffeted and frustrated, but, together or apart, we must live and adjust ourselves, nevertheless. And it is essential for any people to have a material base-structure, an economic life to support and ensure its progress. This is simple rule of history. Together or apart, I said. Mr. Lévesque's present situation indicates that it is not a dilemma easy to resolve. His policy of sovereignty-association is placed in doubt by his own party. His decision is to stake his career upon this prospect of an economic association with the rest of Canada. I think one must do honour to this attitude of Mr. Lévesque and respect his sincerity and essential greatness of spirit.

His policy, to my mind, consists of the creation of a culturally inviolable entity, linked to an economic union with the rest of Canada. To balance these things and to put them into practice is not easy given the economic, social, political and other pressures, and those applied by groups, individuals, prejudices, the influence of the media, and so forth.

Pierre Trudeau, for his part, has another conception of the development and progress of Quebec; he has a global vision of Canada in which Quebec has her place, a place equal to those of the other provinces, while Lévesque sees the rest of Canada as an adjunct of Quebec, and Canada as a duality consisting of two personalities whose lives are separate except for an economic association which is still ill-defined and, in any case, hardly known.

For more than twenty years, Trudeau and Lévesque have each lived his vision and attempted to realize it. This has required, first, the putting together of the concept; the putting in place of the necessary elements, and back-breaking work, with friends and enemies, in favourable and unfavourable circumstances, to have accepted their concept of the future of our country.

I heard them discuss these problems for an entire evening at my home twenty years ago. That was still the time when each of them was looking for his own truth.

We are today, honourable senators, at a turning point, which will not, perhaps, be the final point of our constitutional history; the life of a country is one of constant evolution. Today, Mr. Lévesque is facing a revolt within his party, and I have every confidence that he will master it—in any case, I hope so. Mr. Trudeau submits to us a resolution of which the contents and the effects project a Canada where there will be a place for everyone, including the Québécois with their particularism, with equal opportunity for all and equal respect for the rights of each individual. That, in fact, is "the pursuit of happiness".

The action taken by Pierre Trudeau is constructive and this is a positive resolution. I am optimistic as to its future results; I believe that this reform will contribute to the advancement of our country on the long and arduous road in the pursuit of happiness, at the same time as permitting Quebec to realize her destiny and her aspirations.

And I add this: In our national life, there should not be "winners" or "losers", "victories" or "defeats". Justice and equity alone should govern; equal justice for all, equity for all.

That, I believe, is the fundamental requirement for the success of this reform, which must be the foundation and the support of a common Canadian ideal for which all of us here are responsible. We are all dependent upon each other in the great adventure of nationhood.

> "No man is an island entire of itself; every man is a piece of the continent, a part of the main; . . .".

Or so stated the great English poet John Donne, and to balance things up, I shall close with these words of a great French poet:

> God said: The Faith I like best, is Hope.

I have faith in the future of Canada and I have faith in the future of Quebec, and in my mind, they are united. This is why I shall support this resolution.

[*English*]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I propose to take my own advice, the advice I gave to others last night, namely, to keep in mind the thoroughness and eloquence of the speeches of those of our colleagues who have spoken ahead of us. Though I believe that everything that can be said, at this stage of the process, has been said, my ego would tell me that in some cases I could have said it better. But I have learned, through experience, to distrust my ego in such circumstances.

[Senator Riel.]

• (1520)

Senator Sullivan: And your conscience.

Senator Frith: Yes, I have the same experience with my conscience as that described by Senator Sullivan.

Honourable senators, as has been said, this is an historic occasion. I want to make it clear that I do not intervene at length in this debate because I believe that, even though the occasion is historic, eventually we will be judged more by what we do than by what we say. I therefore close by saying that I join with those who feel that we must go forward with what we have, that it is totally impractical to make amendments at this point, and that amendments ought to be taken into account when the process of amendment can proceed after patriation, in accordance with the present resolution.

I shall refer to and adopt another definition, particularly one of Ambrose Bierce in *The Devil's Dictionary*. Incidentally—though I do not adopt this definition—Bierce defines history as

> An account mostly false, of events mostly unimportant, which are brought about by rulers mostly knaves, and soldiers mostly fools.

I do adopt the definition of "talk", which is:

> To commit an indiscretion without temptation, from an impulse without purpose.

POINT OF ORDER—SPEAKER'S RULING

The Hon. the Speaker: Honourable senators, if I may be permitted, I will take just two minutes to dispose of the point of order that was raised by Senator Lang and Senator Deschatelets.

A few hours ago, Senator Lang raised a point of order dealing with the permissibility of putting the question that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada. Senator Lang feels that because section 4 of the Senate and House of Commons Act limits the exercise of the powers of the Senate insofar as the same are inconsistent with or are repugnant to the British North America Act, 1867, the resolution before us now should not be put since it is, to quote Senator Lang:

> inconsistent with and is repugnant to the British North America Act, 1867, and is acknowledged to be so by the present government and has been found to be so by the Supreme Court of Canada.

Senator Deschatelets supports the point of order of Senator Lang. He submits that the proposed resolution is unconstitutional and is inconsistent with the conventions concerning the Province of Quebec, which did not accept the accord. He said:

> If our rules, in accordance with our customs and tradition, do not allow the Senate to proceed here with a measure which would be unconstitutional, I request, Mr. Speaker, that you rule out of order the proposed resolution because it will permanently curtail the powers of Quebec, without Quebec's consent.

If asked by the Senate, the Speaker may rule certain motions out of order. *Erskine May*, on pages 230 and 231, lists some examples of motions which for some irregularity the Speaker has not allowed to proceed.

> A motion which would create a charge upon the people and is not recommended by the Crown; a motion touching the rights of the Crown, which has not received the royal consent; a motion which anticipates a matter which stands for the future consideraton of the House, or which raises afresh a matter already decided during the current session—these are examples of motions upon which the Speaker refuses to propose a question.

While the Speaker can, therefore, rule that such questions are irreceivable and refuse to put them to the Senate, he cannot rule on questions of law or constitutional issues. Both *Beauchesne* and *Bourinot* clearly state that the Speaker "will not give a decision upon a constitutional question nor decide a question of law, though the same may be raised on a point of order or privilege."

It appears to me that Senator Lang and Senator Deschatelets want the Chair to become involved in an interpretation of both the Senate and House of Commons Act and the resolution standing in the name of the Honourable Senator Perrault. I can only quote Speaker Lamoureux, who was asked to make a similar ruling on January 10, 1974. At that time, he said:

> It is a long-established practice that the Chair rules on questions of procedure, not on questions of law, and I do not think the Chair should be placed in the position of making the kind of ruling suggested . . .

I do not feel that it is the role of the Chair to rule whether Senator Perrault's resolution is illegal or unconstitutional. For these reasons, I cannot accept the point of order raised by Senator Lang.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, before I address the main motion I want to give an explanation about the vote that I, and perhaps some others on this side, will cast on the amendment moved by Senator Walker to delete the section which provides only a suspensive veto for the Senate in constitutional matters. I believe that, on all of the other amendments, the reasons for the votes on this side will be quite apparent. On this amendment, however, I want to say that, if I support it, it is mainly for the reasons given by Senator Bonnell just a few moments ago.

I have always advocated that the Senate should have a suspensive veto on all matters to do with legislation coming in the normal way before it. With regard to amendments to the Constitution, I think the absolute veto is an important tool, one which should be used occasionally to protect the rights of dissenting provinces in cases where seven out of ten can impose a change in the Constitution. I would certainly be prepared to accept suspensive vetos, however, in matters of amendments to the Constitution dealing with the Senate. I have no problem with that, because I do not think that the Senate should have an absolute veto to maintain itself in existence. We could be accused of having a special interest in questions of this type.

Another reason for my support of the amendment of Senator Walker is that it is quite clear to me that this section was inserted at the last moment, apparently to please Premier Blakeney of Saskatchewan, without considering its relation to other questions.

An Hon. Senator: Shame!

Senator Flynn: Senator McIlraith, for one, has mentioned some of the defects of this section, as has Senator Walker. I think that this is really a matter which can eventually be amended, though, if the provinces do want such a provision, I do not think we would be able to resist it if it applied in matters relating to the abolition of the Senate, the changing of its powers, or anything else in this respect.

I come now to the main motion.

• (1530)

[*Translation*]

Honourable senators, until this morning, I had hoped that the Prime Minister, and the government, would have realized that it was of the utmost importance to bring about immediately certain changes which would have met the main objections raised by Quebec. Here again, when I say Quebec, I do not refer necessarily to the Government of Quebec; I am referring to the province of Quebec in general.

I had hoped that those amendments, especially the one relating to the financial compensation as well as the other suggested by Senator Tremblay, by which clause 23 would have been made applicable subject to the approval of the Quebec National Assembly, would have been accepted. Then I would have been able to join with the majority in this house in welcoming the passage of this resolution. Unfortunately, such is not the case. Within a few hours, the Canadian parliamentary stage of the constitutional process will be an accomplished fact.

Once the results of the final vote have been announced by His Honour the Speaker, I know full well that honourable senators on the other side of this house and certainly some on this side as well, because I do not consider myself as the spokesman for the entire official opposition since various points of views are held within our party—a large number of honourable senators will want to rise and sing O Canada. As for me, I will abstain. I will not be in the mood to sing. I believe that it would be extremely difficult for me to act otherwise. I will rise with all of you. I will not leave this house because I believe in Canada and I intend to remain in Canada, but, above all, I do not want my refusal to join with you all to be misinterpreted.

On the other hand, I fear that sooner or later your decision might result in a situation where Quebecers would no longer be Canadians. Others might express similar apprehensions. At any rate, a good number of Quebecers will watch the vote on television tonight. It has already been announced a few minutes ago that Mr. Chrétien will leave Ottawa tonight for London with the resolution where he will deliver it to the secretary of Her Majesty. Many Quebecers will watch this vote and will see Mr. Chrétien leave for the United Kingdom. Many of them will share the same feeling they experienced last Wednesday, a feeling of isolation and alienation; they will

feel that this so-called new Constitution is intended mainly to thwart their aspirations and their rights.

All this is the result of a lack of understanding between the two levels of government because, according to the arguments put forward by honourable senators opposite, Mr. Lévesque is a separatist. Therefore, they did not want to give in on anything to the Quebec government, which means that no concessions were made to the people of Quebec. They did not want to give in to the federalists who believe in Canada but who follow the constitutional tradition adhered to by Gouin, Taschereau, Duplessis, Lesage, Johnson and Bourassa. To that list I would add the name of Claude Ryan who, in this regard, is their successor.

Over the weekend, I received many phone calls. People were telling me: Please, let us not fall into René Lévesque's trap and come up with this argument that the majority of the provinces will impose their will upon Quebec in the most vital areas of its jurisdiction.

I had to explain to them that unfortunately outside of Quebec things were seen differently. The majority in the Senate and in the House of Commons as well as most of the provinces, nine provincial premiers who signed the Accord feel as those people stated, that in view of the fact that the Prime Minister, Mr. Trudeau, is a Quebecer and that the majority in the cabinet is from Quebec, since 73 honourable members—or 72 because the Speaker does not count—voted for this resolution, it would appear that they speak on behalf of Quebec. We certainly have heard this argument more than once, namely that they speak on behalf of Quebec.

As for me, I deny that those people had any mandate to make the decision they took the other day. The last federal election was fought on a platform which had nothing to do with the Constitution or its renewal. Mr. Trudeau won the election under the fallacious pretext of cheaper prices for gas than those suggested by the Conservative government. Of course, at that time, people believed him. This was another occasion when he won under false pretences. He did it also in 1974 and in 1968. Perhaps I will have an opportunity to expound on that later.

Last week, I had a discussion with one of my colleagues. I was telling him how much I dreaded the situation that could result from the decision we are called upon to take today. He explained to me then that Mr. Lévesque was hostage to his caucus. Of course, the events of the last weekend show that he may be hostage to his own caucus but he is not quite a hostage to his party nor can be govern the radical wing of his party. I told him that as far as Mr. Trudeau is concerned, he is not hostage to his party, it is rather the opposite. His party is hostage to him. In fact, Mr. Trudeau's concept of Canada which he has expressed ever since he became Prime Minister, is quite a personal concept which, in my opinion, has never been shared by the Quebec people. He managed to command respect for it simply because the Canadian people, by sheer instinct of security, supported him against all comers because he was the only French-speaking leader whereas the other party leaders were English-speaking.

Looking at Mr. Lévesque and Mr. Trudeau, one does wonder how could the Quebec people elect two leaders who hold such different views about Canada, who are totally opposed to one another and who have been fighting for so many years?"

As I mentioned earlier, the real victims of that struggle between the two of them were Quebec and Quebecers. Mr. Trudeau wants to win over Mr. Lévesque who wants to win over Mr. Trudeau and never mind the people of Quebec. While Mr. Lévesque is playing "loser takes all", Mr. Trudeau is playing "taker loses all". And that is the situation we find ourselves locked in.

● (1540)

In September, as the Supreme Court gave its ruling, Mr. Trudeau and his government came to the conclusion that negotiations should resume because the Supreme Court had ruled that, constitutionally, a provincial consensus was necessary; that legally nothing could prevent Parliament from adopting the resolution and sending it to London; and that, perhaps there was no legal hindrance to Westminster adopting the resolution. However, the essential inference was that a consensus was required if not legally at least constitutionally. Several questions remained unanswered, following the court's ruling. One outstanding question was that the Supreme Court did not define the real jurisdiction of Westminster. Can Westminster adopt anything and make it applicable to Canada?

The question was not asked and we have no answer in that respect. In a few moments I will come back to a problem which relates to this statement.

The second question has to do with the consensus, at the constitutional level, which the Supreme Court ruled necessary. That was not defined either. It is misleading to say that having nine provinces out of ten necessarily creates a consensus. As far as the ruling of the Supreme Court is concerned—and I say this without any hesitation whatsoever—that was not the conclusion of the Supreme Court.

When all was said and done, the Supreme Court decided that it would not rule on that point. They said simply that it is not profitable or legal for the Parliament of Ottawa or Westminster, that is all.

Senator Frith: How about unanimity?

Senator Flynn: They did not say it was necessary. They said they would not rule on unanimity!

Senator Frith: On unanimity, they did not say it was necessary?

Senator Flynn: They did not say that unanimity was necessary. They did not say that nine provinces out of ten was enough in the case where the province which is against, for instance, is a province which represents 25 per cent of the population. I will come back to that point when examining the new resolution.

As a result of that ruling, the government of Mr. Trudeau convened the constitutional conference in early November. On November 5, nine out of the ten provinces signed an agreement, that is excepting Quebec.

When that agreement was signed, like others I thought that we would arrive at a solution. I thought that, maybe, the objections raised by Mr. Lévesque shortly after the agreement was signed could be the object of real negotiations or, if not negotiations, at least concessions on the part of the federal government. Unfortunately, there was nothing of the sort, despite the fact that the views of the National Assembly on the issue were quite clear, namely, that the Accord, as it was, did not meet the wishes of the vast majority of Quebecers and was always countered by the formal objections of the people of Quebec. The new resolution, which resulted from the November 5 agreement, changed substantially the amending formula, starting with the Victoria formula and changing to the Vancouver one, yet without financial compensation for a province that refused to transfer some powers to the federal government. The compensation formula, by the way, had been included in the agreement reached by the eight dissenting provinces in April 1981. Those eight dissenting provinces, the "gang of eight", said: Fine, you will not insist on the right to veto but in exchange for that right you will have the right to opt-out with financial compensation. We should also remember that that April agreement provided only for patriation with an amending formula, namely the one I just described. It is easy to say: We agree. Initially there was the federal government and two provinces on one side against eight dissenting provinces. Now you have nine provinces and the federal government against one province. I believe that unilateral action still exists since the dissenting province represents 25 per cent of the total population and is the home of one of the founding nations. One cannot talk about consensus without the agreement of that province. The Accord signed last November 5 by the nine premiers of the English-speaking provinces does contain quite a number of flaws which by themselves would not warrant opposition to the resolution being adopted at this time. These flaws probably could be remedied. The major one would be Quebec's opposition. I shall deal with this later on. Among other things, there was the failure to apply section 133 to Ontario. This has been discussed and I intend to leave it at that.

Let me refer to the War Measures Act, for instance, which concerns fundamental rights and, which is still in the books and could be applied again. With the experience we had in 1970, there is no significant guarantee in this respect. In any case I am referring to certain problems, to certain other flaws which have been mentioned by previous speakers. When it comes to basic issues, there are first of all Quebec's objections. The first one has to do with knowing whether the unilateral aspect which characterized the original resolution as submitted to the Supreme Court had been removed.

When I consider the government's attitude towards Quebec's opposition, I am inclined to say that nothing has been changed in the basic deficiency noted by the Supreme Court in the original resolution. With respect to the veto right, it may well be said that if the Supreme Court has ruled that there exists a convention which provides for the agreement of a given number of provinces, and if such a convention does exist then it would emerge mostly from the commitments entered into in years past and especially since 1931 concerning Quebec. Mention was made of the position taken by Mr. Bennett in 1931. In those days it was both Quebec and Ontario, but more precisely Quebec which opposed patriation lest there be guarantees. Because of Quebec's objections nothing further was done with the Constitution.

Again in 1964-65 during discussions which were held in connection with the Fulton-Favreau formula, it was acknowledged that Quebec's agreement was required and Quebec then was told that it would have a veto right. In Victoria, discussions were resumed along the same lines. If there is such a thing as a constitutional convention, it would certainly be the one expressed in relation with Quebec. I am sure that if the Supreme Court were again to hand down another constitutional ruling with reference to Quebec's objections it would again assert that the federal Parliament and the Trudeau government are proceeding contrary to the constitutional convention.

In my opinion the other decision stating that there was nothing illegal about a resolution such as this one, as passed by the federal government and assured of being confirmed by Westminster will come to the same result. Again I say that from a constitutional point of view, it seems to me that the Supreme Court ruling, if it is to be consistent and if it is to follow along the same lines as the one handed down in late September will come to the same conclusion that in this instance the process flies in the face of the constitutional convention.

• (1550)

Let us have a look at the specific objections of the National Assembly. I stress the words "National Assembly". In this respect, it can never be stated too often that we are not dealing with a separatist government. We are not dealing with Mr. Lévesque. We are dealing with the Government of Quebec, with the National Assembly, with the people of Quebec. Sure enough these objections as expressed by the National Assembly may not be clearly spelled out in the resolution which was passed by a vote of 111 to 9 but subsequently it was learned from statements made by Mr. Ryan and Mr. Lévesque that those objections were truly the objections of Quebec, of its National Assembly, of its people.

First, there is a minor one which I want to underscore just the same. It is the question of manpower mobility. I think it may be said that this issue, as seen from Quebec's point of view, is altogether different from what it means to the other provinces. It is a lot more difficult for a Quebecer to move to another part of Canada than it is for a Canadian from another province who has a choice of eight other provinces where he may go and which will be just about the same as his own. People from Nova Scotia who go west to find employment will certainly not be under the impression that they are settling in another country as in the case of a Quebecer. That is an objection which I would not have considered very seriously had it been the only one. Mr. Ryan had also suggested that an opting-out provision in this respect could simply have been granted to the Province of Quebec. But it matters not. Now, if

you chose to ignore that minor objection then move on to the second one which has to do with education, an area which has always been of a very special concern to Quebec. Quebec has always considered this area as essential to its development and to the preservation of the French Canadian community.

Here we have provisions which are imposed upon Quebec, against its will, which could mean tampering with Bill 101. Senator Tremblay has had the opportunity to explain to what extent the implementation of section 23 would go even as far as cutting back on the rights of the English-speaking minority in Quebec instead of bettering its situation. But on this issue, the National Assembly, as I said earlier, by an overwhelming vote of 111 to 9 have stated their opposition to any lessening of their jurisdiction in this regard. The other provinces had agreed to that. Each one of them had agreed individually to that and never had made it a condition to be imposed on Quebec. That is not true and I shall deal with that later on.

Each province had accepted it for itself and, as it was pointed out, Manitoba especially took care to say section 23 was subject to approval by the Manitoba legislature.

I do not see why we could accept that from Manitoba without granting the same choice to Quebec. However, the basic flaw is the amending formula which allows one province in ten to alter and to transfer the jurisdiction from the provincial to the federal level with, no doubt, the right of opting-out if it disagrees without financial compensation unless educational or cultural matters are involved.

I think that we do not realize exactly the implication of that provision. We can try to imagine, for example what could happen. I found two examples, and I would like firstly to refer to subsection 92(14) of the British North American Act which says:

> In each Province, the legislature may exclusively make laws in relation with . . . the Administration of Justice in the Province including the Constitution, Maintenance and Organization of Provincial Courts, both of Civil and of Criminal Jurisdiction, and including Procedure in Civil Matters in those Courts.

There is already a tendency in anglophone provinces, except in Ontario to entrust the federal authorities with our jurisdiction for the administration of justice in criminal matters resulting in agreements for the services of the RCMP

It could really happen—because the problems are identical in that area for anglophone provinces—that seven provinces in ten would say one day that they would like to entrust that responsibility to the federal authorities. Let us take for example the administration of justice. We could go even further later and refer to the administration of justice in civil matters. We could say, for example, that the administration of justice in criminal matters is transferred to federal authorities. If Quebec were concerned about it, it would have the choice to turn it down and continue to pay the costs for the administration of justice in criminal matters while the other provinces would let the federal government assume that responsibility and pay no compensation in such a case.

[Senator Flynn.]

Such a situation already prevails and gives us a valid indication. The provinces who are now using the services of the RCMP are given such treatment from which they derive a substantial benefit compared to Quebec and Ontario which have their own provincial police.

If we go further, we could very well, according to them, yield to the federal government the administration of justice, that is, all law courts, etc. and ask: "Why does the federal government not take it over?" And Quebec would have to spend millions without receiving any compensation and it would be taxed like other provinces while Quebecers would be taxed like other Canadians to allow the federal government to provide such services to the eight other provinces. Let us now have a look at subsections 6 and 7 of section 92:

> 6. The Establishment, Maintenance, and Management of Public and Reformatory Prisons in and for the Province.
>
> 7. The Establishment, Maintenance, and Management of Hospitals, Asylums, Charities, and Eleemosynary Institutions in and for the Province, other than Marine Hospitals.

Under its spending power which is not at all limited under the new Constitution, the federal government already imposes priorities on provincial governments, which are not at all to their liking. With what results? The governments of seven provinces could entrust the federal government with the management of their public and reformatory prisons, hospitals, asylums, et cetera, and if Quebec wanted to continue managing these institutions, which would be of tremendous importance because of the specific nature of Quebec, that province would have to assume alone the costs of these services, which means Quebecers would pay taxes for services the federal government would be providing elsewhere. Think about it, and you will realize that this is an incredible situation. That is a key which the federal government and most English-speaking provinces have in their hands and which they might be tempted to use to handcuff Quebec.

● (1600)

That is why it is not surprising, therefore, that Mr. Ryan should agree with Mr. Lévesque when he says that this formula is bad and unfair. What is worse, in all of this, Mr. Lévesque is being blamed for giving up his veto right. It would appear quite strange that Mr. Lévesque would abandon the right of veto which the original resolution was granting to him. This right had been offered to his predecessors, from 1960 on, that is, up to the new resolution we have before us.

We find now Quebec with an amending formula which places it at the mercy of a majority of provinces. I wanted to say—and have it printed in our official report—that Quebec, represents, populationwise, a greater number of people than all of the seven less populated provinces put together, that is to

say, the Atlantic and western provinces. This, of course, excludes Ontario and British Columbia.

I was wondering a while ago, when dealing with consensus, in what situation we would find ourselves today if, instead of having Quebec oppose this project, we had these seven less populated provinces opposing it.

I come back now to the amendment. It was claimed that the agreement did not permit amendments. I say that this is not the case. When the nine other premiers signed this Accord on November 5, they did not do so with the proviso that it would be imposed on Quebec. No, they did not. If they had, you could find that there had been a conspiracy of the other nine provinces against Quebec. It is either a mistake or a conspiracy; you have a choice between the two.

The worst of it is that the situation is now far worse for Quebec than if it had accepted the first resolution, or if the resolution had been imposed upon it after having been passed by the House of Commons and the Senate, and dispatched to London. Quebec would be better off financially under the old resolution than this one.

Mr. Trudeau had cause to rejoice on television the other day when he was asked about that. He said: "You know, what we got is not bad at all. We have a good working tool". A good working tool, indeed! Good enough to put Quebec in its place! In any event, that has always been what he was after. When I hear the majority tell us here: "All is fine and well; the proposal has been accepted by everyone; 73 Liberals in the House of Commons agree". Then I tell myself: "If the Prime Minister who is forcing this on Quebec were Joe Clark—"

Senator Asselin: He would be hanged.

Senator Flynn: —and the Quebec Premier had been Claude Ryan instead of René Lévesque, I can just see you, one by one. Would you have said then that you agreed? I can just see you all and hear what you would have said. Even Senator Riel, I wonder what he would have had to say. It is unbelievable that through this process you should impose on Quebec alone something it does not want. As for the other provinces, we have heard their main objections. They were granted this or that. But Quebec? No. And why not? Is it because the Quebec premier is a separatist? It is because of Mr. Trudeau that a separatist was brought to power. In 1976, Mr. Trudeau made a mockery of Mr. Bourassa. He paved the way for Mr. Lévesque's victory then. Last year, when he came back to power after promising a constitutional reform during the referendum campaign, Quebecers believed things would change. But when they saw, in the sad light of this resolution, that once again the Prime Minister of Canada wanted to put Quebec in its place, they understood that they had no other choice but to bring Mr. Lévesque back to power. Had Mr. Trudeau waited, Mr. Lévesque would no longer be the Premier of the Province of Quebec. But that suited Machiavelli just fine. He wanted things that way. He needed an opponent to prove he was right. I am a federalist. You can choose between someone like me, a federalist, a centralist or, at the other extreme, Mr. Lévesque, the separatist. Now Quebecers are being used as the sacrifical lamb in the process.

It is incredible that the amending formula with compensation should have not have been accepted. It is inconceivable that the authorization to implement section 23 only with the approval of the National Assembly is being denied. It is unthinkable that one should refuse to destroy Mr. Lévesque's arguments.

I would be so easy if we took away his own arguments from him. And anyway, this is not only his request, it is the request of the National Assembly, of both parties in the National Assembly. If we made that compromise, we would be taking away his own arguments from him. On the other hand, if we remain stubborn, what are we doing? We are putting trumps in Mr. Lévesque's hand. What happened over the weekend may have various interpretations, but it is clear that the vote cast in the House of Commons last week certainly gave further courage and determination to the radicals in Quebec. Such is the situation.

As far as refusal is concerned, I do not see why we could not do it. If this had been done, approval by the Commons could have been obtained very rapidly. But I am told not to worry, that when the Constitution is back in Canada, we will see to that. Such is their argument. The veto right, they say has gone forever for Quebec. It may be reinstated only with the unanimous consent of the provinces. However, we have heard so many speakers tell us how happy they were that finally the veto right was taken away from Quebec and Ontario. In other words, it is daydreaming or trying to mislead us to suggest that we could go backwards.

On the matter of compensation, you have exactly the same problem. Unanimity is required. And indeed, Quebec will have to eat from Mr. Trudeau's hand—or from the hand of whoever is then Prime Minister—to obtain such concessions. These people say: "We are going to negotiate with you, but from a position of strength. You did not want to negotiate, you have forgone your veto right. We are now negotiating from a position of strength. Quebec will have to beg of the federal government and the other provinces". Come now! Where is the government that will bow in such a humiliating way! How is it possible to believe that we will swallow their story when they say: "Wait for patriation, you will see, we will move on with the negotiations". Why? If you think you can do it after patriation, why do you not do it now? Give me one good reason. Such an amendment could be accepted in no time at all.

Anyway, if we look squarely at Quebec's position, it is the only province that is victimized in this process. It is being put in an extremely weak position. Senators Langlois, and McElman told us: "Quebec is disarmed". Why? The answer: Because it has a separatist government.

Senator Langlois: I never said that.

Senator Flynn: Yes. you said "disarmed", "weakened". You said it. Others said it also. You are happy that Quebec is now disarmed. Mr. Trudeau is happy now that he has finally put Quebec in its place.

Senator Langlois: You go on distorting the debate.

Senator Flynn: I am not distorting the debate. I am not telling long boring stories about the Supreme Court judgment. Your speech had nothing to do with the debate that concerns us. Even if you had quoted everything the Supreme Court expanded in their judgment, this changes absolutely nothing to this debate. What counts is the decision itself. I guess I have said most—

● (1610)

[*English*]

Honourable senators, I think I have said most of what I intended to say. The essence of the problems raised by this resolution can be summarized as follows. The Accord of November 5 met the objections of the nine provinces that signed it, but it failed to meet the main objections of the Government of Quebec, which objections, in substance, are shared by the great majority of Quebecers and, certainly, by the official opposition in the National Assembly.

Claude Ryan has made very clear his fundamental objection to Quebec being denied the control it considers essential, which control it must have in order to safeguard its linguistic and cultural future. Only in the province of Quebec does this resolution end up using force. Only against Quebec will coercion be exercised. Only Quebec will be frustrated and put upon in an area it has, since Confederation, considered sacred. Quebec will end up in a situation far less advantageous—in fact, much worse—than the one which would have prevailed were the resolution before us to be the one we had in 1980. That initial resolution gave Quebec a veto on any constitutional change of substance. Not only will Quebec end up being coerced, but it will also be denied something which last year was being recognized—namely, its right of veto in constitutional changes of importance. Surely, we in Quebec cannot be blamed for not rejoicing at this prospect. That veto, that right it has always claimed, that right which was never questioned, that right which was confirmed in the 1965 Fulton-Favreau formula, and again confirmed in the Victoria formula of 1971—that, honourable senators, is the right which is now to be denied.

● (1620)

Mr. Lévesque, in Vancouver and in the April agreement, agreed to relinquish this time-honoured right of veto—I will grant you that—and many of us thought the gesture foolhardy. We were amazed at his degree of faith. Some of us who are not even separatists would not have gone that far out on a limb—but he did. He did, however, on one absolute condition—that of financial compensation in the case of Quebec's opting out of any transfer of provincial jurisdiction to the federal government. He was saying: "If the other provinces want to give up some of their powers to the federal government"— and I have given examples—"we won't veto the exercise. Only don't expect us to do likewise; and if we aren't going to share, we want to be compensated." Well, the veto was relinquished and compensation provided only in very limited areas. Quebec has been handcuffed. Again, I say this has been acknowledged by both Senator Langlois and Senator McElman. We have been betrayed once more by the federal government, and possibly unknowingly, with the assistance of other provinces. Those provinces stood with Quebec when the Accord of April was signed; but when they ceased to see an advantage in the association they dumped Quebec, and the federal government is using them as a pretext for treating Quebec in the way it is treated in this resolution.

Quebec was isolated. Rightly or wrongly, that is the perception, and it is not surprising that an ever-growing number of Quebecers feel that there is no place for them in Confederation.

The irony of it all, and the pathos attached to the denouement of this drama, is that this so-called new Constitution, this fundamental document for the governing of all Canadians, will not receive the support of close to seven million of them. Worse still, this document, so offensive to so many Canadians, particularly those of French background, will be presented to the Queen's representative by Quebecers: the Prime Minister, the Minister of Justice, and the two Speakers. Et tu Brute!

French Canadians are being victimized as a result of the Prime Minister's wanting to show Mr. Lévesque and Mr. Ryan that he knows best what is good for French Canada—and to hell with how French Canadians feel about it all!

Recall, if you will, how the present Prime Minister acted when he was Minister of Justice. Recall, if you will, how he resisted all attempts on the part of Daniel Johnson to further the cause of Quebec. Recall, if you will, how in 1968 he strove to create for himself, elsewhere in Canada than in Quebec, the image that he was the man who would put Quebec in its place; that he knew our people and would protect English-speaking Canada from our outrageous demands; that he would handle us; that he would keep us out of your hair; that he would put us in our place; that he would "fix" this separatist element. Who poured scorn on the two-nation theory in 1968? Who ridiculed Bourassa's position on constitutional reform and helped get Lévesque elected in 1976? Who travelled the country, far and wide, in 1973 saying separatism was dead?

In 1980, as I said in French, Mr. Trudeau won the election without taking a position on the subject of protecting for Quebecers their traditional rights. But the referendum frightened him. Forty per cent of our people told him they had had enough of this federal charade. Consequently, the Prime Minister promised to respond to the desires of Quebecers for more authority in many areas. He promised to show understanding for the expressed wish of our people to have greater control over their destiny. But here is what was delivered—this resolution, this will of the majority, this document which not only fails to give anything new to Quebec in the way of rights and privileges, but, worse, serves to restrict that province in the exercise of rights it had always considered it had.

Before resuming my seat, I will simply say that this resolution contains a germ of disunity, the virulence of which we will not have to wait long to see. Yes, Pierre Trudeau has finally put Quebec and Quebecers in their place. I pray to God, since

I have given up begging this Parliament and this Senate, that Quebec having been put in its place, we will not, to our sorrow, discover that place to be outside of Canada.

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Leader of the Government speaks now his speech will have the effect of closing the debate on the motion.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, there are some words in the political lexicon which have become shopworn and threadbare, and perhaps overused or misused. One of those terms—perhaps there is a danger in using it in the context of today's debate, but I think not—is the expression "nation building"—nation building from the viewpoint of discussing the process in which the Parliament of Canada has been involved for over 14 months; constitutional nation building which has occupied the attention of all Canadians of every ethnic background—those who speak either of our two official languages, as well as those who have come to our shores from every continent to build a great country. The purpose of the process in which we have been involved has been to strengthen the foundation of our country, to make this nation stronger.

I know there are many honourable senators, and many people across Canada, who will regret very much the negative terms in which the Leader of the Opposition has spoken in this chamber this afternoon. I believe—and perhaps other honourable senators may share my view—that we have had from the Honourable Senator Flynn, who always speaks with passion and conviction, an unbalanced view of the constitutional proposals which are before us, and an unbalanced view of what Canada is really all about in the year 1981.

Some Hon. Senators: Hear, hear.

Senator Asselin: You will realize it later.

Senator Perrault: Honourable senators, for some time we have been engaged in the penultimate parliamentary act of giving Canada a new Constitution. Many years ago the task was thought to be impossible. Yet we have come through the process of working towards constitutional change and patriation of our Constitution. Over the years, there have been countless conferences held at many Canadian centres to discuss the process and the options, but until this time in history we have been unable to achieve consensus.

Should we have been surprised? The fact is that "nation building" is not a convenient process; it is tough and difficult. It was tough and difficult in 1865, 1866 and 1867—and at all the conferences and meetings, formal and informal, which preceded that time—for the original Fathers of Confederation (and there must also have been many mothers involved behind the scenes in some constructive capacity!). If the debates of those days had been televised, had they been televised and broadcasted coast to coast in Canada, there is no doubt whatever, honourable senators, that there would have been many Canadian viewers and listeners apprehensive and dissatisfied with the proposed form and shape of Confederation. Many Canadians at that time might have said, "It is impossible. It is not feasible. It is impractical. You have left this out of the proposed B.N.A. Act; you have left that out. Let us, therefore, not form this great federated union."

• (1630)

And today, just as at the time of Confederation, we have had great arguments with respect to moral, philosophical and legal issues. But this is not a process which should shock or dismay; it is a process which should inspire Canadians to be thankful that there are so many of them who believe in this nation and its potential, and who feel so passionately about its future that they have engaged so vigorously in this difficult modern constitutional dialogue. Never in the history of this country have more Canadians, of every background, ethnic and religious, engaged in such a passionate dialogue with respect to the future of their country. Significantly, the longest debate ever held in Parliament has centred around the future of Canada, as well it should. It is of such fundamental importance.

After 54 years of constitutional stalemate, a Prime Minister has been willing to make a tough decision to end that stalemate. Because he has been willing to do the hard, difficult things, this day has been made possible. He deserves the commendation of Canadians for his force of spirit, his intellect and his perseverance, and not the derision which has been heaped on him this afternoon by the Leader of the Opposition. This is a great Prime Minister.

Senator Buckwold said earlier today, "I may have some difficulty describing how one achieves success, but I know how one achieves failure, and that is by attempting to please everyone."

The constitutional process has not pleased everyone. It has not pleased any single senator in this chamber, totally. It has not pleased, totally, the Prime Minister himself, or the Leader of the Conservative opposition, or the Leader of the New Democratic Party, or any one provincial government. But we have the miracle of consensus that in a nation of this great diversity, where so many cultural differences exist, it has been possible to achieve a consensus which so many senators have so eloquently described and discussed in recent debates.

Some have said that this is not the time for constitutional change or reform, because there are "other priorities." We have been reminded of some of those "priorities". We have been reminded of the need for Canadians to have jobs and of the need for opportunity in this nation. These are important priorities, but is there ever a good time for constitutional change and reform? Is there ever a time in the history of a nation which is the perfect, ideal time? That time for reform must be grasped by a government and a Prime Minister when clearly the best interests of the nation are to be served. That time is now. The process in which we are engaged may determine the continued survival of Canada.

We heard the Doomsday scenario that the Leader of the Opposition described this afternoon, that lugubrious recital of what may happen; but, to quote the words of the Minister of Justice from the great province of Quebec:

[*Translation*]

> Each time that they have had to choose, the people of Quebec have always opted for Canada. We have therefore decided to listen to those who had been elected as federalists to represent Quebecers in the House of Commons, rather than the members of the P.Q. government in Quebec who uphold separatism once elected but who get elected by promising not to separate during their mandate.

[*English*]

Senator Asselin: What about Mr. Ryan?

Senator Perrault: He then went on to say this:

> —it is unfortunate that we did not obtain the agreement of the tenth province, the Province of Quebec. I feel that the Premier of Quebec had a duty here to forget his party and to act as the representative of the Province of Quebec.

Senator Flynn: The Prime Minister too!

Senator Perrault: The Minister of Justice continued as follows:

> There are only three clauses that separate us. Considerable progress has been made on two of the clauses, and if misgivings still exist, we are prepared to discuss them.

Senator Asselin: When?

Senator Perrault: The question is, honourable senators, who speaks for the provinces? Is it the exclusive preserve of the Premier of Quebec to speak on behalf of 7 million people of that province? Is it the exclusive preserve of Mr. Bennett to speak on behalf of 2 million people in the Province of British Columbia? Why are we here in this chamber? Why are they in the other place? We are here to represent the integrity of this nation in Parliament and to make certain that, while regional interests are protected, the national interest is preserved.

There are distinguished representatives in this chamber from the province of Quebec, and there are representatives from the other provinces. All have a passionate concern about the future of this country, and yet I am surprised that we have heard today the Leader of the Conservative Party in this chamber stating that we are operating against the will of the people of his province—

Senator Smith: That is the evidence.

Senator Perrault: —yet, you know, what do we hear from his leader, Mr. Clark? Mr. Clark has a greater vision of this nation, and he deserves the commendation of Canadians for the constructive role he played in bringing this Accord into being. He said:

> This is not another phase in the constitutional debate. This is very much a new phase. There is now a much different atmosphere in the country. Everyone taking part in the debate bears some of the scars of compromise, and there is nothing at all dishonourable about that. Compromise is the way we make Canada work; however, to end with compromise, one must start with principle.

And he also said:

> the real nature of this amending formula . . . has not yet been fully understood.

The Honourable Senator Flynn obviously does not understand it.

Senator Flynn: Oh, come on!

Senator Perrault: Let the words of his leader be absorbed.

> It is a formula that combines the required features of flexibility and equal treatment of provinces.

The Right Honourable Joe Clark's scenario is not the dismal scenario of alleged discrimination which the Honourable the Leader of the Opposition spelled out in this chamber this afternoon.

Senator Flynn: You are misinterpreting Mr. Clark, because he moved compensation, and you know that. Misrepresentation!

Senator Perrault: Then Mr. Clark went on to say this—and in this case he was talking about the Premier of Ontario and his very real flexibility in agreeing to allow such a concept to be recognized by the removal of any provincial veto:

> The formula allows changes to be made when it is demonstrated that such changes are needed. At the same time, it ensures that changes are not made without due consideration. Seven provinces must agree to an amendment—

And so on.

Senator Flynn: Where do you find that?

Senator Perrault: At page 13052 of *Hansard* of the other place.

Senator Flynn: Of what date?

Senator Perrault: The date is November 20. I know Senator Flynn has a copy of the speech in his desk.

Senator Flynn: Would you quote the same speech, when he moved for financial compensation?

Senator Perrault: I will talk about financial compensation.

Senator Smith: You'd better!

Senator Perrault: Let us talk about compensation.

Senator Flynn: At that time the compensation was there. Misrepresentation!

Senator Perrault: Honourable senators, senators listened with rapt attention to the Leader of the Opposition. I hope the same courtesy will be extended to the other side of this house. Let me repeat: The national government will be willing to consider full fiscal compensation for opting out in the first constitutional talks after patriation—the proposal advanced by Claude Ryan in his telex of November 9 to the Prime Minister. The concept of fiscal compensation has been established in this resolution partially as a result of the suggestions of Mr. Ryan, who is a good Quebecer. The provinces have agreed to the present section, which provides compensation in areas of culture and education.

• (1640)

Senator Flynn: Why not now?

Senator Perrault: There is a commitment by the national government to discuss the issue of compensation in the first conference after this process.

If honourable senators are suggesting that there should be further delays, that nothing be done until three or four more conferences have taken place, may I say that the government rejects that idea, but does accept the idea that the proposals before us represent but a beginning.

Senator Flynn: The beginning of the end, yes.

Senator Perrault: This is but a beginning of the kind that was spoken about by George Brown in 1865, when he said that there is no such thing as a perfect agreement.

Senator Smith: This one is certainly not!

Senator Perrault: Honourable senators, I shall quote George Brown:

> The whole great ends of this Confederation may not be realized in the lifetime of many who now hear me. We imagine not that such a structure can be built in a month or in a year.

He was right.

> What we propose now is but to lay the foundations of the structure, to set in motion the governmental machinery that will one day, we trust, extend from the Atlantic to the Pacific.

We are still in the process of establishing the foundations. It is not the beginning of the end but the end of the beginning, Honourable Senator Flynn; it is not the black and devastating scenario that you have spelled out this afternoon.

Senator Flynn: It is not difficult to vote for the amendments.

Senator Perrault: The resolution of constitutional issues is necessary for the continued survival of Canada. The necessity of the constitutional project derives from the profound nature of its two basic elements: patriation; and the entrenchment of that Charter of Rights which has been discussed in the Senate today.

Patriation, with its amending formula, runs the risk of being perceived, in the eyes of many, as being only symbolic and abstract. Some people have suggested that it is almost unnecessary. "If Canada is already functionally independent", some people ask, "why is it necessary to go through the mere symbolic act of severing a tie with Britain?" Surely, a nation is more than the legal residue left by the operation of statutes and conventions. It is the function of a constitution to express a collective reality based on shared assumptions. How is unity to be achieved when the juridical limits of nationhood are not completely defined in Canada? On a more prosaic level, what has been obscured behind all of the talk of the symbolic nature of patriation are the many real and important issues, with profound economic and social implications, which will now be approached with a clear set of ground rules. I speak of issues such as resources, equalization, communications, and the very status of the Senate itself, which are dealt with in the proposals before us. They can now be dealt with in the context of a new Constitution—a Constitution which attempts to secure a strong legal and economic union while balancing the legitimate concerns of the provinces, the regions and the central government.

The second element of the project, as honourable senators are aware, is the entrenchment of a Charter of Rights. Much has been written over the past few months about the entrenchment of the Charter of Rights. Perhaps the strongest, most vocal criticism is that the government proposes to give Canadians the rights and freedoms set out in the Charter. It would, of course, be presumption itself to suggest that any government is "giving" any of these freedoms to anyone. The Charter guarantees those rights and freedoms to give the Canadian people a method by which they can resist derogation of those rights by government. This is positive and this is good. This does not presume bad faith or malign intent on the part of any level of government. It is recognition of the fact that, as society grows more complex, the forces of history might cause some government, in the name of expediency, convenience, financial necessity or even inattention, to unreasonably limit the rights and freedoms of Canadians, wherever they live. This Charter is going to provide protection against perverse processes of that kind.

It is a time of national maturity, honourable senators, and, indeed, courage that, when freedom is under assault in almost every continent of the world, we should be moving in this chamber to broaden the area of human freedoms and to establish a Charter of Rights which undeniably will help Canadians, whatever their background. We are giving the individual citizens power to protect themselves against the arbitrary action of government.

The dual legacy of the constitutional project—patriation, which will benefit the collectivity of Canada, and the entrenchment of rights, which will benefit individual Canadians—will survive in a stronger Canada when the shrill voices of recrimination, ill feeling and regional conflict have become of interest only to historians. Canada can take pride in a Constitution that has been fashioned in a truly Canadian way—by consensus. It is not the product of one individual, one group, one association, or one group of parliamentarians. It is that process on which the Canadian federation was founded. It is a participating and democratic system based on the rule of law. Not one segment of society was ignored in this process of shaping the constitutional proposals.

Substantial amendments were made to the resolution at the committee stage, at other stages and thereafter in Parliament to include those legitimate concerns which have been overlooked—

Senator Flynn: Not those of Quebec, though.

Senator Perrault: —aboriginal and treaty rights, the multicultural heritage of Canada, the applicability of rights equally to men and women, and the recognition that Canada is founded on the principles of the supremacy of God and the

rule of law were only a few of the 65 amendments that were made at this stage.

The Canadian judicial system referred to by Senator Flynn today, and by other speakers in the past, also played a valuable role in the process of forging a final document. The provincial challenge of the constitutional resolution in the courts of Quebec, Newfoundland and Manitoba was eventually appealed to the Supreme Court of Canada. The decision of Canada's highest court—that unilateral patriation was legal but was not in accordance with convention, with tradition—persuaded the federal government to return to the negotiating table. The result was the historic agreement of November 5. Someone, some day, might write a book entitled "Four Days in November." How many Canadians will forget that experience?

Senator Flynn: It was the beginning of the end.

Senator Perrault: How many Canadians will forget that time when meetings were held here in Ottawa to discuss the future of the country?

Senator Asselin: It is the beginning of the end, you will see.

Senator Olson: It is the beginning of new strength.

Senator Perrault: Anyone following those first four days of November will not soon forget the emotions experienced—the frustrations and the final exhilaration when an agreement was announced.

Of course, all of this was tempered by the lack of unanimity—the lack of agreement on the part of the Government of Quebec. This continues to mystify and concern many of us, honourable senators. The Leader of the Opposition in the chamber today spoke in terms of all of the people of Quebec being represented by the present provincial government, yet it is a government whose leader is now very concerned about some of the actions and policies espoused by his own followers. Again, this question must be asked: Who really speaks for the province of Quebec? Yes, and today who really speaks for the Parti Québécois? That is an even more fundamental question.

● (1650)

But the process of guaranteeing human rights and freedoms did not end at one issue. The removal of the recognition of aboriginal rights and of the equality of men and women and the rejection of the resolution by the Government of Quebec was not satisfactory to many parts of the country, and they made their views known. Changes and accommodations were made. The result was a reinstatement by Parliament of the first two rights and further changes to the resolution which would hopefully move the Quebec government closer to acceptance of this package. That may come in time. With goodwill it will come very shortly.

This is not a perfect document. The hopes of each individual and group in our society will not be answered by it. Nor does it fulfil every expectation. It does, however, lay down basic rights and states the principles which we, as Canadians, feel are important. Yes, and with goodwill, agreement can be reached on future changes—

[Senator Perrault.]

Senator Flynn: Fifty years from now.

Senator Perrault: —as honourable senators are aware further changes can be made through an amending formula, a formula which will end 54 years of frustration which have made the constitution amending process an absolute, frustrating deadlock.

Some Hon. Senators: Hear, hear.

Senator Asselin: This is not the end of it.

Senator Perrault: This consensus for a Constitution, the achievement of this fundamental document, has resulted from a participation process that can truly be said to represent what is best in Canada and what is best in all Canadians.

The Charter of Rights and Freedoms is one of the most important components, if not the main component, of the Constitution Act. For the first time in Canadian history our Constitution will reflect a clear, legal and political commitment to basic liberal, democratic values.

The Charter is not a document which has been "sprung" on the public unawares. It has its roots in the Diefenbaker Bill of Rights of the 1960s. I suspect that if Mr. Diefenbaker were here today he would be on the building gang and not the wrecking crew. He would be supportive of what we are doing today.

Some Hon. Senators: Hear, hear.

Senator Walker: Just a moment. He would be disgusted with your Charter of Rights. You know that very well. Disgusted!

Senator Perrault: The Right Honourable John Diefenbaker looked forward to the day when a Charter of Rights, his Bill of Rights, would be entrenched in the Canadian Constitution, and he expressed deep regret that it was not possible during his time to achieve that goal because of the deadlocked mechanism to amend the Constitution.

Senator Flynn: That's right. No unilateral action? No imposition!

Senator Perrault: And so Mr. Diefenbaker should be given full credit for helping to bring us to this day. Many Canadians of all parties will agree with that view.

The idea of a constitutional Charter or an entrenched Charter was the subject of serious discussion during the 1968-71 constitutional negotiations which culminated in the Victoria Charter. If it had been adopted unanimously by the provinces, the Victoria Charter would have included entrenched political and language rights. Senator Flynn will recall those days.

Despite the lack of success at Victoria, the idea of an entrenched charter had taken root, and the discussion of this subject continued in political, legal and academic circles as well as among the general public. Proposals for entrenched charters were included in Bill C-60, the report of the Canadian Bar Association's constitutional committee, the Pepin-Robarts task force report and the "beige paper" of the Quebec Liberal Party.

It is interesting to note that, in addition to the Canadian Bill of Rights, there are also Bills of Rights in Alberta, Quebec and

Saskatchewan advanced by various political parties. These are clear indications and evidence again that the desire for a Charter of Rights and the protection of fundamental freedoms is not restricted to any one political party. The New Democratic Party in Saskatchewan sponsored a measure there. The Social Credit Party did so in the province of Alberta—or perhaps it was the Conservative Party which followed.

The idea of entrenchment or "constitutionalization" of rights is not entirely foreign to Canadian constitutional practice and history. The provision of section 91.1 of the B.N.A. Act requiring us to go to Westminster to amend those parts of our Constitution dealing with institutional language rights, the division of powers, and several other matters, is an example of the entrenchment of rights. In essence, entrenchment means that something more than action of Parliament or provincial legislatures is required to alter a fundamental right.

The Charter we are about to adopt as part of the Constitution Act will be entrenched. The basic rights contained in it will be changed only by use of the amending formula. No legislative body, acting alone, will be able to remove any of the rights from the Charter. The effect of the Charter is to put a restriction, or a limit, on what governments can do. It says that we as a society recognize that there are some areas of basic values which must be immune from government or administrative interference. The Charter is unique in that it enables Parliament and the provincial legislatures to override it in specific legislative situations. When that is done, it will have to occur in explicit terms, leaving no doubt as to legislative intentions. As we should remind ourselves, honourable senators, this power would be used only in exceptional circumstances. Any government wishing to use a *non obstante* clause would have to use it for good reasons. The effect of the invocation of such an exceptional clause would be to provide a broad public discussion of rights and freedoms. Our society will only benefit from that type of debate.

I should like to say a word about the Province of Quebec, honourable senators, because the Honourable Senator Flynn, in his speech, spent so much time on this subject. In the wake of the constitutional Accord reached on November 5 of this year between Ottawa and nine out of the ten provinces, the Quebec government announced its opposition to the Accord and explained that that opposition centred on three features of the new resolution: the mobility rights clause; minority language education; and financial compensation for opting out of future constitutional change.

Having stated its objections to these aspects of the resolution, the Quebec government, despite repeated overtures by the Prime Minister and polls showing that a majority of the Quebec population supported such a move, has refused to renew negotiations to arrive at any consensus in respect of the contested aspects of the constitutional package. Yet, incredibly, we are told by the Leader of the Opposition today—

Senator Flynn: What did you do on your side?

Senator Perrault: We are told by the Leader of the Opposition today that this is a hard, inflexible federal government, unwilling to compromise. We have made specific offers.

Senator Asselin: You didn't do anything about it.

Senator Perrault: We have made specific offers to the Premier of Quebec and his government to negotiate and to arrive at a consensus in respect of all of the contested aspects of the constitutional package, and the Leader of the Opposition said today, "We must give more time to find out what can be achieved through negotiations." I suggest to the honourable Conservative leader—

Senator Flynn: You could vote for the amendment before us.

Senator Perrault: I suggest to him that this government has given the Province of Quebec and all of the provinces a very fair and generous opportunity for input into the present constitutional process.

Senator Flynn: It would be very easy to do, if you were sincere.

Senator Perrault: In spite of the Quebec government's desire to avoid reaching any sort of compromise, efforts have been made to modify the constitutional resolution so as to minimize the objections first expressed on November 5. That is particularly evident in section 59 of the resolution, which, in effect, leaves it up to Quebec to decide whether it will offer minority language education on the basis of freedom of choice; and in section 40, which provides for reasonable compensation to be paid where a province chooses to dissent from a constitutional amendment which affects its legislative powers in relation to education or other cultural matters.

While these modifications to the constitutional package have been rejected as inadequate by the present government of Quebec, one must surely ask whether any amount of flexibility would have satisfied that government.

Senator Asselin: And Mr. Ryan, too.

Senator Perrault: Could the Government of Canada have done anything at all to have achieved an agreement with the present Government of Quebec?

Senator Asselin: What about Mr. Ryan?

Senator Perrault: Yes, the same Mr. Ryan who urged Mr. Lévesque to sit down and negotiate. The essence of compromise is that concessions have to be made, and one cannot achieve concessions unless one draws to the bargaining table both sides.

• (1700)

Senator Flynn: Why don't you?

Senator Asselin: Why don't you vote in favour of our amendment?

Senator Perrault: Can anyone deny that concessions have been made and more offered, and that they go a long way to reassuring Quebecers that their concerns have been taken into consideration? Further, it should not be forgotten that the constitutional resolution is only the first step in the process of

constitutional renewal. The federal and all other provincial governments have already demonstrated their willingness to consider the unique position of Quebec in Canada. This attention to the needs of Quebec should continue to mark the process of constitutional revision in the years ahead, just as attention to the needs of all of the provinces deserves the same kind of concern and consideration by the Government of Canada.

The new section 59 will ensure that the Charter of Rights will not affect the language legislation of the Province of Quebec beyond surely a necessary minimum in providing all Canadian citizens—and this can apply to all of the provinces—with the right to have their children educated in the language in which they received their primary school instruction.

The constitutional resolution also embodies many of the features previously supported by the Quebec government. The amending formula, for example, is essentially that which the provinces supported at Vancouver.

The right to opt out of future constitutional amendments derogating from the legislative power, the proprietary rights or any other rights or privileges of the legislature or government of a province guarantees to all provinces that future constitutional change will not operate to a province's detriment.

In conclusion, honourable senators, we are very close to an historic moment in Canadian history, a moment which has eluded parliamentarians ever since Confederation. In a few moments we will cast our votes, and I think that most Canadians in this chamber will want to sing in the process, *O Canada,* and that they will sing not only with their voices but also with their hearts.

The Prime Minister made a speech in Vancouver a few days ago, and this is how he concluded it:

> There's only one road to follow for those who love this vast and wonderful free country—this whole country—this one country.
>
> That answer, that road leads towards ever closer unity among Canadians—toward shared growth and opportunity, toward a future which will build together for all of our children and not for children separated by province.

And finally, he said:

> Well, that's the vision that is guiding many of us . . . in these tempestuous times, and that's the vision which will continue to inspire us, whoever wants to belong to that "us"—for as long as the sun rises on our eastern shores and sets in the beautiful west.

Honourable senators, the time has come for all of us to vote for Canada and for national unity.

Hon. Senators: Hear, hear.

The Hon. the Speaker: Honourable senators, in accordance with the motion adopted on December 3, 1981, I must now call an end to the proceedings and put all the questions in order to dispose of the motion.

[Senator Perrault.]

I shall read only the amendments, unless honourable senators insist that I read the main motion each time.

Hon. Senators: Agreed.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Perrault, P.C., seconded by Senator Frith, that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada.

In amendment, it is moved by the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Tremblay:

> That the proposed Constitution Act, 1981 be amended by striking out Section 40 and substituting the following therefore:
>
> "40. In the event that a province dissents from an amendment conferring legislative jurisdiction on Parliament, the Government of Canada shall provide reasonable compensation to the government of that province, taking into account the *per capita* costs to exercise that jurisdiction in the provinces which have approved the amendment."

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen:

The Hon. the Speaker: Please call in the senators.

Motion in amendment of Senator Roblin resolved in the negative on the following division:

• (1710)

YEAS

THE HONOURABLE SENATORS

Asselin	Grosart
Balfour	Lafond
Beaubien	Macdonald
Bélisle	Macquarrie
Bell	Manning
Bielish	Marshall
Charbonneau	Molson
Deschatelets	Muir
Donahoe	Murray
Doody	Nurgitz
Flynn	Phillips
Fournier	Roblin

THE HONOURABLE SENATORS

Smith	Walker
Sullivan	Yuzyk—29.
Tremblay	

NAYS

THE HONOURABLE SENATORS

Adams	Laird
Anderson	Langlois
Argue	Lapointe
Austin	Lawson
Barrow	Leblanc
Benidickson	Lewis
Bird	Lucier
Bonnell	McElman
Bosa	McGrand
Buckwold	Molgat
Cook	Neiman
Cottreau	Olson
Croll	Perrault
Davey	Petten
Denis	Riel
Everett	Riley
Frith	Rizzuto
Godfrey	Robichaud
Goldenberg	Rousseau
Graham	Rowe
Guay	Sparrow
Haidasz	Thériault
Hastings	van Roggen
Hays	Williams
Hicks	Wood—51.
Inman	

The Hon. the Speaker: I declare the motion in amendment of Senator Roblin defeated.

• (1720)

Honourable senators, it is moved by the Honourable Senator Walker, P.C., seconded by the Honourable Senator Macquarrie:

That the proposed Constitution Act, 1981, be amended by deleting therefrom Section 47 and making the appropriate changes by re-numbering the remaining Sections accordingly.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

Some Hon. Senators: On division.

The Hon. the Speaker: I declare the motion in amendment of Senator Walker negatived, on division.

• (1730)

It is moved by the Honourable Senator Sullivan, seconded by the Honourable Senator Macdonald:

That Section 7 of the Resolution be amended to read as follows:

7. Everyone, including the unborn child, has the right to live, which life begins at conception and which right is assertable from the moment of conception. Everyone has the right to liberty and security of the person and the right not to be deprived thereof except in accordance with the principles of fundamental justice.

Is it your pleasure, honourable senators, to adopt Senator Sullivan's motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen:

Motion in amendment of Senator Sullivan resolved in the negative on the following division:

YEAS

THE HONOURABLE SENATORS

Beaubien	Macdonald
Bélisle	Manning
Donahoe	Marshall
Doody	Phillips
Fournier	Rousseau
Grosart	Sullivan
Haidasz	Walker
Lafond	Yuzyk—16.

NAYS

THE HONOURABLE SENATORS

Adams	Buckwold
Anderson	Charbonneau
Argue	Cook
Austin	Cottreau
Balfour	Croll
Barrow	Davey
Benidickson	Denis
Bielish	Deschatelets
Bird	Everett
Bonnell	Flynn
Bosa	Frith

THE HONOURABLE SENATORS

Godfrey	Murray
Goldenberg	Neiman
Graham	Nurgitz
Guay	Olson
Hastings	Perrault
Hays	Petten
Hicks	Riel
Laird	Riley
Langlois	Rizzuto
Lawson	Robichaud
Leblanc	Roblin
Lewis	Rowe
Lucier	Smith
McElman	Sparrow
McGrand	Thériault
McIlraith	Tremblay
Molgat	van Roggen
Molson	Williams
Muir	Wood—60.

The Hon. the Speaker: I declare the motion in amendment of Senator Sullivan defeated.

● (1740)

It is moved by the Honourable Senator Tremblay, seconded by the Honourable Senator Flynn, P.C.:

That Section 59 of the proposed Constitution Act 1981 be amended as follows:

(a) by substituting, in the first line of subsection (1), the words "Paragraphs 23(1)(*a*), 23(1)(*b*) and subsections 23(2) and 23(3)" for the words "Paragraph 23(1)(*a*)";

(b) by substituting, in the second line of subsection (3), the words "paragraph 23(1)(*a*) or 23(1)(*b*) or subsection 23(2) or 23(3)" for the words "paragraph 23(1)(*a*)."

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators who are in favour of the motion in amendment please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion in amendment please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen:

Motion in amendment of Senator Tremblay resolved in the negative on the following division:

YEAS

THE HONOURABLE SENATORS

Asselin	Macquarrie
Balfour	Marshall
Beaubien	Molson
Bélisle	Muir
Bielish	Murray
Charbonneau	Nurgitz
Deschatelets	Phillips
Donahoe	Roblin
Doody	Smith
Flynn	Sullivan
Fournier	Tremblay
Grosart	Walker
Lafond	Yuzyk—27.
Macdonald	

NAYS

THE HONOURABLE SENATORS

Adams	Langlois
Anderson	Lapointe
Argue	Lawson
Austin	Leblanc
Barrow	Lewis
Benidickson	Lucier
Bird	Manning
Bonnell	McElman
Bosa	McGrand
Buckwold	McIlraith
Cook	Molgat
Cottreau	Neiman
Croll	Olson
Davey	Perrault
Denis	Petten
Everett	Riel
Frith	Riley
Godfrey	Rizzuto
Goldenberg	Robichaud
Graham	Rousseau
Guay	Rowe
Haidasz	Sparrow
Hastings	Thériault
Hays	van Roggen
Hicks	Williams
Inman	Wood—53.
Laird	

The Hon. the Speaker: I declare the motion in amendment of Senator Tremblay defeated.

It is moved by the Honourable Senator Macquarrie, seconded by the Honourable Senator Nurgitz:

That the proposed Constitution Act, 1981 be amended by striking out paragraphs (*e*) and (*f*) of subsection 42(1).

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion in amendment please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion in amendment please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen:

Motion in amendment of Senator Macquarie resolved in the negative on the following division:

YEAS

THE HONOURABLE SENATORS

Asselin	Macdonald
Balfour	Macquarrie
Beaubien	Marshall
Bélisle	Muir
Bell	Murray
Bielish	Nurgitz
Charbonneau	Phillips
Donahoe	Roblin
Doody	Smith
Flynn	Sullivan
Fournier	Tremblay
Grosart	Walker
Lafond	Yuzyk—26.

NAYS

THE HONOURABLE SENATORS

Adams	Denis
Anderson	Deschatelets
Argue	Everett
Austin	Frith
Barrow	Godfrey
Benidickson	Goldenberg
Bird	Graham
Bonnell	Guay
Bosa	Haidasz
Buckwold	Hastings
Cook	Hays
Cottreau	Hicks
Croll	Inman
Davey	Laird
Langlois	Perrault
Lapointe	Petten
Lawson	Riel
Leblanc	Riley
Lewis	Rizzuto
Lucier	Robichaud
Manning	Rousseau
McElman	Rowe
McGrand	Sparrow
McIlraith	Thériault
Molgat	van Roggen
Molson	Williams
Neiman	Wood—55.
Olson	

● (1750)

The Hon. the Speaker: I declare the motion in amendment of Senator Macquarrie defeated.

Senator Lang: I rise on a point of order and privilege.

Hon. Senators: Oh, oh.

An Hon. Senator: During a vote?

Senator Flynn: Just say what you want to do.

Senator Lang: My point of order and privilege—

The Hon. the Speaker: I suggest that the honourable senator may rise after a vote, but during a vote I am not sure that—

Senator Lang: I am rising after a vote.

Honourable senators, what I am really trying to point out is that in the votes on the amendments so far I have voted neither one way nor the other. Now, rule 49 that a senator who declines to vote, which I have done in this chamber up to this point, shall assign his reasons. I would like to explain my reasons and say why I am not going to decline to vote on the next amendment.

The amendments so far, in my interpretation, have been ephemeral and unreal, because the government has presented us with a package backed by the consent of nine premiers and the House of Commons. I think that to attempt to amend those issues at this stage in our debate is unreal and politically impossible. I do not want to play charades, but what I want to do is to support the next amendment which I think is real and does not fall within the fallacies that have been perpetrated to date. I hope honourable senators will accept my explanation under rule 49.

The Hon. the Speaker: Honourable senators, I think Senator Lang is right. Senators who abstain from voting are supposed to give an explanation. Such explanations should be given if requested, but I am not going to look all over the chamber to see whether there is a senator who is not voting. However, Senator Lang was perfectly in order in referring to the rule and giving the explanation.

Honourable senators, it is moved by the Honourable Senator Bell, seconded by the Honourable Senator Deschatelets, P.C.,

That the proposed Constitution Act, 1981, be amended as follows:

(a) by deleting therefrom Parts I, II, III, IV and VI and Sections 54 and 59 of Part VII;

(b) by deleting the first line of Section 58 and replacing it with the following:

"This Act shall"; and

(c) by renumbering the remaining Parts and Sections accordingly.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen:

Motion in amendment of Senator Bell resolved in the negative on the following division:

YEAS

THE HONOURABLE SENATORS

Asselin	Lang
Balfour	Macdonald
Beaubien	Macquarrie
Bélisle	Manning
Bell	Marshall
Charbonneau	Molson
Deschatelets	Muir
Donahoe	Murray
Doody	Phillips
Flynn	Sullivan
Fournier	Tremblay
Grosart	Walker
Lafond	Yuzyk—26.

NAYS

THE HONOURABLE SENATORS

Adams	Buckwold
Anderson	Cook
Argue	Cottreau
Austin	Croll
Barrow	Davey
Benidickson	Denis
Bird	Everett
Bonnell	Frith
Bosa	Godfrey

THE HONOURABLE SENATORS

Goldenberg	Molgat
Graham	Neiman
Guay	Olson
Haidasz	Perrault
Hastings	Petten
Hays	Riel
Hicks	Riley
Laird	Rizzuto
Langlois	Robichaud
Lapointe	Roblin
Lawson	Rousseau
Leblanc	Rowe
Lewis	Sparrow
Lucier	Thériault
McElman	van Roggen
McGrand	Williams
McIlraith	Wood—52.

● (1800)

The Hon. the Speaker: I declare the motion in amendment of Senator Bell defeated.

It is moved by the Honourable Senator Haidasz, P.C., seconded by the Honourable Senator McGrand:

That the proposed Constitution Act, 1981 be amended by:

(a) adding after section 31 the following new section:

32. Nothing in this Charter precludes Parliament from legislating on the rights of unborn children; and

(b) by re-numbering the subsequent sections accordingly.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen:

Motion in amendment of Senator Haidasz negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Anderson	Beaubien
Asselin	Bélisle
Balfour	Deschatelets

THE HONOURABLE SENATORS

Donahoe	Molson
Doody	Muir
Flynn	Murray
Fournier	Phillips
Grosart	Roblin
Haidasz	Rousseau
Lafond	Smith
Macdonald	Sullivan
Manning	Tremblay
Marshall	Walker
McGrand	Yuzyk—28.

NAYS

THE HONOURABLE SENATORS

Adams	Buckwold
Argue	Charbonneau
Austin	Cook
Barrow	Cottreau
Benidickson	Croll
Bielish	Davey
Bird	Denis
Bonnell	Everett
Bosa	Frith

THE HONOURABLE SENATORS

Godfrey	Molgat
Goldenberg	Neiman
Graham	Nurgitz
Guay	Olson
Hastings	Perrault
Hays	Petten
Hicks	Riel
Laird	Riley
Langlois	Rizzuto
Lawson	Robichaud
Leblanc	Rowe
Lewis	Sparrow
Lucier	Thériault
Macquarrie	van Roggen
McElman	Williams
McIlraith	Wood—50.

The Hon. the Speaker: I declare the motion in amendment of Senator Haidasz defeated.

Honourable senators, we have come to the last, but not least, motion.

• (1810)

It is moved by the Honourable Senator Perrault, P.C., seconded by the Honourable Senator Frith:

THAT, WHEREAS in the past certain amendments to the Constitution of Canada have been made by the Parliament of the United Kingdom at the request and with the consent of Canada;

AND WHEREAS it is in accord with the status of Canada as an independent state that Canadians be able to amend their Constitution in Canada in all respects;

AND WHEREAS it is also desirable to provide in the Constitution of Canada for the recognition of certain fundamental rights and freedoms and to make other amendments to that Constitution;

A respectful address be presented to Her Majesty the Queen in the following words:

To the Queen's Most Excellent Majesty:
Most Gracious Sovereign:

We, Your Majesty's loyal subjects, the Senate of Canada in Parliament assembled, respectfully approach Your Majesty, requesting that you may graciously be pleased to cause to be laid before the Parliament of the United Kingdom a measure containing the recitals and clauses hereinafter set forth:

CONSIDÉRANT :
que le Parlement du Royaume-Uni a modifié à plusieurs reprises la Constitution du Canada à la demande et avec le consentement de celui-ci;

que, de par le statut d'État indépendant du Canada, il est légitime que les Canadiens aient tout pouvoir pour modifier leur Constitution au Canada;

qu'il est souhaitable d'inscrire dans la Constitution du Canada la reconnaissance de certains droits et libertés fondamentaux et d'y apporter d'autres modifications,

il est proposé que soit présentée respectueusement à Sa Majesté la Reine l'adresse dont la teneur suit :

A Sa Très Excellente Majesté la Reine,
Très Gracieuse Souveraine :

Nous, membres du Sénat du Canada réunis en Parlement, fidèles sujets de Votre Majesté, demandons respectueusement à Votre Très Gracieuse Majesté de bien vouloir faire déposer devant le Parlement du Royaume-Uni un projet de loi ainsi conçu :

ANNEXE A—SCHEDULE A

An Act to give effect to a request by the Senate and House of Commons of Canada

Loi donnant suite à une demande du Sénat et de la Chambre des communes du Canada

Whereas Canada has requested and consented to the enactment of an Act of the Parliament of the United Kingdom to give effect to the provisions hereinafter set forth and the Senate and the House of Commons of Canada in Parliament assembled have submitted an address to Her Majesty requesting that Her Majesty may graciously be pleased to cause a Bill to be laid before the Parliament of the United Kingdom for that purpose.

Be it therefore enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

Sa Très Excellente Majesté la Reine, considérant :

qu'à la demande et avec le consentement du Canada, le Parlement du Royaume-Uni est invité à adopter une loi visant à donner effet aux dispositions énoncées ci-après et que le Sénat et la Chambre des communes du Canada réunis en Parlement ont présenté une adresse demandant à Sa Très Gracieuse Majesté de bien vouloir faire déposer devant le Parlement du Royaume-Uni un projet de loi à cette fin,

sur l'avis et du consentement des Lords spirituels et temporels et des Communes réunis en Parlement, et par l'autorité de celui-ci, édicte :

Constitution Act, 1981 enacted

1. The *Constitution Act, 1981* set out in Schedule B to this Act is hereby enacted for and shall have the force of law in Canada and shall come into force as provided in that Act.

Adoption de la *Loi constitutionnelle de 1981*

1. La *Loi constitutionnelle de 1981*, énoncée à l'annexe B, est édictée pour le Canada et y a force de loi. Elle entre en vigueur conformément à ses dispositions.

Termination of power to legislate for Canada

2. No Act of the Parliament of the United Kingdom passed after the *Constitution Act, 1981* comes into force shall extend to Canada as part of its law.

Cessation du pouvoir de légiférer pour le Canada

2. Les lois adoptées par le Parlement du Royaume-Uni après l'entrée en vigueur de la *Loi constitutionnelle de 1981* ne font pas partie du droit du Canada.

French version

3. So far as it is not contained in Schedule B, the French version of this Act is set out in Schedule A to this Act and has the same authority in Canada as the English version thereof.

Version française

3. La partie de la version française de la présente loi qui figure à l'annexe A a force de loi au Canada au même titre que la version anglaise correspondante.

Short title

4. This Act may be cited as the *Canada Act*.

Titre abrégé

4. Titre abrégé de la présente loi : *Loi sur le Canada*.

SCHEDULE B

CONSTITUTION ACT, 1981

PART I

CANADIAN CHARTER OF RIGHTS AND FREEDOMS

Whereas Canada is founded upon principles that recognize the supremacy of God and the rule of law:

Guarantee of Rights and Freedoms

Rights and freedoms in Canada

1. The *Canadian Charter of Rights and Freedoms* guarantees the rights and freedoms set out in it subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society.

Fundamental Freedoms

Fundamental freedoms

2. Everyone has the following fundamental freedoms:

(*a*) freedom of conscience and religion;

(*b*) freedom of thought, belief, opinion and expression, including freedom of the press and other media of communication;

(*c*) freedom of peaceful assembly; and

(*d*) freedom of association.

Democratic Rights

Democratic rights of citizens

3. Every citizen of Canada has the right to vote in an election of members of the House of Commons or of a legislative assembly and to be qualified for membership therein.

Maximum duration of legislative bodies

4. (1) No House of Commons and no legislative assembly shall continue for longer than five years from the date fixed for the return of the writs at a general election of its members.

Continuation in special circumstances

(2) In time of real or apprehended war, invasion or insurrection, a House of Commons may be continued by Parliament and a legislative assembly may be continued by the legislature beyond five years if such continuation is not opposed by the votes of more than one-third of the members of the House

ANNEXE B

LOI CONSTITUTIONNELLE DE 1981

PARTIE I

CHARTE CANADIENNE DES DROITS ET LIBERTÉS

Attendu que le Canada est fondé sur des principes qui reconnaissent la suprématie de Dieu et la primauté du droit :

Garantie des droits et libertés

Droits et libertés au Canada

1. La *Charte canadienne des droits et libertés* garantit les droits et libertés qui y sont énoncés. Ils ne peuvent être restreints que par une règle de droit, dans des limites qui soient raisonnables et dont la justification puisse se démontrer dans le cadre d'une société libre et démocratique.

Libertés fondamentales

Libertés fondamentales

2. Chacun a les libertés fondamentales suivantes :

a) liberté de conscience et de religion;

b) liberté de pensée, de croyance, d'opinion et d'expression, y compris la liberté de la presse et des autres moyens de communication;

c) liberté de réunion pacifique;

d) liberté d'association.

Droits démocratiques

Droits démocratiques des citoyens

3. Tout citoyen canadien a le droit de vote et est éligible aux élections législatives fédérales ou provinciales.

Mandat maximal des assemblées

4. (1) Le mandat maximal de la Chambre des communes et des assemblées législatives est de cinq ans à compter de la date fixée pour le retour des brefs relatifs aux élections générales correspondantes.

Prolongations spéciales

(2) Le mandat de la Chambre des communes ou celui d'une assemblée législative peut être prolongé respectivement par le Parlement ou par la législature en question au-delà de cinq ans en cas de guerre, d'invasion ou d'insurrection, réelles ou appréhendées, pourvu que cette prolongation ne fasse pas

of Commons or the legislative assembly, as the case may be.

l'objet d'une opposition exprimée par les voix de plus du tiers des députés de la Chambre des communes ou de l'assemblée législative.

Annual sitting of legislative bodies

5. There shall be a sitting of Parliament and of each legislature at least once every twelve months.

Séance annuelle

5. Le Parlement et les législatures tiennent une séance au moins une fois tous les douze mois.

Mobility Rights

Liberté de circulation et d'établissement

Mobility of citizens

6. (1) Every citizen of Canada has the right to enter, remain in and leave Canada.

Liberté de circulation

6. (1) Tout citoyen canadien a le droit de demeurer au Canada, d'y entrer ou d'en sortir.

Rights to move and gain livelihood

(2) Every citizen of Canada and every person who has the status of a permanent resident of Canada has the right

(*a*) to move to and take up residence in any province; and

(*b*) to pursue the gaining of a livelihood in any province.

Liberté d'établissement

(2) Tout citoyen canadien et toute personne ayant le statut de résident permanent au Canada ont le droit :

a) de se déplacer dans tout le pays et d'établir leur résidence dans toute province;

b) de gagner leur vie dans toute province.

Limitation

(3) The rights specified in subsection (2) are subject to

(*a*) any laws or practices of general application in force in a province other than those that discriminate among persons primarily on the basis of province of present or previous residence; and

(*b*) any laws providing for reasonable residency requirements as a qualification for the receipt of publicly provided social services.

Restriction

(3) Les droits mentionnés au paragraphe (2) sont subordonnés :

a) aux lois et usages d'application générale en vigueur dans une province donnée, s'ils n'établissent entre les personnes aucune distinction fondée principalement sur la province de résidence antérieure ou actuelle;

b) aux lois prévoyant de justes conditions de résidence en vue de l'obtention des services sociaux publics.

Affirmative action programs

(4) Subsections (2) and (3) do not preclude any law, program or activity that has as its object the amelioration in a province of conditions of individuals in that province who are socially or economically disadvantaged if the rate of employment in that province is below the rate of employment in Canada.

Programmes de promotion sociale

(4) Les paragraphes (2) et (3) n'ont pas pour objet d'interdire les lois, programmes ou activités destinés à améliorer, dans une province, la situation d'individus défavorisés socialement ou économiquement, si le taux d'emploi dans la province est inférieur à la moyenne nationale.

Legal Rights

Garanties juridiques

Life, liberty and security of person

7. Everyone has the right to life, liberty and security of the person and the right not to be deprived thereof except in accordance with the principles of fundamental justice.

Vie, liberté et sécurité

7. Chacun a droit à la vie, à la liberté et à la sécurité de sa personne; il ne peut être porté atteinte à ce droit qu'en conformité avec les principes de justice fondamentale.

Search or seizure

8. Everyone has the right to be secure against unreasonable search or seizure.

Fouilles, perquisitions ou saisies

8. Chacun a droit à la protection contre les fouilles, les perquisitions ou les saisies abusives.

Detention or imprisonment

9. Everyone has the right not to be arbitrarily detained or imprisoned.

Détention ou emprisonnement

9. Chacun a droit à la protection contre la détention ou l'emprisonnement arbitraires.

Arrest or detention

10. Everyone has the right on arrest or detention

(*a*) to be informed promptly of the reasons therefor;

(*b*) to retain and instruct counsel without delay and to be informed of that right; and

(*c*) to have the validity of the detention determined by way of *habeas corpus* and to be released if the detention is not lawful.

Proceedings in criminal and penal matters

11. Any person charged with an offence has the right

(*a*) to be informed without unreasonable delay of the specific offence;

(*b*) to be tried within a reasonable time;

(*c*) not to be compelled to be a witness in proceedings against that person in respect of the offence;

(*d*) to be presumed innocent until proven guilty according to law in a fair and public hearing by an independent and impartial tribunal;

(*e*) not to be denied reasonable bail without just cause;

(*f*) except in the case of an offence under military law tried before a military tribunal, to the benefit of trial by jury where the maximum punishment for the offence is imprisonment for five years or a more severe punishment;

(*g*) not to be found guilty on account of any act or omission unless, at the time of the act or omission, it constituted an offence under Canadian or international law or was criminal according to the general principles of law recognized by the community of nations;

(*h*) if finally acquitted of the offence, not to be tried for it again and, if finally found guilty and punished for the offence, not to be tried or punished for it again; and

(*i*) if found guilty of the offence and if the punishment for the offence has been varied between the time of commission and the time of sentencing, to the benefit of the lesser punishment.

Arrestation ou détention

10. Chacun a le droit, en cas d'arrestation ou de détention :

a) d'être informé dans les plus brefs délais des motifs de son arrestation ou de sa détention;

b) d'avoir recours sans délai à l'assistance d'un avocat et d'être informé de ce droit;

c) de faire contrôler, par *habeas corpus,* la légalité de sa détention et d'obtenir, le cas échéant, sa libération.

Affaires criminelles et pénales

11. Tout inculpé a le droit :

a) d'être informé sans délai anormal de l'infraction précise qu'on lui reproche;

b) d'être jugé dans un délai raisonnable;

c) de ne pas être contraint de témoigner contre lui-même dans toute poursuite intentée contre lui pour l'infraction qu'on lui reproche;

d) d'être présumé innocent tant qu'il n'est pas déclaré coupable, conformément à la loi, par un tribunal indépendant et impartial à l'issue d'un procès public et équitable;

e) de ne pas être privé sans juste cause d'une mise en liberté assortie d'un cautionnement raisonnable;

f) sauf s'il s'agit d'une infraction relevant de la justice militaire, de bénéficier d'un procès avec jury lorsque la peine maximale prévue pour l'infraction dont il est accusé est un emprisonnement de cinq ans ou une peine plus grave;

g) de ne pas être déclaré coupable en raison d'une action ou d'une omission qui, au moment où elle est survenue, ne constituait pas une infraction d'après le droit interne du Canada ou le droit international et n'avait pas de caractère criminel d'après les principes généraux de droit reconnus par l'ensemble des nations;

h) d'une part de ne pas être jugé de nouveau pour une infraction dont il a été définitivement acquitté, d'autre part de ne pas être jugé ni puni de nouveau pour une infraction dont il a été définitivement déclaré coupable et puni;

i) de bénéficier de la peine la moins sévère, lorsque la peine qui sanctionne l'infraction dont il est déclaré coupable est

modifiée entre le moment de la perpétration de l'infraction et celui de la sentence.

Treatment or punishment

12. Everyone has the right not to be subjected to any cruel and unusual treatment or punishment.

12. Chacun a droit à la protection contre tous traitements ou peines cruels et inusités.

Cruauté

Self-crimination

13. A witness who testifies in any proceedings has the right not to have any incriminating evidence so given used to incriminate that witness in any other proceedings, except in a prosecution for perjury or for the giving of contradictory evidence.

13. Chacun a droit à ce qu'aucun témoignage incriminant qu'il donne ne soit utilisé pour l'incriminer dans d'autres procédures, sauf lors de poursuites pour parjure ou pour témoignages contradictoires.

Témoignage incriminant

Interpreter

14. A party or witness in any proceedings who does not understand or speak the language in which the proceedings are conducted or who is deaf has the right to the assistance of an interpreter.

14. La partie ou le témoin qui ne peuvent suivre les procédures, soit parce qu'ils ne comprennent pas ou ne parlent pas la langue employée, soit parce qu'ils sont atteints de surdité, ont droit à l'assistance d'un interprète.

Interprète

Equality Rights

Droits à l'égalité

Equality before and under law and equal protection and benefit of law

15. (1) Every individual is equal before and under the law and has the right to the equal protection and equal benefit of the law without discrimination and, in particular, without discrimination based on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.

15. (1) La loi ne fait acception de personne et s'applique également à tous, et tous ont droit à la même protection et au même bénéfice de la loi, indépendamment de toute discrimination, notamment des discriminations fondées sur la race, l'origine nationale ou ethnique, la couleur, la religion, le sexe, l'âge ou les déficiences mentales ou physiques.

Égalité devant la loi, égalité de bénéfice et protection égale de la loi

Affirmative action programs

(2) Subsection (1) does not preclude any law, program or activity that has as its object the amelioration of conditions of disadvantaged individuals or groups including those that are disadvantaged because of race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.

(2) Le paragraphe (1) n'a pas pour effet d'interdire les lois, programmes ou activités destinés à améliorer la situation d'individus ou de groupes défavorisés, notamment du fait de leur race, de leur origine nationale ou ethnique, de leur couleur, de leur religion, de leur sexe, de leur âge ou de leurs déficiences mentales ou physiques.

Programmes de promotion sociale

Official Languages of Canada

Langues officielles du Canada

Official languages of Canada

16. (1) English and French are the official languages of Canada and have equality of status and equal rights and privileges as to their use in all institutions of the Parliament and government of Canada.

16. (1) Le français et l'anglais sont les langues officielles du Canada; ils ont un statut et des droits et privilèges égaux quant à leur usage dans les institutions du Parlement et du gouvernement du Canada.

Langues officielles du Canada

Official languages of New Brunswick

(2) English and French are the official languages of New Brunswick and have equality of status and equal rights and privileges as to their use in all institutions of the

(2) Le français et l'anglais sont les langues officielles du Nouveau-Brunswick; ils ont un statut et des droits et privilèges égaux quant à leur usage dans les institutions de la Légis-

Langues officielles du Nouveau-Brunswick

legislature and government of New Brunswick.

Advancement of status and use

(3) Nothing in this Charter limits the authority of Parliament or a legislature to advance the equality of status or use of English and French.

Proceedings of Parliament

17. (1) Everyone has the right to use English or French in any debates and other proceedings of Parliament.

Proceedings of New Brunswick legislature

(2) Everyone has the right to use English or French in any debates and other proceedings of the legislature of New Brunswick.

Parliamentary statutes and records

18. (1) The statutes, records and journals of Parliament shall be printed and published in English and French and both language versions are equally authoritative.

New Brunswick statutes and records

(2) The statutes, records and journals of the legislature of New Brunswick shall be printed and published in English and French and both language versions are equally authoritative.

Proceedings in courts established by Parliament

19. (1) Either English or French may be used by any person in, or in any pleading in or process issuing from, any court established by Parliament.

Proceedings in New Brunswick courts

(2) Either English or French may be used by any person in, or in any pleading in or process issuing from, any court of New Brunswick.

Communications by public with federal institutions

20. (1) Any member of the public in Canada has the right to communicate with, and to receive available services from, any head or central office of an institution of the Parliament or government of Canada in English or French, and has the same right with respect to any other office of any such institution where

(*a*) there is a significant demand for communications with and services from that office in such language; or

lature et du gouvernement du Nouveau-Brunswick.

Progression vers l'égalité

(3) La présente charte ne limite pas le pouvoir du Parlement et des législatures de favoriser la progression vers l'égalité de statut ou d'usage du français et de l'anglais.

Travaux du Parlement

17. (1) Chacun a le droit d'employer le français ou l'anglais dans les débats et travaux du Parlement.

Travaux de la Législature du Nouveau-Brunswick

(2) Chacun a le droit d'employer le français ou l'anglais dans les débats et travaux de la Législature du Nouveau-Brunswick.

Documents parlementaires

18. (1) Les lois, les archives, les comptes rendus et les procès-verbaux du Parlement sont imprimés et publiés en français et en anglais, les deux versions des lois ayant également force de loi et celles des autres documents ayant même valeur.

Documents de la Législature du Nouveau-Brunswick

(2) Les lois, les archives, les comptes rendus et les procès-verbaux de la Législature du Nouveau-Brunswick sont imprimés et publiés en français et en anglais, les deux versions des lois ayant également force de loi et celles des autres documents ayant même valeur.

Procédures devant les tribunaux établis par le Parlement

19. (1) Chacun a le droit d'employer le français ou l'anglais dans toutes les affaires dont sont saisis les tribunaux établis par le Parlement et dans tous les actes de procédure qui en découlent.

Procédures devant les tribunaux du Nouveau-Brunswick

(2) Chacun a le droit d'employer le français ou l'anglais dans toutes les affaires dont sont saisis les tribunaux du Nouveau-Brunswick et dans tous les actes de procédure qui en découlent.

Communications entre les administrés et les institutions fédérales

20. (1) Le public a, au Canada, droit à l'emploi du français ou de l'anglais pour communiquer avec le siège ou l'administration centrale des institutions du Parlement ou du gouvernement du Canada ou pour en recevoir les services; il a le même droit à l'égard de tout autre bureau de ces institutions là où, selon le cas :

a) l'emploi du français ou de l'anglais fait l'objet d'une demande importante;

b) l'emploi du français et de l'anglais se justifie par la vocation du bureau.

(*b*) due to the nature of the office, it is reasonable that communications with and services from that office be available in both English and French.

Communications by public with New Brunswick institutions

(2) Any member of the public in New Brunswick has the right to communicate with, and to receive available services from, any office of an institution of the legislature or government of New Brunswick in English or French.

(2) Le public a, au Nouveau-Brunswick, droit à l'emploi du français ou de l'anglais pour communiquer avec tout bureau des institutions de la législature ou du gouvernement ou pour en recevoir les services.

Communications entre les administrés et les institutions du Nouveau-Brunswick

Continuation of existing constitutional provisions

21. Nothing in sections 16 to 20 abrogates or derogates from any right, privilege or obligation with respect to the English and French languages, or either of them, that exists or is continued by virtue of any other provision of the Constitution of Canada.

21. Les articles 16 à 20 n'ont pas pour effet, en ce qui a trait à la langue française ou anglaise ou à ces deux langues, de porter atteinte aux droits, privilèges ou obligations qui existent ou sont maintenus aux termes d'une autre disposition de la Constitution du Canada.

Maintien en vigueur de certaines dispositions

Rights and privileges preserved

22. Nothing in sections 16 to 20 abrogates or derogates from any legal or customary right or privilege acquired or enjoyed either before or after the coming into force of this Charter with respect to any language that is not English or French.

22. Les articles 16 à 20 n'ont pas pour effet de porter atteinte aux droits et privilèges, antérieurs ou postérieurs à l'entrée en vigueur de la présente charte et découlant de la loi ou de la coutume, des langues autres que le français ou l'anglais.

Droits préservés

Minority Language Educational Rights

Droits à l'instruction dans la langue de la minorité

Language of instruction

23. (1) Citizens of Canada

(*a*) whose first language learned and still understood is that of the English or French linguistic minority population of the province in which they reside, or

(*b*) who have received their primary school instruction in Canada in English or French and reside in a province where the language in which they received that instruction is the language of the English or French linguistic minority population of the province,

have the right to have their children receive primary and secondary school instruction in that language in that province.

23. (1) Les citoyens canadiens :

a) dont la première langue apprise et encore comprise est celle de la minorité francophone ou anglophone de la province où ils résident,

b) qui ont reçu leur instruction, au niveau primaire, en français ou en anglais au Canada et qui résident dans une province où la langue dans laquelle ils ont reçu cette instruction est celle de la minorité francophone ou anglophone de la province,

ont, dans l'un ou l'autre cas, le droit d'y faire instruire leurs enfants, aux niveaux primaire et secondaire, dans cette langue.

Langue d'instruction

Continuity of language instruction

(2) Citizens of Canada of whom any child has received or is receiving primary or secondary school instruction in English or French in Canada, have the right to have all their children receive primary and secondary school instruction in the same language.

(2) Les citoyens canadiens dont un enfant a reçu ou reçoit son instruction, au niveau primaire ou secondaire, en français ou en anglais au Canada ont le droit de faire instruire tous leurs enfants, aux niveaux primaire et secondaire, dans la langue de cette instruction.

Continuité d'emploi de la langue d'instruction

Application where numbers warrant

(3) The right of citizens of Canada under subsections (1) and (2) to have their children receive primary and secondary school instruction in the language of the English or French linguistic minority population of a province

(*a*) applies wherever in the province the number of children of citizens who have such a right is sufficient to warrant the provision to them out of public funds of minority language instruction; and

(*b*) includes, where the number of those children so warrants, the right to have them receive that instruction in minority language educational facilities provided out of public funds.

Justification par le nombre

(3) Le droit reconnu aux citoyens canadiens par les paragraphes (1) et (2) de faire instruire leurs enfants, aux niveaux primaire et secondaire, dans la langue de la minorité francophone ou anglophone d'une province :

a) s'exerce partout dans la province où le nombre des enfants des citoyens qui ont ce droit est suffisant pour justifier à leur endroit la prestation, sur les fonds publics, de l'instruction dans la langue de la minorité;

b) comprend, lorsque le nombre de ces enfants le justifie, le droit de les faire instruire dans des établissements d'enseignement de la minorité linguistique financés sur les fonds publics.

Enforcement

Recours

Enforcement of guaranteed rights and freedoms

24. (1) Anyone whose rights or freedoms, as guaranteed by this Charter, have been infringed or denied may apply to a court of competent jurisdiction to obtain such remedy as the court considers appropriate and just in the circumstances.

Recours en cas d'atteinte aux droits et libertés

24. (1) Toute personne, victime de violation ou de négation des droits ou libertés qui lui sont garantis par la présente charte, peut s'adresser à un tribunal compétent pour obtenir la réparation que le tribunal estime convenable et juste eu égard aux circonstances.

Exclusion of evidence bringing administration of justice into disrepute

(2) Where, in proceedings under subsection (1), a court concludes that evidence was obtained in a manner that infringed or denied any rights or freedoms guaranteed by this Charter, the evidence shall be excluded if it is established that, having regard to all the circumstances, the admission of it in the proceedings would bring the administration of justice into disrepute.

Irrecevabilité d'éléments de preuve qui risqueraient de déconsidérer l'administration de la justice

(2) Lorsque, dans une instance visée au paragraphe (1), le tribunal a conclu que des éléments de preuve ont été obtenus dans des conditions qui portent atteinte aux droits ou libertés garantis par la présente charte, ces éléments de preuve sont écartés s'il est établi, eu égard aux circonstances, que leur utilisation est susceptible de déconsidérer l'administration de la justice.

General

Dispositions générales

Aboriginal rights and freedoms not affected by Charter

25. The guarantee in this Charter of certain rights and freedoms shall not be construed so as to abrogate or derogate from any aboriginal, treaty or other rights or freedoms that pertain to the aboriginal peoples of Canada including

(*a*) any rights or freedoms that have been recognized by the Royal Proclamation of October 7, 1763; and

(*b*) any rights or freedoms that may be acquired by the aboriginal peoples of Canada by way of land claims settlement.

Maintien des droits et libertés des autochtones

25. Le fait que la présente charte garantit certains droits et libertés ne porte pas atteinte aux droits ou libertés — ancestraux, issus de traités ou autres — des peuples autochtones du Canada, notamment :

a) aux droits ou libertés reconnus par la Proclamation royale du 7 octobre 1763;

b) aux droits ou libertés acquis par règlement de revendications territoriales.

Other rights and freedoms not affected by Charter

26. The guarantee in this Charter of certain rights and freedoms shall not be con-

Maintien des autres droits et libertés

26. Le fait que la présente charte garantit certains droits et libertés ne constitue pas

strued as denying the existence of any other rights or freedoms that exist in Canada.

une négation des autres droits ou libertés qui existent au Canada.

Multicultural heritage

27. This Charter shall be interpreted in a manner consistent with the preservation and enhancement of the multicultural heritage of Canadians.

27. Toute interprétation de la présente charte doit concorder avec l'objectif de promouvoir le maintien et la valorisation du patrimoine multiculturel des Canadiens.

Maintien du patrimoine culturel

Rights guaranteed equally to both sexes

28. Notwithstanding anything in this Charter, the rights and freedoms referred to in it are guaranteed equally to male and female persons.

28. Indépendamment des autres dispositions de la présente charte, les droits et libertés qui y sont mentionnés sont garantis également aux personnes des deux sexes.

Égalité de garantie des droits pour les deux sexes

Rights respecting certain schools preserved

29. Nothing in this Charter abrogates or derogates from any rights or privileges guaranteed by or under the Constitution of Canada in respect of denominational, separate or dissentient schools.

29. Les dispositions de la présente charte ne portent pas atteinte aux droits ou privilèges garantis en vertu de la Constitution du Canada concernant les écoles séparées et autres écoles confessionnelles.

Maintien des droits relatifs à certaines écoles

Application to territories and territorial authorities

30. A reference in this Charter to a province or to the legislative assembly or legislature of a province shall be deemed to include a reference to the Yukon Territory and the Northwest Territories, or to the appropriate legislative authority thereof, as the case may be.

30. Dans la présente charte, les dispositions qui visent les provinces, leur législature ou leur assemblée législative visent également le territoire du Yukon, les territoires du Nord-Ouest ou leurs autorités législatives compétentes.

Application aux territoires

Legislative powers not extended

31. Nothing in this Charter extends the legislative powers of any body or authority.

31. La présente charte n'élargit pas les compétences législatives de quelque organisme ou autorité que ce soit.

Non-élargissement des compétences législatives

Application of Charter

Application de la charte

Application of Charter

32. (1) This Charter applies

(*a*) to the Parliament and government of Canada in respect of all matters within the authority of Parliament including all matters relating to the Yukon Territory and Northwest Territories; and

(*b*) to the legislature and government of each province in respect of all matters within the authority of the legislature of each province.

32. (1) La présente charte s'applique :

a) au Parlement et au gouvernement du Canada, pour tous les domaines relevant du Parlement, y compris ceux qui concernent le territoire du Yukon et les territoires du Nord-Ouest;

b) à la législature et au gouvernement de chaque province, pour tous les domaines relevant de cette législature.

Application de la charte

Exception

(2) Notwithstanding subsection (1), section 15 shall not have effect until three years after this section comes into force.

(2) Par dérogation au paragraphe (1), l'article 15 n'a d'effet que trois ans après l'entrée en vigueur du présent article.

Restriction

Exception where express declaration

33. (1) Parliament or the legislature of a province may expressly declare in an Act of Parliament or of the legislature, as the case may be, that the Act or a provision thereof shall operate notwithstanding a provision included in section 2 or sections 7 to 15 of this Charter.

33. (1) Le Parlement ou la législature d'une province peut adopter une loi où il est expressément déclaré que celle-ci ou une de ses dispositions a effet indépendamment d'une disposition donnée de l'article 2 ou des articles 7 à 15 de la présente charte.

Dérogation par déclaration expresse

Operation of exception

(2) An Act or a provision of an Act in respect of which a declaration made under this section is in effect shall have such operation as it would have but for the provision of this Charter referred to in the declaration.

(2) La loi ou la disposition qui fait l'objet d'une déclaration conforme au présent article et en vigueur a l'effet qu'elle aurait sauf la disposition en cause de la charte.

Effet de la dérogation

Five year limitation

(3) A declaration made under subsection (1) shall cease to have effect five years after it comes into force or on such earlier date as may be specified in the declaration.

(3) La déclaration visée au paragraphe (1) cesse d'avoir effet à la date qui y est précisée ou, au plus tard, cinq ans après son entrée en vigueur.

Durée de validité

Re-enactment

(4) Parliament or a legislature of a province may re-enact a declaration made under subsection (1).

(4) Le Parlement ou une législature peut adopter de nouveau une déclaration visée au paragraphe (1).

Nouvelle adoption

Five year limitation

(5) Subsection (3) applies in respect of a re-enactment made under subsection (4).

(5) Le paragraphe (3) s'applique à toute déclaration adoptée sous le régime du paragraphe (4).

Durée de validité

Citation

Titre

Citation

34. This Part may be cited as the *Canadian Charter of Rights and Freedoms*.

34. Titre de la présente partie : *Charte canadienne des droits et libertés*.

Titre

PART II

RIGHTS OF THE ABORIGINAL PEOPLES OF CANADA

PARTIE II

DROITS DES PEUPLES AUTOCHTONES DU CANADA

Recognition of existing aboriginal and treaty rights

35. (1) The existing aboriginal and treaty rights of the aboriginal peoples of Canada are hereby recognized and affirmed.

35. (1) Les droits existants — ancestraux ou issus de traités — des peuples autochtones du Canada sont reconnus et confirmés.

Confirmation des droits existants des peuples autochtones

Definition of "aboriginal peoples of Canada"

(2) In this Act, "aboriginal peoples of Canada" includes the Indian, Inuit and Métis peoples of Canada.

(2) Dans la présente loi, «peuples autochtones du Canada» s'entend notamment des Indiens, des Inuit et des Métis du Canada.

Définition de «peuples autochtones du Canada»

PART III

EQUALIZATION AND REGIONAL DISPARITIES

PARTIE III

PÉRÉQUATION ET INÉGALITÉS RÉGIONALES

Commitment to promote equal opportunities

36. (1) Without altering the legislative authority of Parliament or of the provincial legislatures, or the rights of any of them with respect to the exercise of their legislative authority, Parliament and the legislatures, together with the government of Canada and the provincial governments, are committed to

(*a*) promoting equal opportunities for the well-being of Canadians;

(*b*) furthering economic development to reduce disparity in opportunities; and

(*c*) providing essential public services of reasonable quality to all Canadians.

36. (1) Sous réserve des compétences législatives du Parlement et des législatures et de leur droit de les exercer, le Parlement et les législatures, ainsi que les gouvernements fédéral et provinciaux, s'engagent à :

a) promouvoir l'égalité des chances de tous les Canadiens dans la recherche de leur bien-être;

b) favoriser le développement économique pour réduire l'inégalité des chances;

c) fournir à tous les Canadiens, à un niveau de qualité acceptable, les services publics essentiels.

Engagements relatifs à l'égalité des chances

Commitment respecting public services

(2) Parliament and the government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation.

Engagement relatif aux services publics

(2) Le Parlement et le gouvernement du Canada prennent l'engagement de principe de faire des paiements de péréquation propres à donner aux gouvernements provinciaux des revenus suffisants pour les mettre en mesure d'assurer les services publics à un niveau de qualité et de fiscalité sensiblement comparables.

PART IV

CONSTITUTIONAL CONFERENCE

PARTIE IV

CONFÉRENCE CONSTITUTIONNELLE

Constitutional conference

37. (1) A constitutional conference composed of the Prime Minister of Canada and the first ministers of the provinces shall be convened by the Prime Minister of Canada within one year after this Part comes into force.

Conférence constitutionnelle

37. (1) Dans l'année suivant l'entrée en vigueur de la présente partie, le premier ministre du Canada convoque une conférence constitutionnelle réunissant les premiers ministres provinciaux et lui-même.

Participation of aboriginal peoples

(2) The conference convened under subsection (1) shall have included in its agenda an item respecting constitutional matters that directly affect the aboriginal peoples of Canada, including the identification and definition of the rights of those peoples to be included in the Constitution of Canada, and the Prime Minister of Canada shall invite representatives of those peoples to participate in the discussions on that item.

Participation des peuples autochtones

(2) Sont placées à l'ordre du jour de la conférence visée au paragraphe (1) les questions constitutionnelles qui intéressent directement les peuples autochtones du Canada, notamment la détermination et la définition des droits de ces peuples à inscrire dans la Constitution du Canada. Le premier ministre du Canada invite leurs représentants à participer aux travaux relatifs à ces questions.

Participation of territories

(3) The Prime Minister of Canada shall invite elected representatives of the governments of the Yukon Territory and the Northwest Territories to participate in the discussions on any item on the agenda of the conference convened under subsection (1) that, in the opinion of the Prime Minister, directly affects the Yukon Territory and the Northwest Territories.

Participation des territoires

(3) Le premier ministre du Canada invite des représentants élus des gouvernements du territoire du Yukon et des territoires du Nord-Ouest à participer aux travaux relatifs à toute question placée à l'ordre du jour de la conférence visée au paragraphe (1) et qui, selon lui, intéresse directement le territoire du Yukon et les territoires du Nord-Ouest.

PART V

PROCEDURE FOR AMENDING CONSTITUTION OF CANADA

PARTIE V

PROCÉDURE DE MODIFICATION DE LA CONSTITUTION DU CANADA

General procedure for amending Constitution of Canada

38. (1) An amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by

(*a*) resolutions of the Senate and House of Commons; and

(*b*) resolutions of the legislative assemblies of at least two-thirds of the provinces

Procédure normale de modification

38. (1) La Constitution du Canada peut être modifiée par proclamation du gouverneur général sous le grand sceau du Canada, autorisée à la fois :

a) par des résolutions du Sénat et de la Chambre des communes;

b) par des résolutions des assemblées législatives d'au moins deux tiers des provinces dont la population confondue repré-

that have, in the aggregate, according to the then latest general census, at least fifty per cent of the population of all the provinces.

sente, selon le recensement général le plus récent à l'époque, au moins cinquante pour cent de la population de toutes les provinces.

Majority of members

(2) An amendment made under subsection (1) that derogates from the legislative powers, the proprietary rights or any other rights or privileges of the legislature or government of a province shall require a resolution supported by a majority of the members of each of the Senate, the House of Commons and the legislative assemblies required under subsection (1).

(2) Une modification faite conformément au paragraphe (1) mais dérogatoire à la compétence législative, aux droits de propriété ou à tous autres droits ou privilèges d'une législature ou d'un gouvernement provincial exige une résolution adoptée à la majorité des sénateurs, des députés fédéraux et des députés de chacune des assemblées législatives du nombre requis de provinces.

Majorité simple

Expression of dissent

(3) An amendment referred to in subsection (2) shall not have effect in a province the legislative assembly of which has expressed its dissent thereto by resolution supported by a majority of its members prior to the issue of the proclamation to which the amendment relates unless that legislative assembly, subsequently, by resolution supported by a majority of its members, revokes its dissent and authorizes the amendment.

(3) La modification visée au paragraphe (2) est sans effet dans une province dont l'assemblée législative a, avant la prise de la proclamation, exprimé son désaccord par une résolution adoptée à la majorité des députés, sauf si cette assemblée, par résolution également adoptée à la majorité, revient sur son désaccord et autorise la modification.

Désaccord

Revocation of dissent

(4) A resolution of dissent made for the purposes of subsection (3) may be revoked at any time before or after the issue of the proclamation to which it relates.

(4) La résolution de désaccord visée au paragraphe (3) peut être révoquée à tout moment, indépendamment de la date de la proclamation à laquelle elle se rapporte.

Levée du désaccord

Restriction on proclamation

39. (1) A proclamation shall not be issued under subsection 38(1) before the expiration of one year from the adoption of the resolution initiating the amendment procedure thereunder, unless the legislative assembly of each province has previously adopted a resolution of assent or dissent.

39. (1) La proclamation visée au paragraphe 38(1) ne peut être prise dans l'année suivant l'adoption de la résolution à l'origine de la procédure de modification que si l'assemblée législative de chaque province a préalablement adopté une résolution d'agrément ou de désaccord.

Restriction

Idem

(2) A proclamation shall not be issued under subsection 38(1) after the expiration of three years from the adoption of the resolution initiating the amendment procedure thereunder.

(2) La proclamation visée au paragraphe 38(1) ne peut être prise que dans les trois ans suivant l'adoption de la résolution à l'origine de la procédure de modification.

Idem

Compensation

40. Where an amendment is made under subsection 38(1) that transfers provincial legislative powers relating to education or other cultural matters from provincial legislatures to Parliament, Canada shall provide reasonable compensation to any province to which the amendment does not apply.

40. Le Canada fournit une juste compensation aux provinces auxquelles ne s'applique pas une modification faite conformément au paragraphe 38(1) et relative, en matière d'éducation ou dans d'autres domaines culturels, à un transfert de compétences législatives provinciales au Parlement.

Compensation

Amendment by unanimous consent

41. An amendment to the Constitution of Canada in relation to the following matters

41. Toute modification de la Constitution du Canada portant sur les questions suivan-

Consentement unanime

may be made by proclamation issued by the Governor General under the Great Seal of Canada only where authorized by resolutions of the Senate and House of Commons and of the legislative assembly of each province:

(*a*) the office of the Queen, the Governor General and the Lieutenant Governor of a province;

(*b*) the right of a province to a number of members in the House of Commons not less than the number of Senators by which the province is entitled to be represented at the time this Part comes into force;

(*c*) subject to section 43, the use of the English or the French language;

(*d*) the composition of the Supreme Court of Canada; and

(*e*) an amendment to this Part.

Amendment by general procedure

42. (1) An amendment to the Constitution of Canada in relation to the following matters may be made only in accordance with subsection 38(1):

(*a*) the principle of proportionate representation of the provinces in the House of Commons prescribed by the Constitution of Canada;

(*b*) the powers of the Senate and the method of selecting Senators;

(*c*) the number of members by which a province is entitled to be represented in the Senate and the residence qualifications of Senators;

(*d*) subject to paragraph 41(*d*), the Supreme Court of Canada;

(*e*) the extension of existing provinces into the territories; and

(*f*) notwithstanding any other law or practice, the establishment of new provinces.

Exception

(2) Subsections 38(2) to (4) do not apply in respect of amendments in relation to matters referred to in subsection (1).

Amendment of provisions relating to some but not all provinces

43. An amendment to the Constitution of Canada in relation to any provision that applies to one or more, but not all, provinces, including

(*a*) any alteration to boundaries between provinces, and

tes se fait par proclamation du gouverneur général sous le grand sceau du Canada, autorisée par des résolutions du Sénat, de la Chambre des communes et de l'assemblée législative de chaque province :

a) la charge de Reine, celle de gouverneur général et celle de lieutenant-gouverneur;

b) le droit d'une province d'avoir à la Chambre des communes un nombre de députés au moins égal à celui des sénateurs par lesquels elle est habilitée à être représentée lors de l'entrée en vigueur de la présente partie;

c) sous réserve de l'article 43, l'usage du français ou de l'anglais;

d) la composition de la Cour suprême du Canada;

e) la modification de la présente partie.

Procédure normale de modification

42. (1) Toute modification de la Constitution du Canada portant sur les questions suivantes se fait conformément au paragraphe 38(1) :

a) le principe de la représentation proportionnelle des provinces à la Chambre des communes prévu par la Constitution du Canada;

b) les pouvoirs du Sénat et le mode de sélection des sénateurs;

c) le nombre des sénateurs par lesquels une province est habilitée à être représentée et les conditions de résidence qu'ils doivent remplir;

d) sous réserve de l'alinéa 41*d*), la Cour suprême du Canada;

e) le rattachement aux provinces existantes de tout ou partie des territoires;

f) par dérogation à toute autre loi ou usage, la création de provinces.

Exception

(2) Les paragraphes 38(2) à (4) ne s'appliquent pas aux questions mentionnées au paragraphe (1).

Modification à l'égard de certaines provinces

43. Les dispositions de la Constitution du Canada applicables à certaines provinces seulement ne peuvent être modifiées que par proclamation du gouverneur général sous le grand sceau du Canada, autorisée par des résolutions du Sénat, de la Chambre des

(*b*) any amendment to any provision that relates to the use of the English or the French language within a province,

may be made by proclamation issued by the Governor General under the Great Seal of Canada only where so authorized by resolutions of the Senate and House of Commons and of the legislative assembly of each province to which the amendment applies.

communes et de l'assemblée législative de chaque province concernée. Le présent article s'applique notamment :

a) aux changements du tracé des frontières interprovinciales;

b) aux modifications des dispositions relatives à l'usage du français ou de l'anglais dans une province.

Amendments by Parliament

44. Subject to sections 41 and 42, Parliament may exclusively make laws amending the Constitution of Canada in relation to the executive government of Canada or the Senate and House of Commons.

44. Sous réserve des articles 41 et 42, le Parlement a compétence exclusive pour modifier les dispositions de la Constitution du Canada relatives au pouvoir exécutif fédéral, au Sénat ou à la Chambre des communes.

Modification par le Parlement

Amendments by provincial legislatures

45. Subject to section 41, the legislature of each province may exclusively make laws amending the constitution of the province.

45. Sous réserve de l'article 41, une législature a compétence exclusive pour modifier la constitution de sa province.

Modification par les législatures

Initiation of amendment procedures

46. (1) The procedures for amendment under sections 38, 41, 42 and 43 may be initiated either by the Senate or the House of Commons or by the legislative assembly of a province.

46. (1) L'initiative des procédures de modification visées aux articles 38, 41, 42 et 43 appartient au Sénat, à la Chambre des communes ou à une assemblée législative.

Initiative des procédures

Revocation of authorization

(2) A resolution of assent made for the purposes of this Part may be revoked at any time before the issue of a proclamation authorized by it.

(2) Une résolution d'agrément adoptée dans le cadre de la présente partie peut être révoquée à tout moment avant la date de la proclamation qu'elle autorise.

Possibilité de révocation

Amendments without Senate resolution

47. (1) An amendment to the Constitution of Canada made by proclamation under section 38, 41, 42 or 43 may be made without a resolution of the Senate authorizing the issue of the proclamation if, within one hundred and eighty days after the adoption by the House of Commons of a resolution authorizing its issue, the Senate has not adopted such a resolution and if, at any time after the expiration of that period, the House of Commons again adopts the resolution.

47. (1) Dans les cas visés à l'article 38, 41, 42 ou 43, il peut être passé outre au défaut d'autorisation du Sénat si celui-ci n'a pas adopté de résolution dans un délai de cent quatre-vingts jours suivant l'adoption de celle de la Chambre des communes et si cette dernière, après l'expiration du délai, adopte une nouvelle résolution dans le même sens.

Modification sans résolution du Sénat

Computation of period

(2) Any period when Parliament is prorogued or dissolved shall not be counted in computing the one hundred and eighty day period referred to in subsection (1).

(2) Dans la computation du délai visé au paragraphe (1), ne sont pas comptées les périodes pendant lesquelles le Parlement est prorogé ou dissous.

Computation du délai

Advice to issue proclamation

48. The Queen's Privy Council for Canada shall advise the Governor General to issue a proclamation under this Part forthwith on the adoption of the resolutions

48. Le Conseil privé de la Reine pour le Canada demande au gouverneur général de prendre, conformément à la présente partie, une proclamation dès l'adoption des résolu-

Demande de proclamation

required for an amendment made by proclamation under this Part.

Constitutional conference

49. A constitutional conference composed of the Prime Minister of Canada and the first ministers of the provinces shall be convened by the Prime Minister of Canada within fifteen years after this Part comes into force to review the provisions of this Part.

PART VI

AMENDMENT TO THE CONSTITUTION ACT, 1867

Amendment to *Constitution Act, 1867*

50. The *Constitution Act, 1867* (formerly named the *British North America Act, 1867*) is amended by adding thereto, immediately after section 92 thereof, the following heading and section:

"Non-Renewable Natural Resources, Forestry Resources and Electrical Energy

Laws respecting non-renewable natural resources, forestry resources and electrical energy

92A. (1) In each province, the legislature may exclusively make laws in relation to

(*a*) exploration for non-renewable natural resources in the province;

(*b*) development, conservation and management of non-renewable natural resources and forestry resources in the province, including laws in relation to the rate of primary production therefrom; and

(*c*) development, conservation and management of sites and facilities in the province for the generation and production of electrical energy.

Export from provinces of resources

(2) In each province, the legislature may make laws in relation to the export from the province to another part of Canada of the primary production from non-renewable natural resources and forestry resources in the province and the production from facilities in the province for the generation of electrical energy, but such laws may not authorize or provide for discrimination in prices or in supplies exported to another part of Canada.

tions prévues par cette partie pour une modification par proclamation.

Conférence constitutionnelle

49. Dans les quinze ans suivant l'entrée en vigueur de la présente partie, le premier ministre du Canada convoque une conférence constitutionnelle réunissant les premiers ministres provinciaux et lui-même, en vue du réexamen des dispositions de cette partie.

PARTIE VI

MODIFICATION DE LA LOI CONSTITUTIONNELLE DE 1867

Modification de la *Loi constitutionnelle de 1867*

50. La *Loi constitutionnelle de 1867* (antérieurement désignée sous le titre : *Acte de l'Amérique du Nord britannique, 1867*) est modifiée par insertion, après l'article 92, de la rubrique et de l'article suivants :

«Ressources naturelles non renouvelables, ressources forestières et énergie électrique

Compétence provinciale

92A. (1) La législature de chaque province a compétence exclusive pour légiférer dans les domaines suivants :

a) prospection des ressources naturelles non renouvelables de la province;

b) exploitation, conservation et gestion des ressources naturelles non renouvelables et des ressources forestières de la province, y compris leur rythme de production primaire;

c) aménagement, conservation et gestion des emplacements et des installations de la province destinés à la production d'énergie électrique.

Exportation hors des provinces

(2) La législature de chaque province a compétence pour légiférer en ce qui concerne l'exportation, hors de la province, à destination d'une autre partie du Canada, de la production primaire tirée des ressources naturelles non renouvelables et des ressources forestières de la province, ainsi que de la production d'énergie électrique de la province, sous réserve de ne pas adopter de lois autorisant ou prévoyant des disparités de prix ou des disparités dans les exportations destinées à une autre partie du Canada.

Authority of Parliament

(3) Nothing in subsection (2) derogates from the authority of Parliament to enact laws in relation to the matters referred to in that subsection and, where such a law of Parliament and a law of a province conflict, the law of Parliament prevails to the extent of the conflict.

Taxation of resources

(4) In each province, the legislature may make laws in relation to the raising of money by any mode or system of taxation in respect of

(*a*) non-renewable natural resources and forestry resources in the province and the primary production therefrom, and

(*b*) sites and facilities in the province for the generation of electrical energy and the production therefrom,

whether or not such production is exported in whole or in part from the province, but such laws may not authorize or provide for taxation that differentiates between production exported to another part of Canada and production not exported from the province.

"Primary production"

(5) The expression "primary production" has the meaning assigned by the Sixth Schedule.

Existing powers or rights

(6) Nothing in subsections (1) to (5) derogates from any powers or rights that a legislature or government of a province had immediately before the coming into force of this section."

Idem

51. The said Act is further amended by adding thereto the following Schedule:

"THE SIXTH SCHEDULE

Primary Production from Non-Renewable Natural Resources and Forestry Resources

1. For the purposes of section 92A of this Act,

Pouvoir du Parlement

(3) Le paragraphe (2) ne porte pas atteinte au pouvoir du Parlement de légiférer dans les domaines visés à ce paragraphe, les dispositions d'une loi du Parlement adoptée dans ces domaines l'emportant sur les dispositions incompatibles d'une loi provinciale.

Taxation des ressources

(4) La législature de chaque province a compétence pour prélever des sommes d'argent par tout mode ou système de taxation :

a) des ressources naturelles non renouvelables et des ressources forestières de la province, ainsi que de la production primaire qui en est tirée;

b) des emplacements et des installations de la province destinés à la production d'énergie électrique, ainsi que de cette production même.

Cette compétence peut s'exercer indépendamment du fait que la production en cause soit ou non, en totalité ou en partie, exportée hors de la province, mais les lois adoptées dans ces domaines ne peuvent autoriser ou prévoir une taxation qui établisse une distinction entre la production exportée à destination d'une autre partie du Canada et la production non exportée hors de la province.

«Production primaire»

(5) L'expression «production primaire» a le sens qui lui est donné dans la sixième annexe.

Pouvoirs ou droits existants

(6) Les paragraphes (1) à (5) ne portent pas atteinte aux pouvoirs ou droits détenus par la législature ou le gouvernement d'une province lors de l'entrée en vigueur du présent article.»

Idem

51. Ladite loi est en outre modifiée par adjonction de l'annexe suivante :

«SIXIÈME ANNEXE

Production primaire tirée des ressources naturelles non renouvelables et des ressources forestières

1. Pour l'application de l'article 92A :

(*a*) production from a non-renewable natural resource is primary production therefrom if

(i) it is in the form in which it exists upon its recovery or severance from its natural state, or

(ii) it is a product resulting from processing or refining the resource, and is not a manufactured product or a product resulting from refining crude oil, refining upgraded heavy crude oil, refining gases or liquids derived from coal or refining a synthetic equivalent of crude oil; and

(*b*) production from a forestry resource is primary production therefrom if it consists of sawlogs, poles, lumber, wood chips, sawdust or any other primary wood product, or wood pulp, and is not a product manufactured from wood."

a) on entend par production primaire tirée d'une ressource naturelle non renouvelable :

(i) soit le produit qui se présente sous la même forme que lors de son extraction du milieu naturel,

(ii) soit le produit non manufacturé de la transformation, du raffinage ou de l'affinage d'une ressource, à l'exception du produit du raffinage du pétrole brut, du raffinage du pétrole brut lourd amélioré, du raffinage des gaz ou des liquides dérivés du charbon ou du raffinage d'un équivalent synthétique du pétrole brut;

b) on entend par production primaire tirée d'une ressource forestière la production constituée de billots, de poteaux, de bois d'œuvre, de copeaux, de sciure ou d'autre produit primaire du bois, ou de pâte de bois, à l'exception d'un produit manufacturé en bois.»

PART VII

GENERAL

Primacy of Constitution of Canada

52. (1) The Constitution of Canada is the supreme law of Canada, and any law that is inconsistent with the provisions of the Constitution is, to the extent of the inconsistency, of no force or effect.

Constitution of Canada

(2) The Constitution of Canada includes

(*a*) the *Canada Act*, including this Act;

(*b*) the Acts and orders referred to in Schedule I; and

(*c*) any amendment to any Act or order referred to in paragraph (*a*) or (*b*).

Amendments to Constitution of Canada

(3) Amendments to the Constitution of Canada shall be made only in accordance with the authority contained in the Constitution of Canada.

Repeals and new names

53. (1) The enactments referred to in Column I of Schedule I are hereby repealed or amended to the extent indicated in Column II thereof and, unless repealed, shall continue as law in Canada under the names set out in Column III thereof.

PARTIE VII

DISPOSITIONS GÉNÉRALES

Primauté de la Constitution du Canada

52. (1) La Constitution du Canada est la loi suprême du Canada; elle rend inopérantes les dispositions incompatibles de toute autre règle de droit.

Constitution du Canada

(2) La Constitution du Canada comprend :

a) la *Loi sur le Canada*, y compris la présente loi;

b) les textes législatifs et les décrets figurant à l'annexe I;

c) les modifications des textes législatifs et des décrets mentionnés aux alinéas *a*) ou *b*).

Modification

(3) La Constitution du Canada ne peut être modifiée que conformément aux pouvoirs conférés par elle.

Abrogation et nouveaux titres

53. (1) Les textes législatifs et les décrets énumérés à la colonne I de l'annexe I sont abrogés ou modifiés dans la mesure indiquée à la colonne II. Sauf abrogation, ils restent en vigueur en tant que lois du Canada sous les titres mentionnés à la colonne III.

Consequential amendments

(2) Every enactment, except the *Canada Act*, that refers to an enactment referred to in Schedule I by the name in Column I thereof is hereby amended by substituting for that name the corresponding name in Column III thereof, and any British North America Act not referred to in Schedule I may be cited as the *Constitution Act* followed by the year and number, if any, of its enactment.

Modifications corrélatives

(2) Tout texte législatif ou réglementaire, sauf la *Loi sur le Canada,* qui fait mention d'un texte législatif ou décret figurant à l'annexe I par le titre indiqué à la colonne I est modifié par substitution à ce titre du titre correspondant mentionné à la colonne III; tout Acte de l'Amérique du Nord britannique non mentionné à l'annexe I peut être cité sous le titre de *Loi constitutionnelle* suivi de l'indication de l'année de son adoption et éventuellement de son numéro.

Repeal and consequential amendments

54. Part IV is repealed on the day that is one year after this Part comes into force and this section may be repealed and this Act renumbered, consequential upon the repeal of Part IV and this section, by proclamation issued by the Governor General under the Great Seal of Canada.

Abrogation et modifications qui en découlent

54. La partie IV est abrogée un an après l'entrée en vigueur de la présente partie et le gouverneur général peut, par proclamation sous le grand sceau du Canada, abroger le présent article et apporter en conséquence de cette double abrogation les aménagements qui s'imposent à la présente loi.

French version of Constitution of Canada

55. A French version of the portions of the Constitution of Canada referred to in Schedule I shall be prepared by the Minister of Justice of Canada as expeditiously as possible and, when any portion thereof sufficient to warrant action being taken has been so prepared, it shall be put forward for enactment by proclamation issued by the Governor General under the Great Seal of Canada pursuant to the procedure then applicable to an amendment of the same provisions of the Constitution of Canada.

Version française de certains textes constitutionnels

55. Le ministre de la Justice du Canada est chargé de rédiger, dans les meilleurs délais, la version française des parties de la Constitution du Canada qui figurent à l'annexe I; toute partie suffisamment importante est, dès qu'elle est prête, déposée pour adoption par proclamation du gouverneur général sous le grand sceau du Canada, conformément à la procédure applicable à l'époque à la modification des dispositions constitutionnelles qu'elle contient.

English and French versions of certain constitutional texts

56. Where any portion of the Constitution of Canada has been or is enacted in English and French or where a French version of any portion of the Constitution is enacted pursuant to section 55, the English and French versions of that portion of the Constitution are equally authoritative.

Versions française et anglaise de certains textes constitutionnels

56. Les versions française et anglaise des parties de la Constitution du Canada adoptées dans ces deux langues ont également force de loi. En outre, ont également force de loi, dès l'adoption, dans le cadre de l'article 55, d'une partie de la version française de la Constitution, cette partie et la version anglaise correspondante.

English and French versions of this Act

57. The English and French versions of this Act are equally authoritative.

Versions française et anglaise de la présente loi

57. Les versions française et anglaise de la présente loi ont également force de loi.

Commencement

58. Subject to section 59, this Act shall come into force on a day to be fixed by proclamation issued by the Queen or the Governor General under the Great Seal of Canada.

Entrée en vigueur

58. Sous réserve de l'article 59, la présente loi entre en vigueur à la date fixée par proclamation de la Reine ou du gouverneur général sous le grand sceau du Canada.

Commencement of paragraph 23(1)(*a*) in respect of Quebec

59. (1) Paragraph 23(1)(*a*) shall come into force in respect of Quebec on a day to be

Entrée en vigueur de l'alinéa 23(1)*a*) pour le Québec

59. (1) L'alinéa 23(1)*a*) entre en vigueur pour le Québec à la date fixée par proclama-

fixed by proclamation issued by the Queen or the Governor General under the Great Seal of Canada.

Authorization of Quebec

(2) A proclamation under subsection (1) shall be issued only where authorized by the legislative assembly or government of Quebec.

Repeal of this section

(3) This section may be repealed on the day paragraph 23(1)(*a*) comes into force in respect of Quebec and this Act amended and renumbered, consequential upon the repeal of this section, by proclamation issued by the Queen or the Governor General under the Great Seal of Canada.

Short title and citations

60. This Act may be cited as the *Constitution Act, 1981*, and the Constitution Acts 1867 to 1975 (No. 2) and this Act may be cited together as the *Constitution Acts, 1867 to 1981*.

tion de la Reine ou du gouverneur général sous le grand sceau du Canada.

Autorisation du Québec

(2) La proclamation visée au paragraphe (1) ne peut être prise qu'après autorisation de l'assemblée législative ou du gouvernement du Québec.

Abrogation du présent article

(3) Le présent article peut être abrogé à la date d'entrée en vigueur de l'alinéa 23(1)*a*) pour le Québec, et la présente loi faire l'objet, dès cette abrogation, des modifications et changements de numérotation qui en découlent, par proclamation de la Reine ou du gouverneur général sous le grand sceau du Canada.

Titres

60. Titre abrégé de la présente annexe : *Loi constitutionnelle de 1981*; titre commun des lois constitutionnelles de 1867 à 1975 (nº 2) et de la présente loi : *Lois constitutionnelles de 1867 à 1981*.

SCHEDULE I

to the

CONSTITUTION ACT, 1981

MODERNIZATION OF THE CONSTITUTION

Item	Column I Act Affected	Column II Amendment	Column III New Name
1.	British North America Act, 1867, 30-31 Vict., c. 3 (U.K.)	(1) Section 1 is repealed and the following substituted therefor: "1. This Act may be cited as the *Constitution Act, 1867*." (2) Section 20 is repealed. (3) Class 1 of section 91 is repealed. (4) Class 1 of section 92 is repealed.	Constitution Act, 1867
2.	An Act to amend and continue the Act 32-33 Victoria chapter 3; and to establish and provide for the Government of the Province of Manitoba, 1870, 33 Vict., c. 3 (Can.)	(1) The long title is repealed and the following substituted therefor: "*Manitoba Act, 1870*." (2) Section 20 is repealed.	Manitoba Act, 1870
3.	Order of Her Majesty in Council admitting Rupert's Land and the North-Western Territory into the union, dated the 23rd day of June, 1870		Rupert's Land and North-Western Territory Order
4.	Order of Her Majesty in Council admitting British Columbia into the Union, dated the 16th day of May, 1871		British Columbia Terms of Union
5.	British North America Act, 1871, 34-35 Vict., c. 28 (U.K.)	Section 1 is repealed and the following substituted therefor: "1. This Act may be cited as the *Constitution Act, 1871*."	Constitution Act, 1871
6.	Order of Her Majesty in Council admitting Prince Edward Island into the Union, dated the 26th day of June, 1873		Prince Edward Island Terms of Union
7.	Parliament of Canada Act, 1875, 38-39 Vict., c. 38 (U.K.)		Parliament of Canada Act, 1875
8.	Order of Her Majesty in Council admitting all British possessions and Territories in North America and islands adjacent thereto into the Union, dated the 31st day of July, 1880		Adjacent Territories Order

ANNEXE I

LOI CONSTITUTIONNELLE DE 1981

ACTUALISATION DE LA CONSTITUTION

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
1.	Acte de l'Amérique du Nord britannique, 1867, 30-31 Vict., c. 3 (R.-U.)	(1) L'article 1 est abrogé et remplacé par ce qui suit : «1. Titre abrégé : *Loi constitutionnelle de 1867*.» (2) L'article 20 est abrogé. (3) La catégorie 1 de l'article 91 est abrogée. (4) La catégorie 1 de l'article 92 est abrogée.	Loi constitutionnelle de 1867
2.	Acte pour amender et continuer l'acte trente-deux et trente-trois Victoria, chapitre trois, et pour établir et constituer le gouvernement de la province de Manitoba, 1870, 33 Vict., c. 3 (Canada)	(1) Le titre complet est abrogé et remplacé par ce qui suit : «*Loi de 1870 sur le Manitoba*.» (2) L'article 20 est abrogé.	Loi de 1870 sur le Manitoba
3.	Arrêté en conseil de Sa Majesté admettant la Terre de Rupert et le Territoire du Nord-Ouest, en date du 23 juin 1870		Décret en conseil sur la terre de Rupert et le territoire du Nord-Ouest
4.	Arrêté en conseil de Sa Majesté admettant la Colombie-Britannique, en date du 16 mai 1871		Conditions de l'adhésion de la Colombie-Britannique
5.	Acte de l'Amérique du Nord britannique, 1871, 34-35 Vict., c. 28 (R.-U.)	L'article 1 est abrogé et remplacé par ce qui suit : «1. Titre abrégé : *Loi constitutionnelle de 1871*.»	Loi constitutionnelle de 1871
6.	Arrêté en conseil de Sa Majesté admettant l'Île-du-Prince-Édouard, en date du 26 juin 1873		Conditions de l'adhésion de l'Île-du-Prince-Édouard
7.	Acte du Parlement du Canada, 1875, 38-39 Vict., c. 38 (R.-U.)		Loi de 1875 sur le Parlement du Canada
8.	Arrêté en conseil de Sa Majesté admettant dans l'Union tous les territoires et possessions britanniques dans l'Amérique du Nord, et les îles adjacentes à ces territoires et possessions, en date du 31 juillet 1880		Décret en conseil sur les territoires adjacents

SCHEDULE I

to the

CONSTITUTION ACT, 1981—*Continued*

Item	Column I Act Affected	Column II Amendment	Column III New Name
9.	British North America Act, 1886, 49-50 Vict., c. 35 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act, 1886*."	Constitution Act, 1886
10.	Canada (Ontario Boundary) Act, 1889, 52-53 Vict., c. 28 (U.K.)		Canada (Ontario Boundary) Act, 1889
11.	Canadian Speaker (Appointment of Deputy) Act, 1895, 2nd Sess., 59 Vict., c. 3 (U.K.)	The Act is repealed.	
12.	The Alberta Act, 1905, 4-5 Edw. VII, c. 3 (Can.)		Alberta Act
13.	The Saskatchewan Act, 1905, 4-5 Edw. VII, c. 42 (Can.)		Saskatchewan Act
14.	British North America Act, 1907, 7 Edw. VII, c. 11 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1907*."	Constitution Act, 1907
15.	British North America Act, 1915, 5-6 Geo. V, c. 45 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act, 1915*."	Constitution Act, 1915
16.	British North America Act, 1930, 20-21 Geo. V, c. 26 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act, 1930*."	Constitution Act, 1930
17.	Statute of Westminster, 1931, 22 Geo. V, c. 4 (U.K.)	In so far as they apply to Canada, (*a*) section 4 is repealed; and (*b*) subsection 7(1) is repealed.	Statute of Westminster, 1931
18.	British North America Act, 1940, 3-4 Geo. VI, c. 36 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1940*."	Constitution Act, 1940
19.	British North America Act, 1943, 6-7 Geo. VI, c. 30 (U.K.)	The Act is repealed.	

ANNEXE I (*suite*)

LOI CONSTITUTIONNELLE DE 1981

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
9.	Acte de l'Amérique du Nord britannique, 1886, 49-50 Vict., c. 35 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle de 1886.*»	Loi constitutionnelle de 1886
10.	Acte du Canada (limites d'Ontario) 1889, 52-53 Vict., c. 28 (R.-U.)		Loi de 1889 sur le Canada (frontières de l'Ontario)
11.	Acte concernant l'Orateur canadien (nomination d'un suppléant) 1895, 2e session, 59 Vict., c. 3 (R.-U.)	La loi est abrogée.	
12.	Acte de l'Alberta, 1905, 4-5 Ed. VII, c. 3 (Canada)		Loi sur l'Alberta
13.	Acte de la Saskatchewan, 1905, 4-5 Ed. VII, c. 42 (Canada)		Loi sur la Saskatchewan
14.	Acte de l'Amérique du Nord britannique, 1907, 7 Ed. VII, c. 11 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1907.*»	Loi constitutionnelle de 1907
15.	Acte de l'Amérique du Nord britannique, 1915, 5-6 Geo. V, c. 45 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle de 1915.*»	Loi constitutionnelle de 1915
16.	Acte de l'Amérique du Nord britannique, 1930, 20-21 Geo. V, c. 26 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle de 1930.*»	Loi constitutionnelle de 1930
17.	Statut de Westminster, 1931, 22 Geo. V, c. 4 (R.-U.)	Dans la mesure où ils s'appliquent au Canada : *a*) l'article 4 est abrogé; *b*) le paragraphe 7(1) est abrogé.	Statut de Westminster de 1931
18.	Acte de l'Amérique du Nord britannique, 1940, 3-4 Geo. VI, c. 36 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1940.*»	Loi constitutionnelle de 1940
19.	Acte de l'Amérique du Nord britannique, 1943, 6-7 Geo. VI, c. 30 (R.-U.)	La loi est abrogée.	

SCHEDULE I

to the

CONSTITUTION ACT, 1981—*Continued*

Item	Column I Act Affected	Column II Amendment	Column III New Name
20.	British North America Act, 1946, 9-10 Geo. VI, c. 63 (U.K.)	The Act is repealed.	
21.	British North America Act, 1949, 12-13 Geo. VI, c. 22 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Newfoundland Act*."	Newfoundland Act
22.	British North America (No. 2) Act, 1949, 13 Geo. VI, c. 81 (U.K.)	The Act is repealed.	
23.	British North America Act, 1951, 14-15 Geo. VI, c. 32 (U.K.)	The Act is repealed.	
24.	British North America Act, 1952, 1 Eliz. II, c. 15 (Can.)	The Act is repealed.	
25.	British North America Act, 1960, 9 Eliz. II, c. 2 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1960*."	Constitution Act, 1960
26.	British North America Act, 1964, 12-13 Eliz. II, c. 73 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1964*."	Constitution Act, 1964
27.	British North America Act, 1965, 14 Eliz. II, c. 4, Part I (Can.)	Section 2 is repealed and the following substituted therefor: "2. This Part may be cited as the *Constitution Act, 1965*."	Constitution Act, 1965
28.	British North America Act, 1974, 23 Eliz. II, c. 13, Part I (Can.)	Section 3, as amended by 25-26 Eliz. II, c. 28, s. 38(1) (Can.), is repealed and the following substituted therefor: "3. This Part may be cited as the *Constitution Act, 1974*."	Constitution Act, 1974

ANNEXE I (*suite*)

LOI CONSTITUTIONNELLE DE 1981

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
20.	Acte de l'Amérique du Nord britannique, 1946, 9-10 Geo. VI, c. 63 (R.-U.)	La loi est abrogée.	
21.	Acte de l'Amérique du Nord britannique, 1949, 12-13 Geo. VI, c. 22 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi sur Terre-Neuve.*»	Loi sur Terre-Neuve
22.	Acte de l'Amérique du Nord britannique (N° 2), 1949, 13 Geo. VI, c. 81 (R.-U.)	La loi est abrogée.	
23.	Acte de l'Amérique du Nord britannique, 1951, 14-15 Geo. VI, c. 32 (R.-U.)	La loi est abrogée.	
24.	Acte de l'Amérique du Nord britannique, 1952, 1 Eliz. II, c. 15 (Canada)	La loi est abrogée.	
25.	Acte de l'Amérique du Nord britannique, 1960, 9 Eliz. II, c. 2 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1960.*»	Loi constitutionnelle de 1960
26.	Acte de l'Amérique du Nord britannique, 1964, 12-13 Eliz. II, c. 73 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1964.*»	Loi constitutionnelle de 1964
27.	Acte de l'Amérique du Nord britannique, 1965, 14 Eliz. II, c. 4, Partie I (Canada)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé de la présente partie : *Loi constitutionnelle de 1965.*»	Loi constitutionnelle de 1965
28.	Acte de l'Amérique du Nord britannique, 1974, 23 Eliz. II, c. 13, Partie I (Canada)	L'article 3, modifié par le paragraphe 38(1) de la loi 25-26 Elizabeth II, c. 28 (Canada), est abrogé et remplacé par ce qui suit : «3. Titre abrégé de la présente partie : *Loi constitutionnelle de 1974.*»	Loi constitutionnelle de 1974

SCHEDULE I

to the

CONSTITUTION ACT, 1981—*Concluded*

Item	Column I Act Affected	Column II Amendment	Column III New Name
29.	British North America Act, 1975, 23-24 Eliz. II, c. 28, Part I (Can.)	Section 3, as amended by 25-26 Eliz. II, c. 28, s. 31 (Can.), is repealed and the following substituted therefor: "3. This Part may be cited as the *Constitution Act (No. 1), 1975*."	Constitution Act (No. 1), 1975
30.	British North America Act (No. 2), 1975, 23-24 Eliz. II, c. 53 (Can.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act (No. 2), 1975*."	Constitution Act (No. 2), 1975

ANNEXE I (*fin*)

LOI CONSTITUTIONNELLE DE 1981

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
29.	Acte de l'Amérique du Nord britannique, 1975, 23-24 Eliz. II, c. 28, Partie I (Canada)	L'article 3, modifié par l'article 31 de la loi 25-26 Elizabeth II, c. 28 (Canada), est abrogé et remplacé par ce qui suit : «3. Titre abrégé de la présente partie : *Loi constitutionnelle nº 1 de 1975*.»	Loi constitutionnelle nº 1 de 1975
30.	Acte de l'Amérique du Nord britannique nº 2, 1975, 23-24 Eliz. II, c. 53 (Canada)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle nº 2 de 1975*.»	Loi constitutionnelle nº 2 de 1975

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

And two honourable senators having risen:

Motion of Senator Perrault resolved in the affirmative on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	Croll
Anderson	Davey
Argue	Denis
Austin	Everett
Barrow	Frith
Bélisle	Godfrey
Benidickson	Goldenberg
Bielish	Graham
Bird	Guay
Bonnell	Haidasz
Bosa	Hastings
Buckwold	Hays
Charbonneau	Hicks
Cook	Laird
Cottreau	Langlois
Lapointe	Riel
Lawson	Riley
Leblanc	Rizzuto
Lewis	Robichaud
Lucier	Roblin
McElman	Rousseau
McGrand	Rowe
McIlraith	Sparrow
Molgat	Thériault
Muir	van Roggen
Neiman	Walker
Nurgitz	Williams
Olson	Wood
Perrault	Yuzyk—59.
Petten	

NAYS

THE HONOURABLE SENATORS

Asselin	Lang
Balfour	Macdonald
Beaubien	Macquarrie
Bell	Manning
Deschatelets	Marshall
Donahoe	Molson
Doody	Murray
Flynn	Phillips
Fournier	Smith
Grosart	Sullivan
Inman	Tremblay—23.
Lafond	

The Hon. the Speaker: I declare the motion carried.

Some Hon. Senators: Hear, hear.

Whereupon honourable senators rose and sang *O Canada.*

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 3321*)

STANDING SENATE COMMITTEE ON NATIONAL FINANCE

REPORT ON SUPPLEMENTARY ESTIMATES (D) LAID BEFORE PARLIAMENT FOR THE FISCAL YEAR ENDING MARCH 31, 1982

DECEMBER 8, 1981

The Standing Senate Committee on National Finance to which the Supplementary Estimates (D) laid before Parliament for the fiscal year ending March 31, 1982 were referred, has in obedience to the order of reference of Tuesday, December 1, 1981, examined the said Supplementary Estimates (D) and reports as follows:

The Committee was authorized by the Senate as recorded in the Minutes of the Proceedings of the Senate of December 1, 1981 to examine and report upon the expenditures proposed by the Supplementary Estimates (D) laid before Parliament for the fiscal year ending March 31, 1982.

In obedience to the foregoing, your Committee examined the Supplementary Estimates (D) and heard evidence from the Honourable H. Gray, Minister of Industry, Trade and Commerce and officials from his department.

Only one item is contained in Supplementary Estimates "D", 1981-82, and this is for payments in respect of loan guarantees and interim operating expenses equalling $94 million made in respect of the sale of the Crown's interests in Consolidated Computer Inc. The total Estimates for the fiscal year ending March 31, 1982 are now increased to $69,149 million.

History

Consolidated Computer Inc. (CCI) is a computer software and hardware developer, specializing in data entry systems. It has a wholly-owned U.S. subsidiary and a Canadian subsidiary called La Corporation Informatique CCI Ltée. CCI also has a related leasing vehicle, Financeco, which has a wholly-owned subsidiary called Finecomp.

The federal government's involvement with Consolidated Computer Inc. began in 1971 through the Enterprise Development Program of the Department of Industry, Trade and Commerce. Over the past decade, the federal and Ontario governments together have acquired approximately 65% of the outstanding common shares of the company; the remaining shares are owned by Fujitsu Limited of Japan.

Under the Enterprise Development Program, the government insured a total of $91 million in loans—$47.4 million on behalf of CCI and $43.6 million on behalf of Financeco and Finecomp. The federal government is responsible for approximately $88 million of these loans; the Ontario government for $3 million.

In June 1981, the government announced its intentions to sell the Crown-owned shares as the "most cost effective solution to the problems faced by the company". On November 27, the Minister of ITC announced that the Nabu Manufacturing Corporation had bought the government shares for approximately $7.5 million in cash and participation payments. The federal government will receive $100,000 in cash and "expects to recover $7 million to $8 million in participation payments over the next 5 years".

Under the terms of the sale, Nabu has agreed to:

- the preservation of virtually all jobs
- the operation of CCI for at least 2 years
- the provision of sufficient working capital
- the waiving of all claims for tax loss carried forward in respect of previously accrued losses by CCI.

The federal government has agreed to pay off the indebtedness of CCI to Financeco and Finecomp ($91 million), as well as to provide a $3 million contingency fund "to permit CCI to meet its interest costs and operating shortfalls" until the sale closes in early January.

The Committee questioned the Minister of Industry, Trade and Commerce on a number of issues which arise from this estimate. Specifically, the Minister was asked to comment on the process of obtaining loan guarantees in relation to this case and in general terms. Questions were also raised regarding the potential extent of federal liabilities arising out of existing loan arrangements. The specific terms of the sale transaction were also discussed with the Minister.

The Minister informed the Committee that the government is undertaking a thorough examination of this case in order to discover the source of the failure. We recommend that the results of this examination be made available for further discussion and consideration.

Respectfully submitted,

D. D. EVERETT,
Chairman.

THE SENATE

Wednesday, December 9, 1981

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

Prayers.

NORTHERN PIPELINE

ANNOUNCEMENT BY MINISTER OF STATE FOR ECONOMIC DEVELOPMENT

Hon. H. A. Olson (Minister of State for Economic Development): With the permission of honourable senators, I would like to make a brief statement regarding the status of the Alaska Highway gas pipeline project.

I am pleased to announce that the United States House of Representatives has today approved the waiver package requested by the sponsors of the pipeline system by a vote of 233 to 173. As honourable senators will recall, President Reagan forwarded this package to Congress on October 15, 1981. In his transmittal message, the President said:

> It is critical to the energy security of this country that the federal government not obstruct development of energy resources on the North Slope of Alaska. For this reason, it is important the Congress begin expeditiously to consider and adopt a waiver of those laws that impede private financing of the project.

Over the course of the past several weeks, a series of congressional hearings was conducted by committees of both the House of Representatives and the Senate to consider the legislative amendments put forward by the President. Testimony was heard from representatives of the Canadian and American pipeline sponsors, the gas producers, major lending institutions, the U.S. administration, and various interest groups. After considering the evidence, the responsible committees in both the House of Representatives and the Senate voted to recommend adoption of the waiver package. On November 19, 1981, the Senate approved the proposed waiver by a vote of 75 to 19.

Today's vote by the House of Representatives underlines the continuing commitment of the U.S. government and Congress to the successful completion of the Alaska Highway gas pipeline as provided for in the Canada-U.S. agreement of 1977.

It was back in June 1980, in Washington, that I met with the key administration officials and Congressional leaders to explain to them the assurances with respect to the expeditious completion of the entire project that the Canadian government required before it could approve first-stage construction of the southern segments of the system. At that time, the major U.S. players acknowledged that Canada's requests were just and reasonable.

Following our meeting, both houses of Congress passed a unanimous resolution which stated that the pipeline remains "an essential part of securing this nation's energy future and, as such, enjoys the highest level of Congressional support".

The next month, President Carter wrote to the Prime Minister indicating that the administration remained committed to the project and would seek from Congress, at the appropriate time, those changes to the U.S. legislation that were considered essential to the successful financing of the northern segment of the pipeline in both the United States and Canada.

These assurances were among the factors which the Canadian government took into account in approving the early construction of the southern segments of the pipeline. I am sure honourable senators will agree that considerable progress has been made since I stood in this place on July 17, 1980, to announce that decision.

• (1405)

Construction of the western leg is complete. Gas began to flow through the system to southern California on October 1, 1981. Work on the eastern leg began in both Canada and the United States in May of this year and will be completed over a two-year construction period. By the fall of 1982 gas should be moving through that leg to consumers in the U.S. mid-west.

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear.

Senator Olson: Planning for construction of the northern sections in Canada has been proceeding, and Foothills expects to begin clearing operations in the Yukon and northern B.C. in the first quarter of 1983.

Considerable strides have also been taken with respect to the Alaskan segment. Since June 1980 the sponsor and producers have worked together to complete the final design and engineering for the Alaskan line and gas-conditioning plant. Both are now in advanced stages. On May 21, 1981, the sponsor and producers came to an agreement on an initial plan for the financing of the system. In reaching that crucial agreement they recognized that, if private financing was to be secured, certain waivers would be required in the United States enabling legislation. The legislative action taken in the United States today considerably strengthens the position of the sponsors in both countries to meet the immense challenge still remaining of raising the billions of dollars of capital required to fund the second stage of the construction of this enormous project.

We welcome the steps that President Reagan and the Congress have taken through the passage of the waiver package to move this joint Canada-U.S. project closer to fruition.

Honourable senators, in concluding I should like to recall to your memory that this pipeline represents the largest civil engineering project ever undertaken anywhere in the world.

Senator Perrault: Hear, hear.

Senator Olson: The amount of investment, and consequently the economic activity that will be generated in Canada, is in excess of approximately $10 billion to $12 billion. It includes such things as well over one million tons of 56-inch steel pipe, compressor stations, turbine drives as well as other types of drives that will be built in Canada, in addition to the on-site construction that is involved.

Honourable senators, I think it is generally acknowledged around the world now that Canada is the best in the world in the technology involved in such things as design, fabrication and installation of large-size pipelines. That is true not only of the pipe itself, but of such things as large-size compressors and the huge turbine drives for those compressors, whether or not they use gas or some other form of energy. We can look on this project, therefore, as a major step forward, not only because of the economic activity it will generate directly in Canada but also because it will advance the technology in Canada, a technology in which we are already recognized as world leaders.

Senator Perrault: Hear, hear.

Hon. Jacques Flynn (Leader of the Opposition): Are you applauding yourself, Senator Perrault?

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to begin by acknowledging the co-operation of the Congress of the United States in this matter. It is because of the actions of the Congress that the whole of this tremendous investment project is now to be made possible. I wish to bear witness to the fact that the undertakings given to Canada, when we approached the United States on this subject, have now, so far as I am aware, been completely discharged in respect of this matter. I expect, however, that the question of financing will still remain a problem until we see what can be put in place.

It is truly difficult to grasp the magnitude of this project. If what the minister has said is fact—that this is one of the largest, or *the* largest project of investment in North America—then it is a stunning fact, and it will have a most important impact on the economy of North America. I say North America because, of course, the gas is to provide energy to the United States, and I am positive that most of the money will come from the same source, so it means that it is a North American project.

• (1410)

What particularly interested me in the minister's statement was his reference to the spin-off effect on Canadians. I think that he is referring there to a matter of great importance for the economy of the country. I am not thinking of the economy of the country with respect to the province of Alberta, where this project is to take place, but its spin-off effect on central Canada where, as the minister quite rightly says, the expertise of Canadian management and industry in the construction and operation of these enormous pipelines is second to none.

The point I would like the minister to comment upon has to do with the fact that the government has established a committee designed to secure maximum fallout to Canadian planners, engineers, managers, industry, et cetera, from projects of this kind. I do not know the name of the committee, but the minister knows the one to which I am referring. I believe this committee will operate in co-operation with the provinces. Would the minister tell us whether it is a federal committee alone or whether it is a co-operative committee? If it is the latter, then so much the better.

I am also interested in the policy of the government with respect to the way in which this committee will operate. What are its terms of reference, if they have been established? What will be the criteria which it lays before investors to show what they ought to take into account when placing orders in Canada or the United States? What is the interface between this operation of government and the desire that we may anticipate on the part of the citizens of the United States to have a share of the fallout of this tremendous project as well?

I am in full sympathy with the aim of the committee, which is to maximize the impact of this investment on the Canadian economy. I would like to know how the government proposes to maximize this impact, and I am particularly concerned how they intend to reconcile their position with the necessarily competing interests of the United States.

I make this last point because during debate in the Congress and elsewhere, this matter has received some attention and there has been a strong, quite understandable impetus in the United States to direct some of the business to American suppliers rather than Canadian suppliers. It is an unavoidable conflict of interest, one might say, but one that needs to be managed carefully to maximize the impact on Canada and to minimize the conflicting interests between the two countries. If the minister could give me some information on that aspect of the announcement he has made today, I would be grateful.

Senator Olson: Honourable senators, I would like to respond by acknowledging that an industrial opportunities arrangement or capability has been set up in the Department of Industry, Trade and Commerce to gather and disseminate to the right Canadian manufacturers information respecting the mega-projects that will be coming on in Canada. This group is in its initial stages, and I am not sure that we can give complete details of the entire structure and its terms of reference.

However, I certainly accept the honourable senator's question as one that deserves an answer, not only for his benefit but also for the benefit of Canadian manufacturers interested in these projects. We hope that we can be particularly beneficial in influencing the changes that will necessarily take place to respond to the massive requirements of supplies, machinery, et cetera, for, not only this mega-project but for a number of other projects as well.

● (1415)

The United States-Canada agreement does not guarantee that Canadian companies will get all the business in Canada or, indeed, that United States companies, in spite of the pressure that is building up, will get all the business in the United States. There is a provision in that agreement that requires some competitive bidding.

I can say, however, regarding what has been done in Canada, where firm orders have been placed, the Canadian content of those lines is well over 90 per cent. The rest of the Canadian section will probably come in at that level, or even higher.

I would suggest that, with the expertise in a number of different areas that we have in this country, it is possible that Canadian firms will bid on certain sections, whether that involves the actual pipe, the compressors, the turbine drives, or whatever, going into the United States section. We believe that we have a good chance of picking up some of that, too.

In conclusion, I will put the question to the Minister of Industry, Trade and Commerce, and try to get as complete an answer as I can shortly.

Senator Roblin: I thank my honourable friend for his statement. I should like him to expand a little on one of the points at issue. The question of competitive bidding is one thing, and it is necessary, I suspect, to adhere to usual commercial practices in connection with bidding, although further considerations may be mentioned in whatever criteria the government will ultimately set up with respect to how this thing is to work.

My question has to do with areas where bids are not sought in the usual commercial competitive sense. When selecting a planner—that is, a company which will organize and lay out this whole procedure—there is a great element of discretion. The selection is not made, as a rule, on a tender basis, but consultants and people of that sort are chosen on a perception-of-competence basis.

It just so happens that many of the very large companies in this business have well-established lines of communication with consultants and others whom they have used in the past and with whom they are familiar. I would suspect that there is a tendency not to look beyond those at times but to deal with people who are known and of whom you are certain, even though there may be others who are just as competent.

The argument is often made that a number of Canadian companies have the competence to do these jobs, but that they are not considered, in the full sense, because the person making the selection is, naturally, influenced by his past experience with people with whom he is familiar and comfortable.

Can we devise a method to ensure that those Canadian consulting bodies, having the expertise, as the minister has said, get full consideration where competitive factors, in the normal sense, are not involved?

Senator Olson: Honourable senators, I will take that question partly as notice, and I will answer part of it at this time.

[Senator Olson.]

Under the Northern Pipeline Act, which was passed by Parliament some time ago, we moved further in ensuring, through the Northern Pipeline Agency that was set up, a higher level of Canadian content than ever before. It did not remove the competitive factor.

Senator Roblin: What has happened?

Senator Olson: One of the things that has happened is that a tender regarding the acquisition of goods and services has to be submitted to the Northern Pipeline Agency for approval prior to its becoming part of a firm contract. I will answer only that part now, and I will get a more detailed answer as to what the rules are and, indeed, what the practice has been to date.

Senator Roblin: Does the minister anticipate that, in the new project, there will be an opportunity to have an authority, of the kind that rules on the northern pipeline, to bring the same kind of consideration to bear?

Senator Olson: I am sorry; I did not understand the question.

Senator Roblin: Will the minister do the same thing with the new project as he did with the original one, by having his committee supervise the distribution of tenders?

Senator Olson: That is what I was talking about. There is no doubt that the Northern Pipeline Agency will also supervise or give approval to the calling for, and approval of, tenders on the 56-inch main line that is to be built from the Alaska-Yukon border down to the junction northwest of Calgary, which is the section that is left. Those rules would apply to that section as well.

● (1420)

Senator Roblin: Does my honourable friend really think that the Americans will sit still for that?

Senator Olson: They not only sat still for that, but they knew about it.

Senator Roblin: So you will do that?

Senator Olson: We have given them an undertaking, of course, that we are not going to isolate any bidder in Canada to the point where he has a captive market. When the bids went out for the supply of pipe—and let me say that contracts have not been let yet—they went out to a number of companies, including Stelco, IPSCO, and so forth. There was an allocation of the tonnage that was there.

Canadian firms won that fair and square, and that is why I have great confidence that they will win all the rest in Canada, and even more.

Senator Roblin: I hope that my friend is right and that he will give us all the terms of reference under which these various bodies operate.

Hon. Edward M. Lawson: Honourable senators, perhaps I might add something to what the Honourable Senator Olson has mentioned about the pipeline.

Last Tuesday I had occasion to be present at a meeting with President Reagan, Vice-President Bush and a number of their

officials. At that meeting we had on opportunity to discuss the pipeline. President Reagan did indicate at that time that it had the approval of his energy and commerce committee, that it had been passed by the Senate, and that he expected it to be passed by the Congress, which occurred today.

I asked him whether it was the policy of his administration to actively and aggressively support the pipeline through to completion, as was the case with the previous administration under President Carter. President Reagan was very forthright and positive about it and said that, yes, it was the policy of his administration; that this was no guarantee that all the financing would be completed, because it does involve $30 or $40 billion, but that the waiver legislation would make the financing a lot easier. He indicated that it was the policy of his administration to work actively in trying to honour the commitments that the previous administration had made to Canada based on the prebuild, and so forth. He told me that he was working aggressively, and that his people were working actively, to ensure that it would be built.

Hon. Robert Muir: Honourable senators, I should like to know what the question was that Senator Lawson asked.

Senator Flynn: He is just paying us a visit.

Hon. Guy Charbonneau: Honourable senators, may I ask a supplementary question? Is the Canadian content, whether it be in engineering, legal or insurance, protected in this deal?

Senator Olson: Honourable senators, it has been to the extent called for in the Canada-U.S. agreement.

I gave an undertaking to Senator Roblin a few minutes ago to bring that information to you. I think you can find that information in the Northern Pipeline Act and schedules attached thereto, if you wish to look it up, but to save you from doing all that homework I shall try to bring in a statement not only as to what is required, but as to what, indeed, has been the practice to this point.

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate.

Senator Flynn: No, this is not Question Period.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, recently we have adopted the practice—and I might say a good one—that when a statement is made by a minister, there is immediate opportunity for a response to it and for questions that flow from it. That seems reasonable, but it does get us into the habit of thinking that we are already into Question Period. We have not reached Question Period yet, so I think His Honour should return to the order of business.

● (1425)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Auditor General to the House of Commons for the fiscal year ended March 31, 1981, pursuant to section 7 of the *Auditor General Act*, Chapter 34, Statutes of Canada, 1976-77.

Report on operations under the *Regional Development Incentives Act* for the month of October 1981, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

He said: The report of the Auditor General is a very constructive one, incidentally.

Hon. Jack Marshall: Honourable senators, could the Leader of the Government explain why the Auditor General's report is being tabled in the Senate today when it was tabled in the other place yesterday and a number of questions were asked on it? Why do we get these things after they do?

Senator Perrault: Honourable senators, I believe it is being tabled in the other place this afternoon. There was a press conference at which the Auditor General spoke about certain aspects of his report. However, I will take the question as notice. I do not consider this to be an inordinate delay.

Hon. C. William Doody: Honourable senators, do I understand that the Auditor General held a press conference on his report before it was tabled in the other place? If that is so, it is most unusual. I understand that Parliament has the right to see any such document before it is released publicly.

Senator Perrault: Honourable senators, the question will be taken as notice. There were some interviews on television—honourable senators may have seen them—involving the Auditor General but that really is all that can be reported at this time.

Hon. Robert Muir: Honourable senators, in view of the fact that the Auditor General's report was sent to my office yesterday, can the Leader of the Government advise me why, as Senator Marshall has said, the Auditor General would hold a press conference on his report before it is given to Parliament? In other words, what the hell kind of Auditor General do we have—

The Hon. the Speaker: Order!

Senator Muir: —if he is going to report to the press before he reports to Parliament.

Senator Perrault: Honourable senators, I believe that at this point the questions are speculative. It is rather unfair to criticize the Auditor General when, as yet, we do not have the facts in our possession. That question will be taken as notice. I hope that honourable senators will await the arrival of information.

Hon. Lowell Murray: Honourable senators, with regard to the Auditor General's report, will the Leader of the Government assure us that the government will seriously consider the results before cutting down on the number of photocopying machines in the government service. They have been such a boon to freedom of information.

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Leader of the Government—

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I rise on a point of order. A number of questions arose from the minister's statement, and we are now into a series of questions on the Auditor General's report. It seems to me that Senator Marshall's question, dealing with procedure and timing, was in order. Would it not be better for Senator Smith to wait until we reach Question Period and then ask questions arising from the Auditor General's report itself?

Senator Smith: Honourable senators, I have no objection to waiting until the Question Period. It merely occurred to me, after some years of experience, that once a minister makes a statement about something, he is then open to being questioned. But I have no problem about waiting.

Senator Perrault: Good things come to those who wait.

[*Translation*]

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): With leave of the Senate and notwithstanding rule 45(1)(a), I move:

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

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

Some Hon. Senators: Agreed.

Senator Frith: Honourable senators, I believe that the meeting is scheduled for 3:30 this afternoon, if the motion is agreed to.

● (1430)

[*English*]

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have to admit that I left the Banking, Trade and Commerce Committee meeting a little early this morning for a reason which is well understood—to attend the caucus of my party—and I did not hear what had transpired. I would like to know why it is thought we should meet this afternoon. Are there witnesses here this afternoon that we must listen to? I would much rather be in this chamber than in the committee, to tell the truth.

Senator Frith: Honourable senators, that clearly is a question that is correctly addressed to the chairman of the committee, because it relates to the procedure of that committee. May I refer that question to him?

Senator Roblin: I rather expected he would be the one.

Hon. Salter A. Hayden: The course of the constitutional debate interfered with the attendance of witnesses who had been given appointments to appear before the committee, and so we had to reschedule them when we could. Therefore, we confirmed with the witnesses in question, who came from Toronto, last Thursday, I think it was, that if they were available today we would hear them. At that stage we had to assume that it would be necessary to ask leave to meet while the Senate is sitting. All I could hope for was that if I told honourable senators the circumstances, the Senate would honour a commitment made by the chairman. That is the reason.

Senator Roblin: I am satisfied, honourable senators.

[*Translation*]

Hon. Joseph-Phillipe Guay: Honourable senators, I have an objection. Yesterday morning, there was what is called a lock-up in the other place to consider the report of the Auditor General.

[*English*]

Senator Frith: Honourable senators, I have to raise another point of order.

Senator Guay: What point of order?

Senator Frith: This motion has not yet been dealt with, and it seems to me that Senator Guay is raising a totally different matter.

Hon. Jacques Flynn (Leader of the Opposition): We have had enough confusion up to this point, certainly.

Hon. Paul. C. Lafond: Honourable senators, in my capacity—which, as far as I know, I still retain—of co-ordinator of committees, I wish to draw the attention of all honourable senators to the situation we now find ourselves in.

Yesterday we agreed to give the Standing Senate Committee on Agriculture, which was in dire straits, permission to meet today while the Senate is sitting. We are now agreeing to give the Standing Senate Committee on Banking, Trade and Commerce permission to meet while the Senate is sitting. I am an assiduous member of that committee, and I do not disagree with the motion, but I am just drawing the attention of all honourable senators to the fact that later this afternoon, when the Senate rises, the Standing Senate Committee on Foreign Affairs is holding a meeting.

I should perhaps at this point inform all honourable senators that, as of yesterday's date, I have sent a tentative memorandum to all chairmen of committees that we now have three adequate rooms for public hearings of committees. We must all keep in mind, however, that we have to man those committees, attend those committees, and provide the required quorums. If two committees are to meet at the same time that the Senate is sitting, we are extending the use of our person power, if I may use that expression, as well as the person power of the reporting staff.

What we have today may be an exceptional circumstance, but I would urge chairmen and members of committees to bear that in mind, and to try to modify our ways as we enter the New Year.

Hon. Senators: Hear, hear.

Hon. G. I. Smith: Honourable senators, as chairman of one of the standing committees, with your permission I would like to make a comment or two along the line of the remarks just made by the very able senator who endeavours, with pretty good effect, to co-ordinate the activities of our committees.

I think I could say that, as a result of what I have noticed in the last three or four weeks, the resources of that honourable gentleman must have been greatly strained, and that there is a tendency to call too many meetings of committees at the same time, which committees are manned, not necessarily by the same senators but by a sort of interlocking group of senators who, somehow or other, seem to have been selected to serve—and I have no criticism of that—on such committees. The result is that the whips have serious problems in keeping enough members in the committees meeting at the same time to maintain quorums.

I know that there is a tendency to feel that senators should attend one committee rather than another, and, somehow, the committee that I happen to chair does not seem to be one of those so favoured. Consequently, the whip has to work very hard to keep a quorum at its meetings, especially when other committees have chosen to meet at the same time, or at an interlocking time, and have roughly the same members.

For instance, just last week, as my committee was proceeding with more than a quorum, the proceedings were suddenly interrupted by the necessity, or the perceived necessity, for a large number of senators in attendance to go to another meeting. It was a very important meeting, which deserved their attendance. It was just as important as mine, and perhaps, from the point of view of many of us, more important than any other, not excluding Senator Hayden's committee. I could not, or would not, object to their going, and it would not have mattered if I had.

I think, however, that somehow or other the abilities of the very admirable senator who co-ordinates the work of these committees are being stretched to breaking point. Chairmen and others should work out, in support of him, some method whereby committees can meet with a quorum for two or three hours.

Senator Frith: And the Senate too.

Senator Smith: Yes, and the Senate too.

I would be the first to acknowledge that the most significant committee we have is the Standing Senate Committee on Banking, Trade and Commerce, and that they ought to be afforded all the facilities, including time and membership, they need to carry out their very important duties; but somehow the rest of us have to be taken into consideration too.

For instance, the Standing Senate Committee on Transport and Communications is engaged in trying to discharge the directions given it by the Senate to investigate the question of VIA Rail, and all—perhaps I should not say "all", which would perhaps be going too far—its implications. The committee has, in any case, very wide terms of reference. If that committee is going to discharge that duty, it is going to have to have reasonable time, and its members have to have a reasonable opportunity to attend, with adequate facilities being provided.

I am not making a complaint, because I know that everybody concerned is giving the best possible attention to the problem. All I am saying is that I think the problem is pressing very hard upon Senator Lafond, and that we ought to pay a good deal of attention to his intervention today, with the object of working out a better schedule.

Hon. George van Roggen: Honourable senators, I wonder if, on the same matter and also as the chairman of a Senate committee, I might just make the observation that in the case of the Foreign Affairs Committee we now have ready for committee consideration the draft report of the Subcommittee on National Defence, as well as the report of the main committee on Canada-United States trade. In that connection, we are going to require as much committee time as possible if these matters are to be dealt with before the Christmas adjournment.

Since I believe there is the likelihood of our having to deal with comparatively little legislation in the immediate future, I wonder if the deputy leaders would give consideration to the possibility of having committee meetings, for the next two weeks, on Wednesday afternoons at, say, 3.30, which would allow ample time for Question Period in the Senate first. In this way we could get in some extra time. I simply ask if this could be kept in mind in arranging the business of the house. This period just before Christmas could very profitably be used by committees.

Hon. Frederick W. Rowe: Honourable senators, there is just one point I want to make, as a humble member of a committee and, during the past 10 years, as a member of most of the committees of the Senate. I think we should avoid drawing any distinction between the work of one committee and that of another. As I have said, I have served on seven or eight committees and, in my view, all Senate committees are important. The Standing Senate Committee on Foreign Affairs, chaired by Senator van Roggen, is one on which I served for four years. I know that committee dealt with some very important matters with regard to relations between Canada and the United States. The Standing Senate Committee on Transport and Communications, which the Honourable Senator Smith chairs with great efficiency, is dealing at the moment with a matter of almost crucial importance to Canada.

● (1440)

Honourable senators, I have to say that I resent even the slightest discrimination against any committee. This is what it amounts to if we go about saying that the work of one committee is more important than that of another. I think we are on dangerous ground in doing that, and I think it should be avoided at all costs.

Hon. Robert Muir: Honourable senators, I simply want to respond to the comments made by my distinguished and dear friend, Senator Smith.

I happen to be a member of the Transport and Communications Committee. It is quite true that some of the members of

that committee had to leave in order to attend a meeting of the Internal Economy Committee. In fact, as I left that particular meeting of the Transport and Communications Committee, I was requested to attend a meeting of the Health, Welfare and Science Committee. It is rather difficult to attend all these committee meetings at the same time.

I can, however, appreciate Senator Smith's difficulty. He had arranged for the attendance of his witnesses. Senator Lafond is doing his best to co-ordinate the meetings of the committees. I would like to point out again that this proves there is a lot of work being done by Senate committees. This fact is not always recognized by certain individuals, including representatives of the media. Many people are involved in Senate committees and are doing good work.

I repeat that I can appreciate Senator Smith's situation as chairman. He was perturbed, and rightly so, because a number of us had to leave to attend the other meeting that was being held at the same time. I hope, however, that in the future we shall be able to schedule our meetings in such a way that this type of thing will not recur.

Motion agreed to.

THE SENATE

REPORT OF AUDITOR GENERAL—QUESTION OF PRIVILEGE

Hon. Joseph-Philippe Guay: Honourable senators, I rise on a question of privilege. First of all, I apologize to the deputy leader for rising at the wrong time. I thought the motion had been agreed to.

I believe my point is important, in view of the question posed a moment ago with regard to the report of the Auditor General. No doubt all honourable senators are aware of that report, which was presented to the House of Commons yesterday, and of the fact that the members were in a "lock-up" yesterday morning with the Auditor General.

My question is: Will the Leader of the Government consider the possibility of invitations being extended to senators to attend future lock-ups when reports are given to members of Parliament? I hope he will be able to find a means by which we can be kept informed, along with the members of the House of Commons. After all, senators are also members of Parliament.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, of course, Senator Guay makes a perfectly valid point.

Hon. Jacques Flynn (Leader of the Opposition): Of course!

Senator Perrault: I am not aware of any senators who attended the lock-up. However, I was very preoccupied yesterday, as were other honourable senators. It may be that a message was communicated to my office which I have not read. Certainly the point made by Senator Guay is well taken and, in view of his experience as a privy councillor, great weight will be given to it.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have a supplementary question on the same point. In the light of the complaints that have arisen about the lock-up system with respect to the recent budget, to say nothing of those made here today, will my honourable friend undertake to consider the possibility that the lock-up has outlived its usefulness? It would be far better if these matters were presented directly to Parliament, and if people took their chances from there, having obtained their information directly.

Senator Perrault: Honourable senators, I express a personal viewpoint when I say that I find myself very much in agreement with Senator Roblin on this point. I think it is a matter of concern to a number of people in Parliament and in the legislatures.

The lock-up system can now result in television commentary on certain messages which are being brought to the population by federal or provincial cabinet ministers. In that commentary, such messages are interpreted and analysed before they have actually been delivered. An example of this sort of thing occurred with the delivery of the recent budget. Before Mr. MacEachen was five minutes into his budget presentation, a complete analysis had already been given by a number of commentators on television. Indeed, opposition spokesmen were giving their contrary views before Mr. MacEachen had revealed all the contents of the budget.

Senator Flynn: That's right.

Senator Perrault: I wonder what might have happened had Mr. MacEachen, at the last moment, modified some budget proposal—

An Hon. Senator: He should have!

Senator Perrault: —and not presented certain aspects of the budget in his final presentation in the chamber. I think that other honourable senators will agree that Senator Roblin makes an excellent point. I am sure he does not wish to restrict the rights of either the representatives of the media or the members of Parliament when he makes that comment.

I will say that I rather prefer the old-fashioned method. Perhaps we have both been in politics too long.

Hon. G. I. Smith: Honourable senators, I rise to say something which I am unfortunately not able to say every day of the week and that is that I agree with the Leader of the Government—

Senator Flynn: On a personal basis.

Senator Smith: —on a personal basis. Like him, I am expressing only a personal point of view. I am in total agreement with him. In respect of the last budget, as has been the case with other budgets, I was instructed as to what I should think about it by a group of commentators before I had a chance to know its contents.

Senator Perrault: That's right.

Senator Smith: I do not think that is the way to run a country. Even though, in this case, I happen to agree with what the commentators said, I do not think I should get my opinions from such a source. My opinions should be based on the document, and on listening to the minister who delivered it.

Therefore—and I emphasize that it is on a purely personal basis—I am glad to agree with the Leader of the Government.

QUESTION PERIOD

[*English*]

THE CONSTITUTION

PUBLICITY CAMPAIGN OF FEDERAL GOVERNMENT

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I note from a report in the press that our vote yesterday on the resolution would give Ottawa the go-ahead to begin a $1 million advertising campaign in the newspapers, particularly in Quebec, extolling the virtues of the proposed new Charter of Rights. I wonder if the Leader of the Government can confirm whether this is the effect of the vote that we took yesterday.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have no information on this point. The question will be taken as notice.

Senator Flynn: I have a supplementary question. If the vote did give such a go-ahead, would the leader inquire as to why this campaign started last Sunday in the Quebec papers? I read full pages in the Sunday papers about this.

Senator Perrault: Honourable senators, that inquiry will also be taken as notice.

Senator Flynn: Finally, if this campaign is needed, would the Leader of the Government tell me why he said yesterday that the Charter of Rights was acclaimed everywhere in Canada?

Senator Perrault: Honourable senators, in yesterday's debate I made reference to the fact that in all the Canadian provinces there has been what can only be described as overwhelming support for a Charter of Rights.

● (1450)

Senator Flynn: That is what you said, yes.

Senator Perrault: However, there is a vigorous campaign by the Parti Quebecois in the province of Quebec to describe the constitutional proposals as not serving the best interests of Quebec. In the spirit of freedom of information, the Government of Canada is considering ways in which the facts can be made available to the people of that great province.

Hon. Martial Asselin: Don't tell me those facts will not be partisan.

Senator Flynn: As I understood the Leader of the Governement yesterday, that Charter is welcome everywhere. There may be some reaction in Quebec about the amending formula or other parts of the resolution, but, from what I read in this document, the campaign is on the virtues of the proposed new Charter of Rights. If the Leader of the Government was right yesterday, we should not spend that money for this purpose, since everyone seems to agree, according to him, with the proposed new Charter of Rights.

Senator Perrault: Honourable senators, we are all interested in the opinions offered by Senator Flynn. Personally, I hope at some point in time the Government of Canada will make available to every home in Canada the Charter of Rights which now protects their freedom and liberty in this country. I hope that every person in Canada will have in his home the basic rights which he enjoys under this new Constitution, including his linguistic rights and his cultural rights, which are fully protected so far as Quebec and the other provinces are concerned.

Senator Flynn: You say they are now protected. I suppose you suggest that Westminster will be another rubber stamp, as was the Senate yesterday.

AUDITOR GENERAL

REPORT TO HOUSE OF COMMONS—ALLEGED IMPROPER PAYMENT TO CANADIAN NATIONAL RAILWAYS

Hon. G. I. Smith: Honourable senators, I should like, if I may, to direct a question to the Leader of the Government. I noted his comment about other questions being speculative. Here I have something which seems pretty solid. It is entitled: "Report of the Auditor General of Canada to the House of Commons." I do not know why it was directed to the House of Commons and to no one else. It is the report for the fiscal year ending March 31, 1981.

It would be pretty hard to describe this as speculative, I think, when we find at page 448 that it says:

> In 1980, the CTC—

I take it that that means the Canadian Transport Commission.

> —recognized that CN—

I take it that that means the Canadian National Railways.

> —was being reimbursed twice for losses incurred: first when the deficits that included these losses were reimbursed by the Department of Transport under annual appropriation acts; second when payments were made by the CTC under the Railway Act in 1978, 1979 and 1980. The CTC estimates that these double payments amounted to $53 million.

Hon. Jack Marshall: Just what they need.

Senator Smith: There is a lot more which follows. I will not weary the house by trying to read it all now. Perhaps I will entertain the house with more excerpts a little later. I ask the Leader of the Government what efforts are being made by the government to recoup that sum of $53 million which was an improper payment to Canadian National Railways, according to the Auditor General.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Smith asks a good question.

Senator Smith: My questions are always good.

Senator Perrault: May I say that this paragraph has been noted carefully by the government. Indeed, I have in my hand a copy of the paragraph read to us by Senator Smith.

I suppose, first of all, it can be said that the government has provided very substantial resources to the Auditor General and his staff in order to protect the public interest in this fashion, by bringing forward these facts. Secondly, the government will investigate the situation immediately, and I will take the question as notice and bring further information to the Senate on this point.

The reason the Auditor General is in his place with the resources available to him is just to find those areas that need the attention of the government.

Senator Smith: With all respect to the honourable senator's description of the source of those funds, I ask him if it is not a fact that those funds are provided by the House of Commons of Canada and, to the extent that this house concurs in them, by this house—that is, the Parliament of Canada. They come out of the taxpayers' money and the government has no choice about it.

Senator Perrault: Honourable senators, so far as the office of the Auditor General is concerned, there has to be an intention on the part of the government, in the first place, to provide the Auditor General with the staff and resources to do his work. That is a decision made by the government to support him and do what they can to help him. He has produced a report which is of great importance to the government, and certainly to members of this house and of the other chamber.

Senator Smith: I thank the honourable gentleman for his answer, and I suppose, in view of the fact that I have made no particular search as to the accuracy of his assertion with reference to the source of the funds and the people who are required to make decisions about them, I shall have to accept his answer in that respect for the time being. However, if some research does reveal some other matter for further discussion, I will likely ask the honourable gentleman to engage in that discussion with this house.

Perhaps I could turn now to another paragraph on the next page. Under the heading "Income Tax Benefits" on page 449 you will find the following:

> CN's financial statements indicate that the Corporation has claimed a reduction in income taxes otherwise due for 1978, 1979 and 1980 as a result of reducing taxable income for those years by applying losses from prior years. Part or all of these losses relate to periods prior to 1 January 1978 when the Company's deficits were fully reimbursed by the Department of Transport under annual appropriation acts. It appears that CN's ability to reduce its taxable income in this manner has provided a financial benefit to the Company which was not fully analysed and disclosed to the appropriate Ministers at the time of drafting amendments to the Canadian National Railways Capital Revision Act.

[Senator Perrault.]

That leads me to my next question. Can the honourable gentleman inform us of what action the government is taking, if any, to recover what seems to be a perfectly and completely improper financial benefit to Canadian National Railways?

Senator Perrault: Honourable senators, certainly action must be taken to correct any action on the part of CN which may not be in the public interest. That is obvious. The question will be taken as notice.

I hope, however, that in his reading of the Auditor General's report Senator Smith will stumble across the paragraph which states that there has been a substantial improvement in the operation of the government and its departments—

Hon. Jacques Flynn (Leader of the Opposition): We are all for that.

Senator Perrault: —and the commendation—

Senator Flynn: Thank God!

Senator Perrault: —and the commendation extended to the government for very much improved performance. I do hope Senator Smith's generosity of spirit will prompt him to quote those sections to us.

Senator Flynn: You should not be satisfied with that.

Senator Smith: I am sure I would be delighted to quote any commendation of the government that could be found in this damning report.

Senator Frith: We will find it for you and read it to you.

Senator Flynn: On this side we would say it is a "damned" report.

Senator Smith: I said "damning" but the other word would be equally appropriate.

However, it seems to me that that performance which has been so dismal in the past had nowhere to go but up. If the Auditor General did find a slight upward trend, he must have been hard put to discover it.

● (1500)

In any event, I have one more supplementary question. Obviously these items, the $53 million specified and the other financial benefits which, insofar as I have noted in my preliminary reading, have not been quantified, could supply a very substantial portion of the $100 million per year which the Minister of Transport hopes to save by cutting out 20 per cent of the passenger railway services of Canada.

Senator Frith: It is more than $100 million, is it not?

Senator Smith: I have not heard that it was more than $100 million. As a matter of fact, I heard that it was much less than $100 million until some time in the future; that it is really down to around $40 million.

Senator Frith: We will hear your report on that matter.

Senator Smith: That is, if you listen.

Senator Frith: I am listening.

Senator Smith: If, as indicated by the Auditor General, the government can recover $50 million a year, and goodness knows how much more, in that instance, why would it not be an appropriate source of saving a portion of the $100 million which the government will not save, either this year or next year, by cutting out 20 per cent of the railway passenger services of Canada?

Senator Perrault: Let Senator Smith remember, as he peruses the pages of the Auditor General's report with the zeal of a bloodhound, that the Scriptures tell us, "He who is without sin should cast the first stone"; that during the seven months of the last Conservative government in this country there were a number of matters in which the Auditor General would have had a great deal of interest.

Senator Flynn: All the Liberal-appointed bureaucrats were still in place.

Senator Perrault: This happens to all governments. No government is perfect.

Senator Smith: If the honourable gentleman dignifies my rather cursory examination of this report, which seems to embarrass him greatly, by calling it "persuing something with the nose of a bloodhound," I think that before he is through dealing with us on this report, he will be thinking of somebody pursuing him with a very heavy foot applied to the appropriate portion of his anatomy.

Senator Frith: Block those metaphors.

Senator Flynn: Would the Leader of the Government tell us what he understood that to mean?

Senator Frith: A fine mixture of metaphors.

AVAILABILITY OF OFFICIAL DOCUMENTS—GOVERNMENT POLICY

Hon. Guy Charbonneau: Honourable senators, I have a question for the Leader of the Government, but before I ask it there is something I would like to say. We have been accused in the past by the Minister of State for Economic Development of being bearers of gloom and doom. After having read the Auditor General's report, I feel that I must congratulate the government for having no horses on the payroll this year.

Hon. G. I. Smith: That is an improvement.

Hon. C. William Doody: How can you say that and still look across the floor?

Hon. Royce Frith (Deputy Leader of the Government): It takes one to know one.

Senator Charbonneau: With the expenditures of this government going up by 22 or 23 per cent, who knows what it will do next?

Would the Leader of the Government explain why the government has a policy of keeping documents secret from its own Auditor General, to the extent that in his report released yesterday the Auditor General himself was provoked to say:

> Curiously, in the public sector there are nice intellectual arguments supported by political science theory as to what documents and information should and should not be available to the Auditor General.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, all I can say is that the report of the Auditor General is being read with avid interest by members of the government and by others in Parliament. It is too early to make any definitive judgment as to its content. The Auditor General has made a number of observations. One relates to the number of printing machines available to government departments, and the paper burden issue. There are a number of other issues, many of which will undoubtedly emerge in the next few days.

I want to give the assurance, however, that this government takes this report very seriously, and where improvements can be made, they will be made.

Senator Charbonneau: Honourable senators, it is very hard to understand, if a comprehensive and accurate audit is to be done, how anything can be kept from the Auditor General.

Senator Perrault: The fact that the Auditor General thinks there is a substantial improvement on the government's performance is heartening and encouraging, and it may inspire—

Senator Charbonneau: Answer the question.

Senator Perrault: I shall take the question as notice, honourable senators.

Senator Charbonneau: That is better.

THE SENATE

CONSTITUTIONAL REFORM—STATEMENT BY MINISTER OF JUSTICE

Hon. Jack Marshall: On Sunday, during the television program *Question Period*, the Minister of Justice was asked a question regarding what would be involved in phase 2 of constitutional reform. The minister indicated that phase 2 would deal with parliamentary reform, and that reform of the Senate was one of the most important parts of this phase. Would the Leader of the Government make a statement in the chamber in the near future as to what form phase 2 will take, what it will entail and how the government will go about making this change?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I did not see the television program to which Senator Marshall has referred, but I shall ask the minister for a transcript of his remarks. Certainly, he has not suggested to me, either personally or at meetings which I have attended, that the Senate is a number one priority in the so-called second phase.

As to the contents of the second phase, it is certainly not for the Government of Canada to be the sole judge of what items will be considered during that phase. The provinces will be very much involved, and I hope all of the provinces, including

the province of Quebec. At that time, the views of the federal government will be put on the table.

ENERGY

NORTH-EAST BRITISH COLUMBIA COAL PROJECT—AWARD OF CONTRACTS

Hon. George van Roggen: Honourable senators, I have a question for Senator Austin concerning the north-east coal development in British Columbia. Some time ago the Government of British Columbia, as I understand it, put out tenders for the tunnelling and construction of the Anzac rail line that would connect those coal facilities to the port of Prince Rupert or, at least, to the CNR. The provincial government did not award those contracts until it was quite certain that the companies would go into production. Now that the last obstacle to that great project's going ahead has been settled by the operators of the coal port at Ridley Island, and the coal companies' agreeing on the throughput charges there, as announced by Senator Olson very recently, does the minister have any knowledge at this time as to whether or not the Province of British Columbia has proceeded to let those contracts it has already settled upon?

Hon. Jack Austin (Minister of State): Honourable senators, I thank Senator van Roggen for his question. As it happens, I was speaking to the provincial minister, the Honourable Don Phillips, this morning, who advised me that yesterday he gave the tenderers his permission to proceed under the tender contracts called and, to put it in the colloquial way, that all systems are go. I am happy to advise Senator van Roggen and the Senate that the Government of British Columbia has, indeed, taken the steps required to build the necessary additional railway facilities and that the north-east British Columbia coal project is well under way.

TRANSPORT

CN MARINE—ELIMINATION OF POSITIONS

Hon. Robert Muir: Honourable senators, I have a question for the Leader of the Government in the Senate or the Minister of State for Economic Development. I doubt if either senator carries the information around in his mind, but would one of them find out whether or not it is correct that CN Marine is contemplating eliminating 135 positions among the stevedoring staff at the docks at North Sydney from which goods are transported to that great province of Newfoundland, and bring back the information as soon as possible? Also, as was indicated by Senator Smith, is it the intention of Canadian National to continue cutting back on all its services and in areas such as stevedoring? Does the government intend to eliminate CN Marine or CN entirely, thereby putting many employees out of work? Considering the high unemployment rate on Cape Breton Island at the present time, we cannot afford a cutback of 135 positions among the stevedoring force at the port of North Sydney. At one time, during summer periods, as many as 1,000 workers were employed, then that figure went down to 500, and now the work force consists of no more than 250 persons.

[Senator Perrault.]

• (1510)

Would the honourable minister kindly ascertain what plans are contemplated by CN Marine, and furnish us with a report?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take that question as notice and refer it to the Minister of Transport for a reply as soon as possible.

My honourable friend will realize, of course, that some changes are probably necessary because of the passenger load and tonnage involved. I know this is the subject of ongoing discussions with the Minister of Transport. I will ask him where the situation stands today.

Senator Muir: Just to clarify the situation, my question does not relate to the passenger service at all, but relates completely to freight going from the port of North Sydney to Newfoundland.

If the government would stop subsidizing private corporations which transport goods directly from Montreal to Newfoundland and from Halifax to Newfoundland, and encourage the use of the port of North Sydney, which was the situation at the time of Confederation, we would not have this unemployment situation in North Sydney.

Senator Olson: Honourable senators, the question may not relate to the passenger service, but the CN ferry service, which carries freight for the most part, does have accommodation for passengers.

I will take the question as notice and ask for a report as soon as possible. However, I would ask my honourable friend to realize that I may not be able to answer within a day or two.

Hon. Jacques Flynn (Leader of the Opposition): We can wait; we are used to it.

FREEDOM OF INFORMATION

STATUS OF PROPOSED LEGISLATION

Hon. Nathan Nurgitz: Honourable senators, my question is for the Leader of the Government in the Senate. In response to a question asked by the Leader of the Opposition concerning the proposed advertising scheme, the Leader of the Government mentioned that this was being done in a spirit of freedom of information—a hallmark of this government. However, today it was reported by the press that the freedom of information bill is now unlikely to be passed before the spring, if at all.

Earlier in this session, as reported at page 550 of *Debates of the Senate*, the leader told us:

> Certainly, this government has established access to information and freedom of information as top priorities for this Parliament.

Why has freedom of information now, apparently, gone the way of that other cornerstone of the Throne Speech, the stronger FIRA legislation?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, when the freedom of information bill finally emerges, either sooner or later, it will be an excellent piece of legislative craftsmanship—and excellence takes longer, at times.

THE SENATE

REPORT OF AUDITOR GENERAL—QUESTION OF PRIVILEGE

Hon. Raymond J. Perrault (Leader of the Government): While I have the spirit of freedom of information, may I share this information with honourable senators? Even though there is no legal obligation for the Auditor General to table his report in the Senate, the report is always tabled in this chamber on the day following its tabling in the other house. I refer to the Auditor General Act, *Statutes of Canada 1976-77*, section 7, which states:

> (1) The Auditor General shall report annually to the House of Commons
>
> (*a*) on the work of his office; and
>
> (*b*) on whether, in carrying on the work of his office, he received all the information and explanations he required.

Subsection 7(3) states:

> Each annual report by the Auditor General to the House of Commons shall be submitted to the Speaker of the House of Commons on or before the 31st day of December in the year to which the report relates and the Speaker of the House of Commons shall lay each such report before the House of Commons forthwith after receipt thereof by him or, if that House is not then sitting, on the first day next thereafter that the House of Commons is sitting.

Section 8 states:

> (1) The Auditor General may make a special report to the House of Commons on any matter of pressing importance or urgency that, in his opinion, should not be deferred until the presentation of his annual report.

That answers, at least in part, some of the inquiries made by honourable senators on this point.

FREEDOM OF INFORMATION

STATUS OF PROPOSED LEGISLATION

Hon. Nathan Nurgitz: Honourable senators, supplementary to my earlier question to the Leader of the Government, briefly, is the freedom of information bill still a priority? If so, will it be brought before this Parliament; and, if so, when?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

THE SENATE

REPORT OF AUDITOR GENERAL—QUESTION OF PRIVILEGE

Hon. Jacques Flynn (Leader of the Opposition): Do I understand from what the Leader of the Government has just quoted that the report of the Auditor General is of no concern to the Senate and should be dealt with only by the House of Commons? Is there a legal obligation to table the report in the Senate?

Hon. Raymond J. Perrault (Leader of the Government): There is no legal obligation to table the report in the Senate. It may be that a case can be established to amend the act and impose the same requirement to have it tabled in the Senate, although the practice has been that it has been tabled in the fashion in which it has been done this year.

Hon. Jack Marshall: As a supplementary, I cannot understand why, after so many years, many of the very important documents that are tabled here are not referred to a committee. They are not tabled in the Senate until days after they have been tabled in the House of Commons. If there is any reform of Parliament, I believe consideration should be given to this matter. I could make a 10-minute speech on the weaknesses of the information which comes to honourable senators. In any parliamentary reform, consideration should be given to putting the Senate on an equal basis with the House of Commons.

Hon. Royce Frith (Deputy Leader of the Government): Let us have an inquiry on it.

Senator Marshall: An inquiry would be the answer.

Senator Perrault: The situation has been very much improved in recent years, but perhaps further improvements could be made.

Hon. C. William Doody: Am I to understand from the Honourable Leader of the Government's answer that the Auditor General is a servant of the House of Commons and not a servant of Parliament? Would that be correct?

Senator Perrault: Honourable senators, the Auditor General certainly is a servant of Parliament. There is a statutory obligation upon him to report to the House of Commons, but I think that honourable senators would regard the Auditor General as a servant of Parliament, and that is the reason the report is also tabled in this house. It is important for honourable senators to know the views of the Auditor General.

So far as the tabling of documents is concerned, certainly, when Senator Flynn was Leader of the Government—

Senator Flynn: How can you remember? It was so short a time.

Senator Perrault: —he did his best to table documents as early as possible, and I have done likewise. Although we disagree on a number of matters, both of us have certainly exerted every effort to improve the situation so far as communication is concerned.

Senator Flynn: It is totally unfair to link me with you.

Hon. Robert Muir: As a supplementary to the question to the Leader of the Government, since he is an old House of Commons man—and I do not mean in years physically—and realizes that Parliament is comprised of the House of Commons and the Senate, I was surprised to hear him say that the Auditor General is only required to report to the House of Commons.

Senator Perrault: Under the law.

Senator Muir: Therefore, I would suggest that, with his vast knowledge and background of parliamentary affairs and procedure, and with his great weight in cabinet, he should take immediate steps to remedy that situation. Surely, this chamber is second to none. We should at least be on the same footing as the House of Commons, and I am sure the Leader of the Government in the Senate would agree with me, as would his colleague, the Honourable Minister of State for Economic Development, who has also served with distinction in the House of Commons.

Senator Flynn: You should also add the weight of Senator Argue.

Senator Perrault: I agree with Senator Muir who, at one time, was one of the most effective members of the other house that we had had in some years. I think he makes an excellent point.

Honourable senators, quite frankly, I will review committee records to determine how this measure got on the statute books without some objection being raised by members of the Senate committee which reviewed the bill before it became law. There may be some reasons that are unknown at this time.

● (1520)

To express a personal view, I am in absolute accord with Senator Muir that the Senate should also be included in this statute, and if there is a reason why the Senate has not been included in it, I should like to know it, and, therefore, shall initiate immediate inquiries to determine the progress of this legislation through Parliament in 1976-77.

HEALTH AND WELFARE

EFFECTIVENESS AND QUALITY OF FOOD INSPECTION SYSTEM

Hon. Peter Bosa: Honourable senators, my question is to the Leader of the Government in the Senate. It was reported recently in the media that officers from the United States Department of Agriculture inspected the Canada Packers plant located in Toronto, and that as a result of their findings Canada Packers discontinued its exports to the United States, at least temporarily.

My question is: Is the government aware of this? If it is, is the government examining the effectiveness and quality of our inspection system for food establishments; and if it is not, will the government consider doing so?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice, unless our distinguished and expert colleague, the Honourable Senator Argue, has a reply.

Hon. Jacques Flynn (Leader of the Opposition): He has limited expertise. Don't push him too much!

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (D) ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance on supplementary estimates (D) laid before Parliament for the fiscal year ending March 31, 1982, which was presented yesterday.

Hon. Douglas D. Everett moved that the report be adopted.

He said: Honourable senators, you have before you as an appendix to yesterday's proceedings supplementary estimates (D) in the amount of $94 million. It concerns the write-off or the payment of a debt in that amount on behalf of Consolidated Computer Inc., a computer software and hardware development firm that specialized in data entry systems and operated in the United States, Canada and, I think, elsewhere in the world. It also made sales in the United Kingdom. It had two leasing affiliates, one called Financeco and the other called Finecomp.

Up until 1980 the company made small profits of just under half a million dollars per year, and sometimes it operated at about the break-even point.

For some reason, around 1979-80, it set up an extensive world-wide sales organization and its sales fell drastically. It ended up losing $12 million in 1980. From 1971 it was supported by a program instituted under the Enterprise Development Board. That program guaranteed loans and made advances to organizations that could not obtain loans elsewhere on reasonable terms.

The federal government and the Ontario government own sixty-five per cent of Consolidated Computer Inc., and the remainder is owned by a firm called Fujitsu Limited of Japan. At the present time, the guarantees outstanding are in the amount of $47.4 million on the part of Consolidated Computer, and $43.6 million, which relates to the advances to the leasing companies, for a total of $91 million. The total cost to the government of this venture has been $119 million. That includes the $91 million that we are writing off now; the $3 million to bridge the operations of the companies from now until January, when the sale closes; $16 million in previous supplementary estimates that has already been written off; and $9 million advanced under certain research and development programs offered by the federal government. So, the total is $119 million.

The proposal is to sell Consolidated Computer Inc. to a company by the name of Nabu, which is owned by persons and firms that are already in the computer business. That company was formed on July 1, 1981. The sale price of CCI to Nabu is $100,000, with an opportunity to get percentages of the gross

lease payments that start out rather low and go up year after year. It is estimated that in five years those payments to the government could amount to $7 million.

What the federal government is going to do, though, is pay off the loans that were advanced by the banks and guaranteed by the federal government in the amount of $91 million, and advance another $3 million for the bridging.

At the meeting of the committee, we were interested in looking at the loan guarantees that were offered by the Enterprise Development Board under the Enterprise Development Program. This program was inaugurated in 1977 and is a continuation of the old General Adjustment and Assistance Program. That program makes contributions and also guarantees loans that would not be made under normal commercial terms. It is interesting to note that the loan guarantees made to date—that is, from 1977, when the board was put into operation—are $451 million. The amount of money lost, including the CCI deal, is $118 million, which gives a twenty-five per cent loss factor on the guarantees.

CCI was loaned $44.9 million on EDB guarantees, but the interesting part of that is—and I am talking just of CCI and not leasing affiliates—that $24.6 million of the $44.9 million was advanced after 1980 when the firm suffered the loss of $12 million. In other words, it would appear that it was part of a bail-out operation by the Enterprise Development Board.

One wonders about the Enterprise Development Program and how well these guarantees are monitored. Why do we make a 100 per cent guarantee? Why not a partial guarantee, with the financial institutions taking part of the risk? We were told that the rates on the loans were floating rates, which would indicate that they were tied to prime, yet the financial institutions that advanced the moneys were given a full 100 per cent government guarantee. Now, you would think that that would give Consolidated Computers Inc. a rate that would be, first of all, fixed, and more related to the rate that would be found on government bonds.

One wonders whether we are not doing the same thing elsewhere. There were several extremely large advances made on behalf of Telidon. It would be interesting to know whether we are getting into the same kind of trouble in respect of Telidon as we did with CCI. It is true that right now Telidon is a highly regarded company and the publicity surrounding it is good, but there was a time, three or four years ago, when CCI was highly regarded, yet our total costs will be in the neighbourhood of $116 million.

One wonders, too, how the guarantees are accounted for. So far as we can tell, the chartered accountants who approved the guarantee documents were also the chartered accountants who audited CCI. An inquiry has been launched by the government. This inquiry is chaired by Lieutenant-General W. A. B. Anderson, former Secretary of the Board of Management of Ontario. He has recently been involved in the implementation of the Lambert Commission report.

Before I sit down, I should like to briefly deal with the sale of CCI and its leasing affiliates to Nabu. As I understand it, the government has required Nabu to make certain undertakings. They are: that it operate CCI for two years; that it provide the necessary working capital; that it preserve the jobs of the people who are presently employed by CCI; and that it not take advantage of the obvious tax loss that would exist in CCI. The Minister of Industry, Trade annd Commerce indicated that the benefits to the government were the preservation of the productive capacity and the products of CCI, although I understand they are not very current products from the point of view of the market. Also, the benefit is, of course, that the government has no close-down costs. If it phased out the business, it would face termination costs and other costs that would be fairly extensive.

● (1530)

Those are the benefits to the government, but we should perhaps look at the benefits to Nabu. Once the government pays off all those debts, it will turn CCI over to Nabu with a net worth of $9 million, and this for $100,000. It is true that they calculate that the inventory is over-valued, so the net worth may be reduced by the amount of the over-valuation. But they also turn over the gross lease payments on previous sales which, over the next five years, we are told, will aggregate $28 million. An amount of $7 million of that will be paid to the government, which will leave $21 million, less servicing costs for Nabu to receive.

So it would indicate that for $100,000, Nabu, which is owned by people and firms in the computer business, will receive a company having a net worth of $9 million, less inventory over-valuation, and no debt, plus two leasing companies with $28 million of accounts receivable, and no debt, for which they will pay the government only $7 million if they receive the $28 million. Therefore, Nabu will receive $21 million, out of which they will have to pay the servicing costs. I do not know how high they will be, since those companies are already in the computer business.

In addition, they will take over the employees, but I understand that the employees that are working for CCI are in demand by the very companies that own Nabu. So it is a very interesting situation. It is obviously one that has been an unhappy investment for the government, but I would hope that when Lieutenant General Anderson examines the past history of the transaction he will also have a good look at the terms of the sale to see whether, in getting out, we made the best deal.

Hon. C. William Doody: Honourable senators, I should like to say a few words on this subject, which is a matter of some interest. I appreciate the details given by Senator Everett in reporting on it to the Senate. Because of its size and significance, it is perhaps an example of the sort of practices which the government, inadvertently and with the best of intentions, got itself involved in. The $94 million supplementary supply estimate, that is now in the process of being passed, is going to the banks to pay off a loan which, as Senator Everett has said, has already been guaranteed by the government—a loan on which they charged prime interest plus; and certainly they will not suffer in any way.

Perhaps the major aspect of this matter is the company itself and the weird and wonderful circumstances in which it has managed to evolve into the $125 million mess which the government finds itself with. The company became insolvent in 1971, and that was the first time the government became involved. It bailed it out, gave it some money and got it started again. It again went into receivership in 1976. The government gave it more money and again bailed it out. Nevertheless, the one recurring theme, right down through the whole operation, was that management never did improve. The inventory control systems were never really put in place. A gentleman named Brown, who the government put in approximately 16 or 18 months ago, reported that management was slack, that the control systems were non-existent, and that the books were in a mess. These are taxpayers' dollars, and we have to wonder how many more companies there are like this. I compliment the department and the committee on bringing forward the facts in the brief time available.

If we say the amounts quickly—the $94 million, the $125 million and the $115 million—they do not sound very impressive, but they represent a lot of money, and if it were a private business there would be a good deal of concern about it. I know that a $94 million government guaranteed bankruptcy in a province is cause for great concern throughout the country; but a $94 million commitment of the Canadian government does not seem to arouse that much interest. I guess it is a matter of how many zeros there are in proportion to the expenditure for a particular level of government. I consider it is a matter that should be looked into.

Senator Everett mentioned Telidon, another high technology corporation that the company has been involved with, although that is a somewhat different matter. The government has been in the process of giving that particular company a number of grants to develop technology. There was something close to a $9 million grant for that company in supplementary estimates (C) which we passed a few weeks ago. We do not really know how many other grants have been given to Telidon; nor do we have any idea of what kind of supervision or monitoring there is in this particular company. I sometimes wonder if it is just a coincidence that so many new high technology computer chip companies have grown up around Ottawa. They all seem to be in this particular area. Perhaps they have found a good thing.

In any event, I would suggest that the committee, through Senator Everett, should take a look at this sort of thing, and see how much of the finances of the people of Canada are being committed to this sort of thing, and how much monitoring and control there is over it.

An Hon. Senator: A good point.

Senator Everett: Honourable senators—

The Hon. the Speaker: I wish to inform honourable senators that if the Honourable Senator Everett speaks now, his speech will have the effect of closing the debate.

Senator Everett: Honourable senators, I should like to thank Senator Doody for his remarks, which expanded mine so well. I believe it is an interesting subject for the committee to consider. We are preparing the final report on a lengthy examination of regional disparities, which has involved approximately 41 hearings over a long period, and we are looking for something new to examine. We would not want to duplicate the work of Lieutenant General Anderson in this matter, but, then, we might look into the general area of how the Enterprise Development Board and the program operates and, as Senator Doody said, how it affects organizations such as Telidon.

One of the things that keeps coming home to me is the fascination we have with high technology development. The government is so anxious to get into this. This is a new field; this is where all the action and interest is. The one thing about high technology is that the profits for those who succeed are extremely high. However, we could probably say that perhaps one in every ten succeeds, and the other nine go under or disappear. It is a dangerous area and the government is committing a lot of money to it, and perhaps, as a committee, we should give consideration to an examination of the Enterprise Development Board and the general contribution that the government is making and will be making to the high technology business over the next few years.

Motion agreed to and report adopted.

[Senator Doody.]

MOTION FOR ADOPTION OF REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (C)—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Riley, for the adoption of the Report of the Standing Senate Committee on National Finance on the Supplementary Estimates (C) laid before Parliament for the fiscal year ending March 31, 1982.—(*Honourable Senator Smith*).

Hon. G. I. Smith: Honourable senators, I have asked on a couple of former occasions that this stand because of the interest of another senator. I am grateful for the indulgence of the Senate on those former occasions. I am not at all sure that that senator wishes to pursue the matter any further, and, accordingly, I do not renew my request. I notice that the senator in question is not in the chamber at the moment, so I suppose it is a question of whether the Leader of the Government or his deputy wishes to let it stand just on the basis of my explanation, but I will not ask for the indulgence again.

● (1540)

Hon. Royce Frith (Deputy Leader of the Government): Shall it stand until tomorrow, then?

Hon. Douglas D. Everett: I think the matter should be concluded in the near future because we will be receiving the appropriation bill.

Senator Frith: Yes, we expect to get the appropriation bill some day next week. Perhaps this order should stand until tomorrow, and Senator Everett and Senator Smith can consult each other.

Senator Smith: I shall be glad to give the name of the senator to the deputy leader or Senator Everett, and they can perhaps have direct contact with that senator and decide what should be done.

Order stands.

ENERGY

GOVERNMENT POLICY—MOTION TO REFER SUBJECT MATTER OF INQUIRY TO BANKING, TRADE AND COMMERCE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Murray, seconded by the Honourable Senator Flynn, P.C.:

That the subject-matter of the inquiry of the Honourable Senator Argue, P.C., which appeared on the Orders of the Day on November 20, 1980, be referred to the Standing Senate Committee on Banking, Trade and Commerce.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in view of the fact that there is an order in the other place for a vote on Bill C-48 today, and that it is a reasonably safe bet that it will pass, I wonder if—

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): My, we are eloquent today!

Senator Frith: There is a time and a place for everything!

[*English*]

I suggest that since we will be getting Bill C-48, which is a major part of the National Energy Program, and which, in turn, is the subject of Order No. 7, we might consider this inquiry as debated. However, I do not want that done when Senator Murray is not in the chamber, because this is his motion. This will give him a chance to think about it, and perhaps we can continue that request tomorrow. In the meantime, perhaps we should let the order stand.

Hon. Senators: Agreed.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, December 10, 1981

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

Prayers.

CANADA OIL AND GAS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-48, to regulate oil and gas interests in Canada lands and to amend the Oil and Gas Production and Conservation Act.

Bill read first time.

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

Hon. Royce Frith (Deputy Leader of the Government): Next sitting.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Frith, seconded by the Honourable Senator Perrault, P.C., with leave of the Senate, that this bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

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

Hon. Jacques Flynn (Leader of the Opposition): Your Honour, technically speaking, if the next sitting were tomorrow, leave would be necessary, but I understand that second reading of this bill will take place next Tuesday. Normally, the motion is that the bill be placed on the Orders of the Day for second reading on Tuesday next. I am merely correcting the Deputy Leader of the Government while I have the opportunity to do so.

● (1405)

Senator Frith: By agreeing to "next sitting", in line with the comments made by the Leader of the Opposition, I am obviously going to have to make it Monday or Tuesday.

Motion agreed to.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

> Report concerning the enquiry under the *Canada Business Corporations Act* into certain aspects of the purchase of Petrofina Canada Inc. by Petro-Canada, issued by the Minister of Consumer and Corporate Affairs.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(*g*), that when the Senate adjourns today it do stand adjourned until Tuesday next, December 15, 1981, at 8 o'clock in the evening.

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

Hon. Senators: Agreed.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, perhaps this would be the right time for the deputy leader to tell us what is in store for us next week, what the plans are for any legislation that may be coming to us—we now have Bill C-48—and especially what the plans are for the so-called Christmas adjournment. What business will the Senate have to deal with before that adjournment?

Senator Frith: Honourable senators, as the Leader of the Opposition has just pointed out, we have now given first reading to Bill C-48, the Canada Oil and Gas Bill. The Standing Senate Committee on Banking, Trade and Commerce has been pre-studying this bill, in anticipation, and thereby getting through some of the work that may arise out of a referral to that committee between second and third reading. This advance work done by the Banking, Trade and Commerce Committee means there is a good chance of that committee's reporting the bill back to the Senate by Thursday or Friday. It is our plan to sit on Thursday and Friday in the hope of concluding the debate for a vote on the bill on Friday. That is the plan we are working towards with the co-operation of the committee chairman, the members of the committee, the sponsor of the bill, me and the Leader of the Opposition.

● (1410)

There are three other bills, honourable senators, that we will likely receive. The first is an appropriation bill. The second is Bill C-46, the Meat Import Bill, which I believe is of an essentially technical nature, but I will have more to say about that on Tuesday. The third is Bill C-84, to amend the Small Businesses Loans Act. We may also receive a fourth, Bill C-78, the Labour Adjustment Benefit Bill.

So, honourable senators, we will meet on Tuesday evening as usual. The Banking, Trade and Commerce Committee will meet Monday, if necessary, or Tuesday, to complete the work that will enable us to take advantage of their advance study if the bill receives second reading on Tuesday evening. By that time we may have received the appropriation bill, Bill C-46, Bill C-84 and perhaps Bill C-78. If those bills turn out to be

mostly non-contentious, we hope to pass them and plan for royal assent by the end of the week. If so, we plan to adjourn for the Christmas recess until the last week in January. I will, however, have definite news about the adjournment on Tuesday or Wednesday of next week.

In summary, honourable senators, we hope to adopt and give royal assent to the first four bills I mentioned by the end of next week, after which we will adjourn for Christmas, returning some time around the end of January.

Senator Flynn: Honourable senators, I understand that of the five bills mentioned, it is essential that we deal with two—Bill C-48 and the appropriation bill. If the other three are not contentious, then perhaps we could also deal with them before adjourning. I suppose the plan is that the House of Commons will also adjourn on December 18?

Senator Frith: Yes, that is correct.

Motion agreed to.

QUESTION PERIOD

[*English*]

NORTHERN PIPELINE

PROCEEDINGS IN UNITED STATES CONGRESS

Hon. Sidney L. Buckwold: Honourable senators, I have a question for the Minister of State for Economic Development.

Hon. Jacques Flynn (Leader of the Opposition): It is opposition day today.

Senator Buckwold: I am sorry, but nobody on that side stood. You fellows over there are losing your touch.

Senator Flynn: No, we were just afraid that you were losing yours, so we are giving you a chance.

Senator Buckwold: My question is directed to the Minister of State for Economic Development. Yesterday the minister was kind enough to draw to the attention of this chamber the good news of the action taken in the American House of Representatives on the Alaska Highway gas pipeline. Since then, I have heard some disquieting news concerning a further vote. I wonder if that matter might be clarified by the minister?

Hon. Orville H. Phillips: Why don't you ask Senator Lawson?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the vote that was taken before was recorded, after which a technicality arose. It is my understanding that the title of the resolution in the Senate was different from the title of that in the House of Representatives, and that the resolutions had different numbers. It was thus raised as a procedural matter later in the day that the two resolutions should be identical or concurrent.

• (1415)

Either the procedure committee or the rules committee—I am not sure which—in the House of Representatives met late yesterday and decided to put a motion before the House of Representatives that would change the title of the resolution so that it would be the same as the resolution passed by the Senate.

It is my information that the resolution amending the title was passed by a voice vote and that the substance of the entire resolution remained exactly the same as the resolution on which they voted yesterday. It is also my information, very unofficially at this point in time, that that vote was completed just a few minutes ago, and that the resolution was passed by a vote of 229 to 188.

Senator Flynn: Would this latter vote be the final one in the U.S. Congress, or does the matter have to go before the Senate?

Senator Olson: The honourable senator is asking me another procedural question as between the two houses of Congress which I am not qualified to answer. I can say, though, that the resolution was first passed in the United States Senate by a vote of 75 to 19. Someone has made the point, I believe, that once the Senate passes a resolution, they send it to the House of Representatives for their concurrence. Or perhaps they follow a similar procedure as in our Parliament in that the matter begins in both houses simultaneously. In any event, I understand that someone has raised the technicality that once the House of Representatives has voted positively on the resolution, it then comes back to the Senate for final ratification.

If that action is required—and I emphasize "if"—to my knowledge it has not taken place.

Senator Flynn: If the minister is wondering why we were not as joyous yesterday over this announcement as he, it was because we were keeping our fingers crossed until the decision was final.

Hon. Raymond J. Perrault (Leader of the Government): Have faith.

Senator Olson: I would like to advise my honourable friend that when the resolution was first passed by the Senate, it was by a majority of 75 to 19. I expect that when the House of Representatives passes what is now exactly the same resolution, the Senate will ratify it very rapidly.

Senator Flynn: I do not doubt that, but the Senate of the United States is not exactly the same as the Senate of Canada.

THE BUDGET

ECONOMIC DEVELOPMENT STRATEGY

Hon. Orville H. Phillips: Honourable senators, I have a question for the Minister of State for Economic Development. On November 25 I asked the minister whether he could obtain for this chamber a list of the plants that closed down or had cause to lay off employees. At the time, he expressed some

doubt as to the existence of such a list. May I draw to the minister's attention an article which appears in today's Ottawa *Citizen* which indicates that the Canadian Manufacturers Association has determined that more than 140,000 workers have lost their jobs. In this article, it is also indicated that the Ontario Labour Ministry says that 67 plants in the province, 34 of them in the Toronto area, have shut down, and that another 89 plants have curtailed operations.

If the minister is unable to obtain any information from federal sources, would he çontact the Ontario Ministry of Labour for such information, and give a further report to this chamber?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I could do that for the honourable senator, but, quite seriously, I fail to see the need for me and my department to go through that exercise if he already has the information in front of him.

Senator Phillips: Honourable senators, I was hoping that the information could be provided with regard to other provinces. I only referred to Ontario, and I am sure that both Senator Austin and Senator Perrault would be very interested in the plants that have closed in British Columbia, just as I am interested in the plants that have closed in Atlantic Canada. The Ontario Ministry of Labour will not have that information.

Senator Olson: I understand better now what the honourable senator is asking, and I would advise him that what I said the other day still stands.

Senator Phillips: In other words, you are not going to get it?

● (1420)

INCOME TAX ACT—CLOSING OF LOOPHOLES

Hon. P. Derek Lewis: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate. I notice, at the bottom of the first page of today's issue of the *Globe and Mail*, an article dealing with the budget. The commentary seems to imply that Revenue Canada intends to start collecting taxes on employee "perks" such as meals, free parking and travel passes. Would the Leader of the Government confirm, or otherwise, that this reflects government policy at this time?

Hon. Raymond J. Perrault (Leader of the Government): Since the presentation of the budget, honourable senators, a number of speculative stories have appeared in newspapers and reports have been broadcast on radio and television in various areas of the country to the effect that there will be a Draconian clampdown on all employee benefits, whatever those benefits may be.

I can report to honourable senators that this situation will be clarified shortly. Many of the reports appear to be quite incorrect. For example, the reports that all employee parking benefits are to be taxed, and that all company cafeteria meals will be subject to some type of taxation with rigid enforcement, are, I understand, both overstated.

[Senator Phillips.]

I feel sure that very shortly the Minister of National Revenue will specify those areas where it is intended that benefits be subjected to taxation.

The thrust of the budget is to make certain that those people who enjoy inordinate advantages, at the expense of their fellow citizens, pay their fair share of taxes in this country. The purpose of the budget is not to harass citizens who, perhaps, have some reasonable benefit associated with their employment. Indeed, the task of putting into place an absoutely comprehensive tax-collection mechanism would, in some cases, be counter productive. It is not true that a Draconian tax collection system is in preparation, as has been reported and alleged in certain publications.

The question is under active consideration by the Minister of Finance and the Minister of National Revenue, and statements will be made in due time.

The article referred to by Senator Lewis has been read by a number of honourable senators. Indeed, a number of them have mentioned the article to me. I have taken up its contents with the Minister of National Revenue and have discussed it with the Minister of Finance. The article which appeared on the front page of the *Globe and Mail* this morning is quite misleading, and clarification will be made in due time.

CONSUMER AND CORPORATE AFFAIRS

UREA FORMALDEHYDE FOAM INSULATION—GOVERNMENT ASSISTANCE TO HOMEOWNERS—DISSEMINATION OF INFORMATION

Hon. Jack Marshall: Honourable senators, my question is for the Leader of the Government in the Senate. A number of concerns have been expressed in the province of Newfoundland having to do with the assistance the government is going to give to those who are suffering as a result of insulating their homes with urea formaldehyde foam.

It would appear that the government's campaign concerning this matter is not being broadcast to some parts of the country. Since this is a very serious matter, would the Leader of the Government ascertain that those responsible for broadcasting this information to isolated areas are fulfilling their obligation to those who should be informed as to what they should do to obtain redress?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the urea formaldehyde foam insulation problem, which is being experienced in many provinces, is under active consideration by the government and, hopefully, an announcement can be made shortly. Indeed, it will supplement earlier announcements made on the subject.

The fact is, honourable senators, that of all governments in the nations of the world the Canadian government has been the most forthcoming in the work it has done to this point to attempt to solve the problem. I understand that there are some countries where urea formaldehyde foam insulation is still in use and is still being installed. There are only two or three jurisdictions in which it has been actually withdrawn from the market.

There appears to be a problem for at least some Canadians who installed this substance in their homes in the mid-1970s. If one studies the literature on the subject, it is apparent that this is not merely a federal problem. The issue of ultimate responsibility does not solve the difficulties encountered by those who, in good faith, installed this material in their homes and who may be suffering from health problems as a result.

In any case, the government will meet its fair responsibility, if any, and further information will be forthcoming.

• (1425)

ENERGY

CONSERVATION PROGRAM—DELAY IN PROCESSING OF APPLICATIONS

Hon. Jack Marshall: I have a further question which is related to the last one. It appears that there have been some delays in the processing of applications under the Energy Conservation Program instituted in the Atlantic provinces. When the Leader of the Government is looking into the urea formaldehyde foam insulation problem, could he also look into this seeming delay in the processing of applications under the Energy Conservation Program?

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice.

STANDING RULES AND ORDERS

PROPOSED COMMITTEE STUDY OF RULE 49

Hon. John M. Godfrey: Honourable senators, I should like to ask a question of the Deputy Leader of the Government in the Senate. In November 1979, on the initiative of Senator Bosa, the question of senators abstaining from voting was referred to the Standing Committee on Standing Rules and Orders. As you may recall, that committee recommended that rule 49 be amended to read that senators did not have to have permission to abstain and that, in fact, they could make formal their abstention by standing and so indicating.

A debate took place upon that resolution, and the present Deputy Leader of the Government, although in opposition at that time, was against the report and carried the day. He was very persuasive and the matter was referred back to the committee. That is the last we heard of it.

During the voting here on Tuesday afternoon Senator Lang broke the rules twice. He should have asked for permission to abstain before the voting commenced, and he should not have explained afterwards.

Rule 50(2) reads as follows:

> Without leave of the Senate a Senator shall not speak to a question after the order has been given to call in the members to vote thereon.

In the guise of explaining his abstention, he actually got up and said why he would vote for the next amendment and why he had not voted for the previous one.

Some senators took the option—to use the words of Senator Frith in a speech he made a couple of years ago—to sneak out of the chamber. I think I would have preferred their procedure in the circumstances.

There is no point in referring the matter back to that committee unless we know whether Senator Frith is willing to reconsider his position on it. Would you reconsider having the Standing Committee on Rules and Orders look into the question again, in light of what has happened since?

I might mention one more instance, when about thirty senators wanted to abstain. We stood up one after the other and indicated our reasons for abstaining.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the answer to the first part of the question is, yes; and the answer to the second part will have to await the said reconsideration.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I rise on a point of order. All our rules and standing orders are permanently referred to that committee. It is up to Senator Godfrey to draw the matter to the attention of the chairman of that committee.

Senator Godfrey: There is no point in my drawing it to his attention, unless Senator Frith has softened his attitude somewhat in the past couple of years, particularly in view of what happened here the other day.

Senator Flynn: You are attaching too much importance to the influence of Senator Frith.

Hon. Ann Elizabeth Bell: Honourable senators, I think this is a question of privilege—Senator Godfrey is so keen on the rules today. I think it ought to be drawn to the attention of the Senate that we were breaching rules in other ways with regard to the voting. For instance, the doors were closed. If one did not wish to vote on a particular amendment, there was no way one could leave the chamber or return to it. One was trapped within the chamber when the various votes were taken.

Senator Flynn: Honourable senators were locked in, so to speak.

• (1430)

NATIONAL DEFENCE

CANADIAN FORCES—MARITIME COMMAND—FLEET REQUIREMENTS

Hon. Heath Macquarrie: Honourable senators, I hate to get away from this air of goodwill and to get into some gloomy economics but, among the many dreary things that one has been reading in the press during the last few months, one which has caused me a good deal of anguish is that because of attrition, and for other reasons, very bad things are happening to the proud Royal Canadian Navy. One reads that there are only two seaworthy destroyers left—or perhaps soon there will be only two.

In the light of that decline of the naval marine service, and the decline which took place long ago of the merchant marine,

is the government—which must be worried about these things—giving any attention to a plan to re-establish Canada as a great naval power, which I believe is hard to do without ships?

Hon. Raymond J. Perrault (Leader of the Government): The honourable senator is aware of the substantial effort made by the government to improve the quality of materiel and equipment available to the armed forces. I have in mind, for example, purchases of the most modern tank in the world for our land forces; the purchase of a fighter aircraft—a contract award that was controversial at the time and roundly attacked by the opposition, but honourable senators are now aware that the other day the Royal Australian Air Force decided to purchase that particular model. This fighter aircraft has now come to be recognized as one of the great aircraft of modern times. There is also the government's effort to purchase additional vessels for the naval arm of the Canadian Forces.

The initiatives I have noted are all progressive steps taken by the government. I understand that there are some temporary problems with certain Canadian naval vessels in service. Necessary repairs are being made to those ships and, of course, new naval components are on the way.

Senator Macquarrie: Honourable senators, may I ask the Leader of the Government whether he is in possession of information to the effect that the destroyers can be repaired and put back into a seaworthy condition? I am not quarrelling with what he has said about the air arm and the military equipment in Europe. My colleagues and I in the other place nagged about that for years trying to get decent equipment for our fine young people in the armed forces. But I want the government leader's thoughts for a while to be at sea, because, after all, the naval service is the senior service.

Hon. Jacques Flynn (Leader of the Opposition): He has been at sea for quite a while!

QUESTIONS ON THE ORDER PAPER

REQUEST FOR ANSWERS

Hon. Jack Marshall: Honourable senators, may I ask the Leader of the Government if an answer will be forthcoming to question No. 59, which has been on the order paper in my name since April 1? The question concerns President Reagan's visit and the wonderful things that happened during it.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I was under the impression that the question had been answered. However, I will take the question as notice and will check the record.

FREEDOM OF INFORMATION

STATUS OF PROPOSED LEGISLATION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, yesterday some concern was expressed about the progress of Bill C-43 relating to privacy and the release of certain information. I have made inquiries and information has just come to hand.

I have been advised that the federal-provincial conference of ministers responsible for corrections, criminal justice, law enforcement, and of attorneys general, was held between December 7 and 9. During the conference, which concluded yesterday, the provinces—and I emphasize this—the provinces urged the federal government to postpone further action on Bill C-43 pending further consultations on many provincial concerns, including the inadequate protection regarding the disclosure of sensitive law enforcement and other information, and on whether the ultimate authority respecting disclosure should reside with the cabinet or the courts.

I have been informed that the specific request that this federal measure be delayed was made principally by the Conservative Attorney General of Ontario, Mr. McMurtry, and the NDP Attorney General for the Province of Saskatchewan, Mr. Romanow. Therefore, I want to make it plain to honourable senators that when they criticize the federal government for alleged delays in moving Bill C-43 through the parliamentary system, they should be aware that the provinces have asked that the measure be delayed.

Hon. Jacques Flynn (Leader of the Opposition): The selfish provinces again! I note that there was no Liberal premier or attorney general involved.

Senator Perrault: There may be shortly. You never know.

THE ESTIMATES

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (C)—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Riley, for the adoption of the Report of the Standing Senate Committee on National Finance on the Supplementary Estimates (C) laid before Parliament for the fiscal year ending 31st March, 1982.—(*Honourable Senator Smith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, is this not the order that Senator Smith spoke to yesterday? I believe this order was stood in order to give Senator Bell an opportunity to speak. Is that not correct?

Hon. Ann Elizabeth Bell: Honourable senators, yes, that is my understanding. However, under the circumstances, I suggest that it be withdrawn from the order paper.

Senator Frith: Honourable senators, since this order resumes the debate on a motion of the Honourable Senator Everett, I would suggest that it stand until next week in case Senator Everett wishes to speak to it. The order could stand in his name and, if he proceeds, his remarks would close the

debate—or others might wish to speak to it. Is that satisfactory?

Hon. Senators: Agreed.

On motion of Senator Frith, for Senator Everett, debate adjourned.

ENERGY

GOVERNMENT POLICY—MOTION TO REFER SUBJECT MATTER OF INQUIRY TO BANKING, TRADE AND COMMERCE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Murray, seconded by the Honourable Senator Flynn, P.C.:

That the subject-matter of the inquiry of the Honourable Senator Argue, P.C., which appeared on the Orders of the Day on November 20, 1980, be referred to the Standing Senate Committee on Banking, Trade and Commerce—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators will recall that I spoke to this order yesterday. I wanted to give Senator Murray an opportunity to agree or not to agree to considering this order as having been debated, in view of the fact that we now have Bill C-48 before us, which is the subject matter of this order. We would then avoid duplication. I am wondering whether Senator Macdonald has any advice on this matter, or whether we should stand this order until next Tuesday.

Hon. John M. Macdonald: Stand until next Tuesday.

Hon. Senators: Agreed.

Order stands.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before moving adjournment of the Senate, I should like to thank you for your co-operation in connection with the constitution debate. I consider that we had an excellent debate in the Senate. It was orderly. It was not fierce, but, certainly, those who contributed to it from both sides were outspoken. With respect, I would particularly single out the Leader of the Opposition for his co-operation in connection with the orderly disposition of the motion for an Address to Her Majesty the Queen.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I would not want Senator Frith's compliments to indicate that I have said my last word on that matter.

Hon. Raymond J. Perrault (Leader of the Government): There is no doubt on that point.

The Senate adjourned until Tuesday, December 15, 1981, at 8 p.m.

THE SENATE

Tuesday, December 15, 1981

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

Prayers.

JULES AND PAUL-ÉMILE LÉGER FOUNDATION

BILL TO INCORPORATE—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-23, to incorporate the Jules and Paul-Émile Léger Foundation, and acquainting the Senate that they had passed the bill without amendment.

NATIONAL ENERGY BOARD ACT

BILL TO AMEND—CONCURRENCE BY COMMONS IN SENATE AMENDMENTS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that they had agreed to the amendments made by the Senate to Bill C-60, to amend the National Energy Board Act.

APPROPRIATION BILL NO. 3, 1981-82

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-86, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1982.

Bill read first time.

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

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move, that the bill be placed on the Orders of the Day for second reading later this day.

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

Hon. Senators: Agreed.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I just wish to know when copies of the bill will be distributed.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, as soon as possible we will have copies of the bill distributed. It ought to be in the package of bills already in honourable senators' desks, because I have received my copy of it. I am referring to the bill as passed by the other house. If we intend to proceed with the bill this evening we will make sure that honourable senators have copies.

Senator Roblin: I thank my honourable friend, but I do not think it has been distributed. Certainly, I have not received a copy. I would appreciate very much having the opportunity to read it in advance, especially if you expect us to vote for it.

Senator Frith: I will be sponsoring the bill and, if we proceed with it tonight, I will see that senators have copies. It is a fairly short bill and it is my intention to go through it with honourable senators when I present it. However, the request of the Deputy Leader of the Opposition is clearly reasonable, and we will try to comply with it.

Motion agreed to.

MEAT IMPORT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-46, to regulate the importation into Canada of fresh, chilled and frozen meat and to amend the Export and Import Permits Act.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

● (2010)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Canada Council, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1981, pursuant to section 23 of the *Canada Council Act*, Chapter C-2, R.S.C., 1970.

Report of the National Capital Commission, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1981, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Memorandum of Agreement between the Government of Canada and the Municipality of Parkdale in the Prov-

ince of Prince Edward Island, dated November 12, 1981, pursuant to section 20(3) of the *Royal Canadian Mounted Police Act*, Chapter R-9, R.S.C., 1970.

REGULATION OF OIL AND GAS INTERESTS

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-48

Hon. Salter A. Hayden: Honourable senators, what I propose to do this evening is to state the conclusions reached by the Standing Senate Committee on Banking, Trade and Commerce, to which was referred the subject matter of Bill C-48 and related matters. The "related matters" were taken by the committee to include the energy pricing agreements between the federal authority and the provinces of Alberta and Saskatchewan, respectively, and also the national energy policy, whatever the correlation might be. While we do not wish to hurry matters unduly, we have reached that time of year when we think of returning to our homes across the land—and I am as heartily in favour of that as anybody else—so I shall try to be brief.

The subject matter of this bill was rather completely dealt with by the committee. We heard officials of the Department of Energy, Mines and Resources—particularly, I should note, Dr. Crosby, a man of great capacity and great knowledge and understanding of the subject, who devoted a very considerable amount of his time to our deliberations. We also heard representatives from the oil and gas industry, and four different groups of aboriginal peoples. The committee also heard from the Honourable Marc Lalonde, Minister of Energy, Mines and Resources. So we had quite a cross-section of knowledgeable people appear as witnesses in order to make our study as complete as we felt was possible.

I should tell you first that the purpose of Bill C-48 is to encourage and regulate the exploration and production of oil and gas in Canada lands. "Canada lands" as defined consist of the Yukon Territory, the Northwest Territories, Sable Island and Canada's territorial waters extending to the outer edge of the Continental Shelf or to a distance of 200 nautical miles, whichever is the greater.

This bill will bring into force a new regime governing the issuance and management of oil and gas rights in the Canada lands. The new regime will govern not only future oil and gas rights, but also those already existing.

The bill reserves to the Crown a 25 per cent share of all oil and gas rights in Canada lands to be exercised through Petro-Canada or some other designated crown corporation. There will be a minimum requirement of 50 per cent Canadian ownership in order for a production licence to be issued, including the Crown's 25 per cent share of oil and gas production from the Canada lands.

● (2015)

The bill provides a basic royalty—which is one of the important features of the bill—of 10 per cent of all oil and gas produced from Canada lands, and an additional royalty of 40 per cent of the net profits of a field after deducting all taxes—this is called the progressive incremental royalty—the basic royalty, operating expenses in respect of the field in question and seismic work done outside the field and after allowing for a 25 per cent rate of return on capital invested. Neither royalty is applicable to fields in production before December 31, 1980.

There presently exist: (1) permits issued under the old régime established in 1961; (2) special renewal permits following upon those; (3) exploration agreements issued under the Canada Oil and Gas Land Regulations as amended in August 1977; and (4) oil and gas leases.

Transitional arrangements are provided for in the bill to convert all these rights into one of the two forms of rights which are contemplated in the bill, namely, exploration agreements and production licences.

That completes my general statement on the scope and purpose of the bill.

The most important feature of the bill, however, is the crown share and, therefore, I may spend a little more time on that. If I do, I will certainly compensate for it in the time that I do not spend on other parts of the bill.

One of the principal and most controversial features of the bill is the introduction of the crown share. Clause 27 of the bill reserves to the federal government a 25 per cent interest in respect of all Canada lands, including all existing and future dispositions and including the interest of Petro-Canada, which share will be exercised by a designated crown corporation or corporations. The 25 per cent interest reserved to the Crown, pursuant to clause 27, is in addition to any interest obtained by Petro-Canada and may result in the federal government obtaining an interest, in some cases, of up to 43.75 per cent when both shares are added together. The crown share is a carried interest—that is, you pay nothing in respect of the interest—until production, at which time it is converted to a working interest. This is provided for in subclauses 31(1) and 36(1). Only at that time must the Crown bear its share of expenditures.

Subclauses 29(2) and 29(3) of the bill provide that interest holders shall be paid an amount equal to 25 per cent of prior expenditures made in a discovery area. These ex gratia payments are to be made out of production revenue. This is supposed to be a form of compensation for expenditures that were made by the interest holders before the crown share was imposed under this proposed legislation. The postponement for a period of time of the obligation to pay the 25 per cent of prior expenses applies only insofar as payment is to be made out of production. Therefore, only if there is production will the carrying charges be paid.

The crown share is not applicable to oil and gas fields in production on Canada lands on or before December 31, 1980, such as Norman Wells. You will find that in clause 28.

● (2020)

We had appear before the committee representatives of a number of oil companies, such as Mobil Oil Canada, Ltd., Gulf Canada Resources Inc., and Chevron Standard Limited.

They argued strongly against the provisions in the bill respecting the crown share and have taken an important part in the exploration and development of oil and gas in the Canada lands. They regard the crown share as expropriation without adequate compensation and with retroactive effect so far as it applies to existing dispositions.

They argue that traditionally expropriation has meant fair and equitable compensation for the expropriated assets, which does not relate to historical causes, but is based on the market value of the assets.

Mobil has pointed out that the proposed compensation, in the case of the Hibernia field, would be in the range of 5 to 10 cents per barrel of oil after tax, whereas the brokerage firm of Pitfield, Mackay, Ross & Company Limited has valued the conventional reserves at $2.50 per barrel.

In the case of the Venture field, the present value of the proposed compensation would be in the range of one cent per one thousand cubic feet of gas after tax, whereas such reserves have been valued at 40 cents per thousand cubic feet of gas.

Gulf has stated that the proposed compensation would represent only 3 per cent of the value taken at the Parson's Lake field. Departmental officials were asked to agree or to disagree with the foregoing valuations and they did not respond. It would seem, therefore, that the value of proposed compensation would be inadequate when related to the value of interests taken.

Mobil, Gulf and Chevron have stated that the proposed 25 per cent back-in or crown share is particularly difficult for them to accept because in the case of Hibernia it is in addition to the 25 per cent interest already acquired by Petro-Canada. There has been, in effect, what in the trade has been called a double-dipping, which gives the Crown, in one form or another, an interest of up to 43.75 per cent.

Mobil regards the crown interest as having an insidious effect—"insidious" is their word—because it adds a significant new element of risk to the business climate of Canada. They point out that they have been subject to the Petro-Canada back-in and will lose a further interest as a result of the crown share. What assurances are there, they ask, that the Crown will not increase its share in the future?

The Independent Petroleum Association of Canada (IPAC) has submitted that Petro-Canada should be treated as a commercial enterprise, as are other crown corporations such as Petrosar, Air Canada and Canadian National, which compete in the free marketplace. They point out that clause 34 of the bill gives the designated crown corporation to which a crown share is transferred —presumably, Petro-Canada—the right to participate and vote in operating decisions, even though it only has a carried interest, which is contrary to current commercial practice. Furthermore, they argue that Petro-Canada should be required to pay its fair share of accumulative exploratory costs at the point of exercising or being granted the 25 per cent crown share.

Representatives of Petro-Canada appeared before the committee in support of the 25 per cent crown share and urged that we consider that the Petro-Canada share on its back-in be regarded as a tax.

At the moment you will note that all I am stating are the proposals which were made. I have not yet come to the part where we attempt to give an answer to them.

The minister compared the 25 per cent crown share to a royalty. He argued that governments, as resource owners, can collect rent from those who exploit their resources, and royalties can be collected in the form of money or in kind. The big difference between the crown share and a royalty is that with the crown share the government must pay its share of exploration and development costs. From this point of view the crown share is said to be more attractive to the industry. The committee disagrees with this analysis. The federal government is taking away an asset in the form of a right and, in some cases, an asset of considerable value—that is to say, a portion of interest held in crown lands, whether such interest is represented by exploratory permits, special renewal permits, exploration agreements or oil and gas leases. The imposition of a tax or a royalty gives the government the right to collect revenues payable in cash or in kind. The 25 per cent crown share gives the government title to an asset and, with the asset, the government acquires certain rights, such as the right to participate in exploration, and becomes subject to certain obligations—that is to say, it has to pay its share of production expenses.

● (2025)

Mobil Oil and Gulf disagree with what Petro-Canada has stated, and what has been urged on behalf of the Crown. Gulf has pointed out, in a written submission, that under prior regulations, lease blocks were selected which, in general, would convey a 100 per cent interest in most discoveries. Mobil, in turn, has suggested that other features of the bill are the *quid pro quo* for being allowed to retain 100 per cent interest in acreage covered by exploration permits when converting to an oil and gas lease, and pointed out that, under the existing system, very large blocks of acreage in their entirety should be retained over the most prospective structures.

On January 20, 1981, the Minister of Energy, Mines and Resources justified the 25 per cent crown share when addressing the Standing Committee of the House of Commons on Natural Resources and Public Works as follows:

> As regards the 25 per cent Crown share in respect of existing oil and gas rights, oil and gas rights that have already been issued prior to passage of the new Act, there is an equally sound rationale for this. For years now the Canadian taxpayer has been in fact paying the bulk of the oil and gas exploration expenditures made in the frontier regions. Some $4.5 billion to $5 billion has been spent to date in oil and gas development activities in the frontier regions. It is fair to say, and in fact I believe it is conservative to say, that some three-quarters of that, some $3 billion, has been footed by the Canadian taxpayer. Indeed not uncommonly more than 90 per cent of every exploration dollar has been covered through the contribution of the Canadian taxpayer. How then can anybody say

that the 25 per cent Crown share is "expropriation without compensation"?

I think it is important to reiterate the reasonableness of the 25 per cent Crown share in terms of the benefits that have accrued to the oil industry in the past. Tax incentives have been exceedingly generous. When the government introduced the "super-depletion allowance" the industry did not accuse us then of changing the rules of the game because of course they liked that change. We do not now propose to take back an interest equivalent to all these benefits, nor even a 50 per cent interest. We intend to take only 25 per cent. Moreover, it is important to remember that the major costs are associated with the production stage, not the exploration stage. In fact 85 per cent to 90 per cent of the total expenditure involved in exploring for and bringing a field into production is incurred after the production system has been designed and approved. Since the Crown share will be in the form of a "working interest" not later than the time at which a production system is approved, this means that the party exercising the Crown share will be paying a proportionate share of those major costs. I stress here that the 25 per cent Crown share does not apply to fields that are already in production, like Norman Wells.

● (2030)

Mobil has challenged the minister's statement to the effect that approximately $3 billion has been "footed by the Canadian taxpayer." In their view, only approximately $300 million has been borne by the Canadian taxpayer.

In reviewing these figures with the officials of the Department of Energy, Mines and Resources, the committee was advised that the $3 billion consisted of savings resulting from, first, 100 per cent write-off of expenses; second, the 33⅓ per cent depletion allowance; and third, the 66⅔ per cent super-depletion allowance. Mobil regards the 66⅔ per cent super-depletion allowance as being the only relevant factor.

The committee notes that most expenditures incurred by Canadian taxpayers in the pursuit of earning income may be written off either immediately or over a period of time.

While the write-off provisions of the income tax system respecting resource exploration and development are generous, it is not reasonable to impute the full amount of expenses respecting oil and gas exploration in the Canada lands so written off as being expenses "footed by the Canadian taxpayers" in a manner different from other expenses "footed by the Canadian taxpayers."

The committee notes that the crown share applies to Canada lands only; it does not apply to provincial lands. Super-depletion allowances were granted in respect of Canada lands only. All other tax incentives related to both Canada and provincial lands.

The committee therefore concludes that only the super-depletion allowance could be taken into consideration in any attempt to justify the 25 per cent crown share.

Then the following question is put: Are these tax expenditures adequate justification? Mobil points out that because the super-depletion allowance and other tax incentives were introduced to encourage high-risk and high-cost exploration, the use of such incentives as an excuse for expropriating a 25 per cent interest after such expenditures had been incurred is unfair and illogical. The minister's statement cannot justify the conclusion that the use of past tax incentives to explore Canada lands now permits the Crown to take a portion of the assets created.

It has been suggested that there is precedent for the retroactive application of the 25 per cent crown share; namely, that in the case of Norway's interests in the oil and gas reserves of the North Sea, an increased amount of royalty may be exacted. However, there is an important distinction to be made. When persons have acquired an interest in the Norwegian oil and gas fields in the North Sea, they have known in advance that royalties might be increased. In Canada some companies have invested millions of dollars knowing that the royalties might be increased, but never anticipating that later the federal government would also take away from them 25 per cent of their interest without adequate compensation.

The committee is, therefore, of the view that the minister's defence, as stated above, for the imposition of the crown share in a retroactive manner is not supportable. Mobil has asked that the 25 per cent share should apply only to permits where no significant discoveries have been made prior to the passage of Bill C-48.

● (2035)

They also suggest that interests which were subject to the Petro-Canada back-in should not be included in lands subject to the crown share. Accordingly they recommended some amendments to accomplish that.

On the other hand, Gulf has suggested that the crown share should only apply to current, undisposed-of Canada lands to be acquired by companies in the future, and that those having interests in Canada lands should have the option of giving up 50 per cent of the acreage held by exploratory permits when converting to leases, or of accepting the 25 per cent crown share back-in with the Crown paying market value for the interest acquired.

The committee has consistently registered its disapproval of legislation which adversely and retroactively affects a third party. The committee agrees that a royalty or tax may be imposed or increased, and as such it may have retroactive effect. The crown share is not, however, a royalty or tax; it is the acquisition of someone else's rights. The committee therefore agrees that clause 28 of the bill should be amended. The major portion of the amendment is:

28. No Crown share is reserved out of . . .

(b) a former lease or former permit on which the drilling of a well was commenced prior to December 9, 1980 and such well subsequently becomes a significant discovery.

The committee, other than that, does not accept, and does not recommend, that other proposed amendments are necessary or advisable.

Honourable senators, there is an added factor that I should call your attention to on this subject. One of the groups of Indian people that appeared before us was a committee described as the Committee for Original Peoples' Entitlement, shortened to COPE, representing 2,500 Inuvialuit, who are the Eskimo people of the western part of the Arctic. COPE has concluded with the federal Crown an agreement settling all of their land claims by reserving to them a block of 5,000 square miles as one of the considerations. They were to step into the shoes of the Crown in respect of existing alienations, and the Crown would transfer to them everything that it had. They claimed that this agreement has been breached by the operation of the 25 per cent crown share.

I might take just a moment on that. There were two phases of the transaction and the supporting agreement. One was in settlement of the land claims of this group represented by COPE, who are the only group of aboriginal people to have made a settlement of their land claims. They made that settlement back in 1978. What they wanted to do was transfer most of the claims which they asserted in respect of what they call their land claims to the Crown for whatever compensation or consideration was agreed on. They wanted a block of 5,000 square miles of that grouping to be transferred back to them, and, in the course of time, and in the development of the areas, they may have an asset that would produce, and assure them of, more or less substantial income.

● (2040)

They ran into this difficulty: If the Crown transferred all entitlement—that is, title to all of the claims—to the Indians, who would then own them, under the agreement between the two groups, the Indians would get 100 per cent of the claims. However, the Crown then advised that if COPE insisted that the 5,000 square miles be dealt with differently—that is, if COPE wanted to retain those lands—the 25 per cent crown share would be deducted from the transfer of the 5,000 square miles from the Crown back to the Indian group. When the representatives from the Indian group appeared before us, this seemed to be the bone of contention—an attitude which I mentioned at a later date to the minister as being one that was difficult to understand.

Fortunately, however, the problem did not reach the stage where we had to do anything about it. The Crown and the Indian group got together. Letters were exchanged wherein the Crown agreed that, on the interpretation of the agreement between the parties, this position was not open to the Crown—that is, if they dealt in the 5,000 square miles, the 25 per cent went back to the Crown. The members of COPE wrote an acknowledging letter of thanks. The matter was settled by mutual agreement on the basis of what whould appear to be a potential interpretation of the contract between the parties, and so ended the lesson. When the minister appeared before us, he filed those two letters so that we had an opportunity to review the transaction.

[Senator Hayden.]

The committee had a number of representatives of the aboriginal peoples appear before it. We heard from the Council of Yukon Indians, the Dene, the Métis and the National Indian Brotherhood. Though they raised a number of issues, there appeared to be only one which was justified, and it has to do with a provision contained in subclause 5(8) of Bill C-48, which reads:

> Nothing in this Act abrogates or derogates from any aboriginal title, right or claim that pertained to the aboriginal people of Canada prior to the coming into force of this Act.

The concern arose because of another provision in subclause 5(2), which reads as follows:

> The Governor in Council may, by order, for any purposes and under any conditions set out in the order, withdraw from the application of this Act such Canada lands as are specified in the order.

The Indian groups said that up to the time this bill becomes law they are exposed to losing more and more of what they may assert is part of their land claims, because the moment there is any arrangement made in connection with those claims, under subclause 5(2), the lands are withdrawn from the application of the act. Therefore, while subclause 5(8) says that nothing shall derogate from their aboriginal rights, subclause 5(2) states that there is at least a potential derogation. The members of the committee suggested that this problem might be overcome by inserting some introductory words into subclause 5(2). Those introductory words might be put in this form:

> Subject to subsection (8), the Governor in Council may, by order, for any purposes and under any conditions set out in the order, withdraw from the application of this Act such Canada lands as are specified in the order.

The effect thereby given is that the subclause does not restrict any action by the Crown in relation to land, except if the result is to take away something on which the aboriginal rights have been asserted. Whether that recommendation will be accepted remains to be seen, because the report of the committee at this point deals only with the subject matter of the bill. When the committee meets to study the bill, which will be very soon now, that issue will have to be raised.

Honourable senators, I am taking much longer than I anticipated. After all, this is supposed to be a summary. I suppose I have violated a decent concept of a "summary" up to this moment.

Members of the oil and gas industry brought to the attention of the committee a significant problem. I believe it is generally acknowledged that, so far as the development of Canada lands is concerned, and so far as Bill C-48 is concerned, the emphasis is on exploration and development leading to production, the assumption being that there are substantial pools of oil in the offshore and frontier areas. I suppose it follows that, as a result of the development under Bill C-48, we may at an earlier time achieve oil self-sufficiency.

However, honourable senators, others have been sounding a word of warning. The committee heard from representatives of the service industry. These people are the drillers and contractors, and they represent the industry that serves the development and operation of wells. They indicated the movement of rigs out of the country and the lack of work in the service industry. The representatives of this industry say that this does not result from any lack of oil in the provincial lands. I suppose it becomes a question of a contest between those favouring development in provincial lands and those favouring development in Canada lands. I remind you that Bill C-48 concerns Canada lands.

● (2050)

When Mobil Oil appeared before us they said that in Saskatchewan last year they had to cut back the number of wells they were drilling, or the number of operations they were carrying on, because they were uneconomic. They cut down to 30 per cent. They would have been justified in cutting down even further than that, but they were concerned that if they did it would have an adverse effect upon their titles to properties, among other things.

Chevron told the same kind of story: The oil is there, but the wells would be low-volume and high-cost. That high cost has become even higher, one reason being that the federal-provincial agreements have resulted in the industry's getting a lesser share of the realization for the oil and gas. Yet, when the federal-provincial agreements were entered into, each agreement had in it a specific clause providing for dealing with that exact situation.

The agreement between Saskatchewan and the federal government, for example, contains a provision which deals specifically with low-productivity wells. That provision, referring to the Province of Saskatchewan and the federal government, states:

> We are agreed that special measures are required to improve the economic viability of low productivity or marginal wells. To complement the royalty and tax adjustments the Government of Saskatchewan will make, noted above, the Government of Canada undertakes to effectively reduce the burden of IORT applicable to low productivity wells.

IORT stands for incremental oil revenue tax.

The effect of this was that there was a need for some emphasis on development of provincial lands, recognizing the difference in productivity and cost thereof and the effect of the increases in provincial royalty tax, income taxes and petroleum taxes, as well as the federal impact, and the effect was such that the costs were increased to the extent that it was no longer a viable operation.

In the Alberta agreement there is a similar provision. Nevertheless, in September Alberta's Minister of Energy, Mr. Leitch, concluded an agreement which he had negotiated with the people from the oil industry in which Alberta reduced its royalty tax from 50 per cent to 25 per cent. They established a maximum of $2 million credit on royalty tax liability, whereas up to that moment the maximum had been $1 million. And yet in the material I have it is indicated that the rates which were reduced in September were the rates that were actually developed during the period of the wrangle that was taking place in 1974.

I now refer to an article by Anthony McCallum in the *Globe and Mail* of Thursday, October 29. I have been doing more reading than I usually do, and I hope you will excuse me.

The article reads, in part:

> Under the old rules, established after the federal-provincial wrangle in 1974, credits were limited to 25 per cent of royalties and a maximum of $1-million.
>
> Mr. Leitch made the announcement at an industry conference—

at which industrial delegates were present. According to the article, the way in which Mr. Leitch explained his position was this:

> If a company is liable for royalties of $2-million, for example, it now may apply for a $1-million credit. The credit also is available to participants in drilling funds, a financing tool used mainly by smaller companies.

Then the President of the Independent Petroleum Association of Canada, which represents smaller companies, said that the change will help to offset the lowering cash flow, and the suggestion was that the old oil netback, to which this program applies, will be increased by approximately 30 per cent for old natural gas and by approximately 50 per cent for the new.

Mr. Leitch made reference to the provisions in the Alberta agreement with respect to getting together with the federal authority in an attempt to resolve these questions. I am sure that in this chamber we know something about this owing to the perseverance of our good Senator Roblin. He has made a number of speeches, and made them well—to me, they make sense—on the importance of secondary and tertiary recovery of oil. In other words, there may be lots of oil in the ground, but it is difficult to obtain it and, therefore, it is more costly. But if there is an abundance of oil there and if Canada is going to face a period in which the Canada lands will not be in production early enough to take care of the slack that has developed owing to the uneconomic operations that face the smaller operators in Saskatchewan and Alberta, then the place where help is needed, and where the federal government should assist, is in relation to provincial lands.

I should point out that that has nothing to do with Bill C-48 which deals only with Canada lands. Canada has joined with the provinces in these agreements, representing, at least indirectly, substantially what the ailment is that develops in relation to provincial lands, namely, the inability because of cost to get the supplies of oil out that are there in the ground.

● (2100)

For such time as we are waiting for the bonanza from the frontier development, I think the federal government could well be said to have taken a position under these agreements that it will meet and join with the provincial representatives. Mr. Leitch indicates in this article that he intends to get in

touch with his federal counterpart, and the Government of Saskatchewan has indicated that they are pursuing the matter. Even the Minister of Energy, Mines and Resources, who appeared before us the other day, indicated that his department was negotiating with the provinces and that it recognized how important it was to have a viable situation in provincial lands, simply because the offshore and frontier developments of Canada lands are long-range prospects. This matter, with the important references, has been developed in the report.

The committee disposed of the question of the provisions for appeal because a number of the institutions that appeared before us claimed that there should be greater provision for and wider scope to the making of appeals. I indicated to the committee on a number of occasions how broad those sections are which provide the rights of appeal. If one analyzes the law as it is—what the appeal provisions in the Federal Court Act are and to what extent they might help—it is hard to visualize what exact situations might happen.

For instance, if the minister made an order to which the legislation provided no right of appeal and if the order were based on a misinterpretation of the law, in my view, there is a remedy. Whether or not there is a statutory right of appeal in Bill C-48, certainly the person who is in jeopardy as a result of that order has a right which he can assert in court to correct that situation.

The committee felt there was ample scope for appeal of any orders, declarations or determinations, such as the determination of fair market value of the gas and oil with regard to measuring the royalty payments, particularly in cases where the minister may have elected to take the royalty payment in kind instead of in dollars. Therefore, we have so recommended that the more important provisions of the bill will make for overall viability in the whole industry. For example, if one part of the industry needs to help another part of the industry in another part of Canada and this particular part is not in a position to carry a substantial load, then the parties involved should work the matter out themselves, and that is what the committee has said.

There are many other points. When one spends as long as three months on a topic such as this, it is difficult to sift out certain points and retain others. One becomes so full of it that one constantly has running through one's mind, "Oh, I didn't say anything about this," or, "I didn't mention that." There are many points one might regard as important. For instance, I have not talked about the topic of Canadian ownership rights. Undoubtedly, the sponsor of the bill will raise this topic, and I suppose I should leave something for him.

I am satisfied that the report represents the conclusions reached by the members of the committee, and certainly we heard considerable evidence, evidence that I think in every instance was substantial and sincere. On occasion a crusading spirit may have asserted itself, but it was up to the members of the committee to distinguish it and to be as objective as they possibly could, and certainly the chairman tried to do so. So I shall leave you with these somewhat disjointed thoughts, but I am just breaking into the field again.

[Senator Hayden.]

FOREIGN AFFAIRS

POLAND—MOTION RESPECTING NON-INTERFERENCE IN INTERNAL AFFAIRS

Hon. Stanley Haidasz: Honourable senators, on Sunday morning, December 13, the world was indeed shocked upon hearing the deplorable news that a new Polish government of top generals had imposed martial law on Poland and had arrested many Polish union leaders and human rights activists. At the same time, democratic freedoms and human rights, won at great sacrifice by Solidarity under the leadership of Lech Walesa, were suspended. In doubt is the generous humanitarian assistance offered by the Canadian government and others.

I propose, honourable senators, to move a motion similar to the one passed with unanimous consent in the other place yesterday.

Whereas Canadians strongly adhere to the principles of the Helsinki Accord, with special reference to basic human rights and freedoms, and are greatly concerned about the recent developments in Poland; and whereas Canadians support the citizens of Poland in the struggle to acquire those basic freedoms to which they have a right; and whereas we agree with Pope John Paul II and other world leaders whose appeal is that the solutions to Poland's problems be achieved without violence and bloodshed, I move, seconded by the Honourable Senator Bosa, with leave of the Senate and notwithstanding rule 45(1)(h):

> That the Senate urge all nations of the world to refrain from any political or military actions that may in any way interfere with the internal affairs of Poland and that this house express the wish that Poland's internal difficulties will be solved by peaceful negotiations between the Polish Government and the Polish people.

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

Hon. Senators: Agreed.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am happy to have this opportunity to indicate my support to the mover of this motion with respect to the situation in Poland. I suppose we have all been, metaphorically at least, holding our breath while we have watched the development of events in Poland. They have been truly remarkable, and on many occasions in the past I wondered what the dénouement would ultimately be.

It is worthy of note that the development of human rights over the past year and a half in Poland has been extraordinary when one considers the history of human rights among the countries of the Warsaw Pact, and, indeed, in the Soviet empire. There was always the question as to how far those rights would be pushed before prompting a reaction which would adversely affect them. We now appear to have reached that stage.

• (2110)

I notice the resolution is concerned about political and military action by others in the internal affairs of Poland, and

I think it is quite right that that concern should be expressed. I would add my concern that economic pressure might be brought to bear with respect to the Polish situation, and I hope that, as far as possible, the western world will be understanding of the economic needs of Poland because we can be sure that this represents a considerable hazard to Poles when they consider their relations with the other countries of the eastern bloc.

I must say that a military régime anywhere is not easily displaced, particularly one which may be acting as a proxy for the Union of Soviet Socialist Republics. I believe we will have to continue to hold our breath for a while as we see how these grave events evolve.

Meanwhile, I can certainly subscribe to the statement made by my honourable friend that we should do nothing to disturb the balance and that we should urge other nations of the world to take the same point of view.

Hon. Senators: Hear, hear.

Motion agreed to.

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. George van Roggen: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

> That the Standing Senate Committee on Foreign Affairs have power to sit while the Senate is sitting tomorrow, Wednesday, 16th December, 1981, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Motion agreed to.

NORTHERN PIPELINE

ANNOUNCEMENT BY MINISTER OF STATE FOR ECONOMIC DEVELOPMENT—FURTHER STATEMENT IN RESPONSE TO QUESTION

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, on December 9, 1981, Senator Roblin asked a question relating to procurement policies and practices with respect to the Alaska Highway gas pipeline project. I now have a complete answer to his question and, since it is rather lengthy, I ask leave that it be taken as read.

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

Hon. Senators: Agreed.

(*The answer follows:*)

> In August, 1980, I approved the procurement program development by Foothills Pipelines (Yukon) Ltd. for the Canadian section of the pipeline as required under the Northern Pipeline Act. The procurement program meets the requirements of the Act by ensuring that Canadian industries have a fair and competitive opportunity to supply the goods and services to the project in Canada and that the level of Canadian content is "maximized so far as practicable with respect to origin of products, services and their components." Foothills has a further obligation to see that maximum advantage is taken of the opportunities to broaden Canada's industrial base and to increase indigenous research and development. All bids to the project are assessed on the basis of generally competitive terms and economic benefits to Canada.
>
> The procurement plan specifies the major components—or "designated items"—for which Foothills must obtain approval from the Designated Officer prior to procurement. These items include line pipe of 914 mm (36 in.) diameter and larger, turbo-compressors, and valves and pipe fittings of 508 mm (20 in.) and larger in diameter.
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> Under the procurement provisions of the Canada-U.S. Pipeline Agreement, the project is aimed at maximizing the economic benefits of each country while at the same time ensuring that the supply of goods and services is on generally competitive terms. These terms include price, reliability, servicing capacity, and delivery schedule. Reciprocal procedures governing the procurement of designated items were established through an exchange of diplomatic notes in June, 1980. The procedures provide for the exchange of information, from the specification stage through to recommendation-to-purchase, between the Northern Pipeline Agency in Canada and the Office of the Federal Inspector in the United States. These procedures were followed on an informal basis prior to the exchange of notes.
>
> In May, 1980, Foothills awarded steel contracts worth $2 billion to STELCO and IPSCO, providing for the total manufacture of 1.5 million tons for the Canadian section of the pipeline. These contracts represent 80 per cent of the total mainline pipe required. The remaining 20 per cent is to be allocated to the two companies at a later date based on their cost and delivery performance.
>
> In April, 1980, approval was given to Foothills to enter into a contract to purchase four turbine-compressor units, valued at approximately $20 million, from Cooper Rolls and Westinghouse for the Eastern Leg of the project. Foothills subsequently decided to substitute an electrically driven unit for one of the gas turbines. Earlier this year, the Designated Officer of the Agency gave his approval for the company to purchase one electric drive unit from Siemens Electric Limited in place of one of the gas turbine units from Cooper Rolls. It is anticipated that the additional capital cost of $2 million will be offset by a lower life-time operating cost for the unit.
>
> Fittings contracts, valued at $2.9 million, have been awarded to date for construction of the southern segments of the line in Canada. These contracts have gone to three Canadian suppliers, Uniracor Ltd. of Becancour, Quebec, EPG Taylor Forge Division of Hamilton, Ontario, Steel-

Flo Industries of Turner Valley, Alberta, and one U.S. supplier, ITT Grinell of Princeton, Kentucky.

Valve contracts worth $7.9 million have also been awarded to Rockwell International of Canada Ltd. of Barrie, Ontario, Borsig Hartmann Valve Ltd. of Calgary, Alberta, Cameron Iron Works of Houston, Texas, and the Grove Valve and Regulator Company of Oakland, California.

As of May 31, 1981, 90 per cent of the goods and services used in the construction of the southern segments of the system in Canada came from Canadian sources. Foothills expects that this level of Canadian content will be maintained for the remainder of the project.

CANADA OIL AND GAS BILL

SECOND READING

Hon. George J. McIlraith moved the second reading of Bill C-48, to regulate oil and gas interests in Canada lands and to amend the Oil and Gas Production and Conservation Act.

He said: Honourable senators, Bill C-48, to regulate oil and gas interests in Canada lands and to amend the Oil and Gas Production and Conservation Act, implements part of the National Energy Program as set out in October 1980. It establishes a new régime to cover oil and gas exploration and production in the Canada lands. It is a complex piece of legislation, embodying several very significant provisions and principles.

Senator Hayden, in reporting from the Standing Senate Committee on Banking, Trade and Commerce on the reference made to it some months ago, explained much about the bill. However, near the end of his comments he made the remark that he wanted to leave something for me to deal with in proposing second reading. I wish he had not taken that generous attitude in the latter part of his remarks because I would very much prefer that he were explaining all the details of the bill.

Incidentally, I noticed that he was careful to distinguish those parts of the prospective report on the reference to the committee that did not refer directly to Bill C-48, but dealt with another very important part of the National Energy Program which is of great significance. I refer to production from marginal wells in the provinces. While of tremendous significance in the total energy program, it is not strictly germane to Bill C-48, and I thank him for carefully pointing that out in his remarks.

I would remind committee members that somewhere in the evidence there was a reference to discussions being under way following the Alberta and Saskatchewan agreements, with a view to making better provisions to enable these marginal wells to continue in operation. I am told they they are now at an active stage.

While Bill C-48 is an important part of the National Energy Program and implements a large part of it, it is still only a part. There is another part that is of major importance that I regret is not before us at this time, and that is the prospective bill that has been spoken about from time to time, a new energy security bill, which I anticipate will be before us in the months ahead. Among other things, that bill will deal with the petroleum incentive payments or grants which have such a bearing on the whole subject. Indeed, it would have been fortunate if we had it before us now to relate properly to Bill C-48. While this bill is very extensive, it is not complete in that sense.

While I cannot tell of all that will be contained in the energy security bill, I know it will contain provision for the petroleum incentives payments.

The National Energy Program, introduced in October 1980, has three major objectives: (1) the program seeks self-sufficiency in Canada and independence from the world oil market by 1990; (2) it seeks significantly increased participation by Canadians in the oil and gas industry; and (3), it seeks fairness in sharing the revenues and benefits among the producing companies, governments, and those people directly concerned, the consumers.

Bill C-48 deals only with Canada lands which are described in clause 2 of the bill. I should remind honourable senators that they include all Canadian territory north of the 60th parallel, Sable Island, and all offshore areas not within a province. These federally-administered lands embrace an area twice as large as the total area of the ten provinces. They embrace 6.5 million square kilometres of seabed and about 3.9 million square kilometres in the Yukon and Northwest Territories; together, more than 10 million square kilometres.

• (2120)

This vast area appears to contain Canada's best prospects for large, new finds of conventional petroleum. It is located in rough territory, as far as exploration, development and production are concerned. To indicate the scale of what is envisaged and the magnitude of what we are dealing with, I can tell you that it has been estimated that oil and gas companies may be spending as much as $4 billion yearly during the rest of this decade on resource exploration in Canada lands. It will be seen that the bill offers hope for energy self-security for Canadians and an end to reliance on outside sources of oil. The bill should also provide an unparalleled opportunity for oil and gas related industries, especially Canadian industries.

The legislation under which we are now operating, and which Bill C-48 will replace, is 20 years old. It dates from the 1961 Oil and Gas Land Regulations, and has become inappropriate to our resource needs of today by reason of the sharply changed situation in the energy field over the past 20 years. The earlier regime served its purpose well, but it has simply become outdated. It is no longer valid and does not meet today's conditions and requirements.

Work was begun in 1970 with a view to replacing the then existing regulations. The results of that work had to be revised when the world petroleum situation changed radically in 1973 with the OPEC activities. The resultant draft legislation designed to replace the then existing outmoded legislation was

to be found in Bill C-20, which was given first reading in the House of Commons on December 9, 1977. Unfortunately, that legislation died on the Order Paper, and for the past four years and more, it has been clear that the existing regime, as first set up in 1961, and subsequently amended, would be changed, but there was uncertainty as to what the new rules for exploration and development would be, and uncertainty as to the timing of the impending changes.

The bill now before us is the result of a little less than four years of work, because this bill was actually presented to the House of Commons almost exactly one year ago. It has been before the other place for the past year.

When this bill is enacted, it will remove the uncertainty. Together with the proposed energy security legislation, it will create an atmosphere of certainty and, I hope, clarity for industry and generally bring the whole situation up to date.

I was going to say a good deal more about companies continuing indefinitely in an environment in which there is so much uncertainty, and also talk about the difficulties of having investors provide the enormous sums of money required in that atmosphere of uncertainty, but perhaps I do not need to develop this argument further. Perhaps it is self-evident, and bearing in mind the time at which I am speaking I shall abbreviate my remarks somewhat. The bill is so enormous that I would really have liked to take longer, but I will try to be reasonable in that respect and hope I will succeed.

The bill provides for a transition period during which all existing exploration permits and petroleum leases in the Canada lands will be renegotiated and brought under the regime set up within the bill.

In cases where discoveries have been made based on exploration agreements, they will lead to a production licence being granted under the terms of this legislation. Some of the terms and conditions for the petroleum industry should be mentioned, and I shall attempt to be rather brief in summarizing them.

First of all, the exploration agreements under the new regime will have stiffer work requirements than those which existed under the earlier exploration permits, and through the negotiated exploration agreements, they will include, among other things, firm drilling commitments on the part of the companies.

Second, the 25 per cent share of the oil and gas rights in Canada lands will be retained by the Crown, and I will be saying more about this later.

Third, there will be a minimum requirement of 50 per cent Canadian ownership, either through the private or public sector, of all production from Canada lands.

Fourth, in the agreements Canadians will be given a full and fair opportunity to compete for new jobs and for the supply of goods and services. Henceforth, that will be dealt with in the agreements.

Fifth, the government will have the right to determine when production will start, and when the product will be delivered to the Canadian market in the quantities and at the prices specified.

Sixth, the government will have greater control with regard to the timing, direction, rate and the level of exploration, development and production.

Seven, the federal authorities will be ensured a fair return from the oil and gas resources by means of a basic royalty of 10 per cent. This provision will be found, honourable senators, in clause 40. The bill also imposes a progressive incremental royalty of 40 per cent of the net profits of a field above a 25 per cent rate of return to the company producing from that field.

The new regime would be comparatively meaningless unless it applied to existing rights. Existing exploration rights, exclusive of Hudson Bay, already cover about 1.2 million square kilometres. This seems to include the bulk of the new, known prospective exploitable acreage. If these areas under agreement are not actively explored within the time specified, or to be specified in the new agreements, there is a provision whereby they will be relinquished to the Crown.

Perhaps I need not go further in stressing the importance of the Canada lands in attaining the objective of energy self-sufficiency. Perhaps I can leave that, but I find the estimated production mind-boggling. You must remember that they are only estimates or projections, and I am always a little leery of estimates. Sometimes I think they may be tinged with crystal-gazing, and I am not one to believe in that, but they are great.

To show the magnitude of it, about $5 billion has already been spent to date on exploration and development in the Canada lands. There have been generous allowances and tax write-offs given to those doing the exploration work. That was the scheme under which those permits were granted and respective exploration companies induced to become active in the area. In future, incentives for exploration will be dealt with in a different way. This new energy security legislation, as I have indicated, hopefully will be brought forward in the next few months and will provide for incentive grants under the petroleum incentive payment system. The necessary administrative procedures for that are already being put in place.

• (2130)

To give you an idea of the scale of development we are talking about—and some of the figures that I, at least, find staggering—the Geological Survey of Canada estimates that if 325 wells were to be drilled on the Canada lands in the current decade, discovery of 5.2 billion barrels of oil would be the probable result. On the other hand, it estimates that about 70 times as many wells, that is 22,000 wells, would be needed in the western provinces to find half as much oil. While these figures bear the risk inherent in making future estimates in such a difficult area, I put them forward for the purpose of bringing into perspective the importance of the bill with which we are dealing. It is apparent that energy will demand a huge share of the country's wealth in the next few years. The government is determined to create the environment in which necessary growth can take place to achieve the objectives I

cited earlier, and to create economic benefits for the whole of the country in so doing.

Perhaps I should indicate how I think this is to be accomplished. It is necessary to view Bill C-48 in proper context as a key element in the National Energy Program, which was announced in October 1980. This bill provides a regime that is attractive to investors.

To provide Canadians with encouragement to participate in the oil and gas industry, the National Energy Program includes a sliding scale of direct petroleum incentive payments which are available to companies and individuals alike, and will be provided for in the energy security bill. These payments will provide a sliding scale to cover from 25 per cent of the eligible exploration costs of all companies, whether Canadian or foreign-owned, increasing, depending on the level of Canadian ownership, up to 80 per cent of the exploration costs. It is significant to note that there will not be any up-front payments or payments made at the time the exploration rights agreements are granted under the new legislation. It is anticipated that this petroleum incentive system of grants, by raising capital for oil and gas exploration and development in the Canada lands, will have many positive effects. Drilling funds, for example, have traditionally provided an excellent source of capital for supporting industry. With the advent of these grants, they will have become an even more attractive investment vehicle and, by virtue of the sliding scale, particularly for Canadians. The very large amounts envisaged in the petroleum incentive grants will make an enormous pool of capital available to industry so that it can get on with the job of achieving energy security for all Canadians. It will also help to ensure the participation of a wider range of Canadian investors.

It is estimated that the self-generated revenue of the companies, together with these grants I have spoken of, should cover or provide 85 per cent of the industry's capital requirements for the period ending in 1986.

The Canadian Petroleum Association estimated that $104 billion in capital will be required during that period. The Government of Canada and the producing provinces have estimated that the cash flow from sales will total $76 billion net after providing for operating costs and all taxes and royalties. If you couple this with the projected estimate of a further $12 billion from the petroleum incentive grants, you can see that industry will be left to find $16 billion from other capital sources. When you bear in mind the changes I have spoken of, this would seem to be well within the capacity of the industry to obtain, given a wide range of viable projects that appear to be on the horizon.

Senator Hayden dealt at some length with the 25 per cent share reserved by the Crown and exercised through a designated crown corporation, and I shall attempt to point out other viewpoints. Reference to this provision will be found in clause 27 of the bill.

The Canadian people own 100 per cent of the Canada lands and the oil and gas resources contained therein. Private companies are permitted to explore and develop these resources in accordance with the regime set out in Bill C-48, which is believed to be wholly appropriate to circumstances. As the Minister of Energy, Mines and Resources made clear when giving evidence at the committee last week, and on other occasions, the new Canada lands regime inevitably had to result in greater government share of oil and gas revenues than would have been the case under the existing rules or those proposed in 1977. Existing rights were issued prior to the 1979 explosion in world oil prices. Most lands now held by the industry under exploration permits under the old regime even pre-date the emergence of OPEC's radical pricing policies of 1974. They are that old.

If you bear in mind that for a great part of the 20 years in which we have been operating under the existing permit system, and particularly in the early years, we were talking about oil at $2 a barrel, which is now only a fond memory. We are now talking in the new legislation, I believe, of oil at about $40 a barrel. Therefore, it becomes self-evident why some changes had to be made. These enormous windfall profits had to be provided for. That was accomplished by the progressive incremental royalty provisions and, of course, by the regular royalty provisions, and, further, by the 25 per cent crown share. I was going to develop some comparisons between the United Kingdom and the Norway system, but I will leave that out, if I may.

If you view the 25 per cent crown share in the context I have just referred to, it will be eminently reasonable, particularly when you bear in mind the new petroleum incentive payment system of grants.

• (2140)

Perhaps I should point out that that 25 per cent Crown interest does appear to carry with it full payment of the costs of development. In exploration of gas and oil, it is estimated that between 85 per cent and 90 per cent of the costs arise during the stage leading to the development of production and not in the original exploration process. When we bear in mind the heavy original exploration cost, the 25 per cent Crown share enters the negotiations at the point where the development system leading to a production licence is being negotiated between the company and the minister. I believe it will be seen to be eminently fair. There is a provision in the bill to the effect that the crown corporation must convert to a working interest or relinquish its interest before the granting of a production licence.

I do not believe that I should touch on matters concerning the income tax regulations and provisions. It is perhaps not germane at the moment. We have come a long way since the bill was introduced in December 1980. There have been misunderstandings and disagreements, but most of them—in fact, a great many of them—have been removed. Indeed, a giant step has been taken in the development of an energy policy with the pricing agreements reached with the Provinces of Alberta, Saskatchewan and British Columbia. There are many important facets of those agreements, the most important being the removal of the points of difference between the

federal and provincial authorities. They also allow Canada to get on with energy development. We can now look forward to successful agreements resulting from negotiations with the coastal provinces. Those agreements are still outstanding, but I hope they will be completed soon. However, I will not risk crystal-gazing and fixing the date. The bill, together with the supporting National Energy Program and the prospective agreements, will combine to ensure that Canadians achieve their goal of energy security.

I commend the bill to the consideration of honourable senators.

Hon. G. I. Smith: Honourable senators, I wonder if I might trespass upon the good nature of the sponsor of the bill by asking him one or two questions relating particularly to the area from which I come, namely, the Atlantic area.

Senator McIlraith: I did not quite follow the honourable senator's question.

Senator Smith: I asked if the sponsor of the bill would be prepared to answer one or two questions concerning this bill, and how it might affect the Atlantic area.

Senator McIlraith: With regard to the legislation as it concerns the method of handling exploration in the coastal areas, we must remember that part is provincial land and part federal. The bill affects federal land. Sable Island is also included in the bill.

Senator Smith: Although the honourable senator has not specifically answered my question, I take it that he is indicating that he is willing to answer one or two questions. My first is: Does this bill purport to override any claim that the Atlantic provinces, particularly Newfoundland and Nova Scotia, may have—and also Sable Island, in the case of Nova Scotia?

Senator McIlraith: I would prefer to have that question answered by the minister in committee, because there is a difference between the claims of Nova Scotia and those of Newfoundland; and, indeed, I believe there is also a difference in the state of negotiations. In fact, their claims are based on a slightly different historical background. I do not believe that I should attempt to give an answer to such an important question on the general information I have.

Senator Smith: I appreciate the reluctance of the honourable senator to make any assertion about the ownership of those important parts of potential oil and gas producing areas off the Atlantic coast; but my question is fairly simple. I asked: Does this bill purport to include the offshore areas which are claimed by either Nova Scotia or Newfoundland?

Senator McIlraith: I do not know precisely what the claims of Nova Scotia or Newfoundland are and, therefore, I am avoiding answering the question. I believe the question involves much more than the simple form in which it was put; it would appear to be more complicated than that.

Senator Smith: I do not suppose that I am completely ignorant of the complexity of this matter, but I am asking a perfectly simple question, which has nothing to do with the complexity of the matter. However, if the honourable senator does not wish to answer my question—and I can understand that he may not wish to—I will not press it. All I am asking is: Regardless of the complexity, does this bill purport to have any effect upon the claims of Nova Scotia or Newfoundland to any of the potential offshore producing areas, or to Sable Island? That has nothing to do with the complexity, as simple or complex as those claims may be.

Senator McIlraith: Simple or complex, it is a dangerous question. The honourable senator suggested that I might not want to answer his question. I do wish to answer it, but I consider it is unwise of me to answer it because I simply do not have sufficient or precise information to give him an accurate answer.

Senator Smith: I thank the honourable senator for his frankness, in any event.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, if left to my own devices, I doubt that I would trespass upon the attention of honourable senators at this time of night, but, in view of the timetable which has been suggested to me, it seems that it is now or never. So I am on my feet and I am happy to have an opportunity to deal with the vital question in the national interest that is bound up in the discussions we have been having on Bill C-48.

The goals of Canadian energy policy in respect of hydrocarbons are, I believe, clear and generally supported in the nation. First, we want to do what we can to ensure that we have self-sufficiency in the petroleum field by 1990. We want to ensure that there is prudent management of a vast public asset, a vast public resource, in the so-called Canada lands. I believe we are all agreed that we must strive for a greater degree of Canadian ownership and control in the management of that great natural resource, and we all want to see that the revenues that accrue to the various levels of government are reasonable in the circumstances and protect the public interest in that respect.

It is with that background that I want to say something about Bill C-48, although, in view of the fact that it is only one of a number of interlocking bills, some of which we have not yet even seen, it is not practical to confine my remarks to Bill C-48 alone and I must pay some attention to other areas of concern in the oil industry; and that I propose to do.

● (2150)

I was struck a little while ago, on reading the 1980 report of the Economic Council of Canada, by a statement to the effect that energy investments were about the only good thing we had going for us in the developing economy of the country. If that was true in 1980, it is true, I think, and perhaps more than true, in 1981. The way in which we manage our energy development is not confined to the necessity for energy alone; it also has its impact on the whole economic development of our country, and, as the Economic Council says—and I agree—this will be the centrepiece of activity in the next few years, perhaps even in the next decade, in Canada. So we must judge Bill C-48 and the national energy policy by our domestic economic goals and by the desirability of self-sufficiency by 1990. We are perforce, I think, obliged to link it to international considerations also, because its effect on our balance of

payments, its effect on the confidence level with respect to the operations of the Canadian governmental authority, and our obligations to those who trade with us, are matters which cannot be overlooked in discussing this general topic.

Much of the substance of Bill C-48 has been placed before us very clearly by the mover of this motion, Senator McIlraith. In addition, we have had the advantage of the report of the Chairman of the Standing Senate Committee on Banking, Trade and Commerce, Senator Hayden, which dealt with certain matters to which I, too, would like to make a brief reference.

One of the features that has attracted the widest interest in this bill, of course, is the allegation that in its operation there is an element of retroactivity which is not balanced by due compensation for those who are adversely affected by it. That goes to the heart of the discussion we have been having in the country about the 25 per cent crown share in what are described as the Canada lands. This feature of the bill has been very widely criticized. The justification offered by the minister, that because of the $3 billion that he says has been contributed by the Canadian public the Canadian taxpayer is entitled to some reward, and that the 25 per cent back-in is justified on those grounds, has been pretty thoroughly demolished by Senator Hayden, and I have a suspicion that when the report of the committee on Bill C-48 reaches this house in its final form, the whole of that argument will be set out in detail, and will make it clear that this argument is bogus. The argument is completely bogus because the sum involved is not $3 billion, or anything like it. If you want to take 25 per cent back, find a better reason than that, because it certainly is not one that will stand up to any intelligent examination. I suspect that the oil companies are right who say that the portion footed by the public and ascribed to the Canada lands situation is closer to $300 million than the $3 billion previously quoted. There has to be a better reason for the expropriation—and I use that word deliberately—than the one that has been given to us.

I think that Senator Hayden dealt with the other explanation pretty effectively, when he said that past tax incentives—if "tax incentives" is not an impolite expression in this country these days, after the budget we have had—cannot be used to permit the taking away of an asset that has been created or developed by those who have been exploring Canada lands.

I think the argument against that line of reasoning in respect of the 25 per cent back-in is pretty conclusive, and that we would do well to consider what reasonable measures we can take to deal with the injustice that I think has been created, which may be real or apparent—in my opinion it is both—and that the bill should be amended to eliminate those measures of retroactivity which offend what I submit is natural justice.

In respect of that we have the ex gratia compensation payments. Senator Hayden dealt with that, I think, in very decisive terms; that is, that it really represents a tip. It is a gratuity, not real compensation at all, amounting to about 3 per cent of the value of the assets taken. I would not even call it an honorarium or an indemnity. It is a tip.

[Senator Roblin.]

I do not know how anyone can think that the Government of Canada could give compensation based on the historical cost. I do not think the smallest municipality in this country could go to court for the purpose of expropriating anything on the basis of historical cost and expect to get away with it. They would have to deal with market cost. That is clear. It seems to me that if we acknowledge the principle that there should be compensation, then it should be done on the basis of market cost and we can dispose of the matter in a graceful and, I think, an appropriate manner. I would certainly recommend that as being something worthy of consideration.

I would like to place before the house, however, another factor connected with the 25 per cent crown share which has nothing to do with whether or not it is retroactive or whether it is fair; I simply want to deal with the facts of the matter.

The crown share is worth 25 per cent of some 400 million square miles of prospective land in Canada. Petro-Canada already have the rights to 18 per cent of it. If the Crown comes along and takes out another 25 per cent, and if you compensate for the Petro-Canada position, it means that the Crown ultimately winds up with a 38 per cent net interest in all the right and title to the Canada lands. We have heard that in the case of Hibernia, with double dipping, this goes to 43.75 per cent, but overall the amount is 38 per cent.

Just consider that for a minute, as a matter of policy, and as to where we are going. Thirty-eight per cent of all this enormous territory, which Senator McIlraith has told us is double the combined area of the provinces of Canada is now to be handled, as far as oil exploration and the like are concerned, by Petro-Canada, or some other crown corporation that will be set up for the purpose. If we are trying to develop the Canada lands, as we are supposed to be doing, in order to produce self-sufficiency by 1990, that is a pretty big mouthful to chew. I will not say anything about the expertise that will be required, but I would like to know where the money is to come from.

An enormous sum of money will be required if the Crown is to handle this matter. They will not take any foreign money, I suppose. That seems to be unfashionable these days. We may be able to get some in the domestic capital market, although there will be some competition there. What I think they are going to do—and when we discussed this with him, the minister, I think, almost admitted that this might be possible—is simply to tax for it. In other words, money will be raised through the country's tax system in order to finance this development.

That is one way of doing it, but one has to ask oneself whether that is the way one wants to go, or whether it would be better to keep off the backs of the taxpayer and let somebody else raise the money in a non-tax and non-governmental way. Speaking for myself, I think that the development of 38 per cent of these lands constitutes an enormous operation for a crown corporation, and will involve interventionism, if I may use that phrase, in a massive way in the nationalization of our oil industry.

That is something that must be weighed very carefully. Perhaps there is merit in it. I am not saying that it is entirely devoid of merit, but what I am saying is that it is a factor in the situation that we ought to consider when we are being asked to approve a policy of this nature.

I would like also to say a word or two about revenues. This subject is important, and I subscribe entirely to the view that it is the duty of the Crown, whether provincial or federal, to secure a reasonable maximum share of the revenues that are developed from these resources for public purposes. It must not go so far as to kill the goose that lays the golden eggs, when there is a private entreprise factor in the situation, but certainly windfall profits are not entirely the property of those who happen to be pumping oil at any given moment, in my view, and there is an obligation on the part of government to protect itself and the public revenues in such cases.

I have to say that as far as the Canada lands are concerned, that matter has been pretty adequately taken care of by means of the 10 per cent basic royalty, and the 40 per cent progressive incremental royalty which comes into effect after the operator is making 25 per cent on his capital. That, I believe, would be generally recognized as a reasonable protection against windfall profits. However, that has to do with the future.

● (2200)

I would like to lay before this chamber some facts about what the governments now take out of the oil business. The most convenient way to implement my limited mathematical approach is to use the price of a litre of gasoline in Toronto, which in October cost 38½ cents. Honourable senators, because it would have more meaning to me to make these calculations on the basis of a gallon, I did try to figure out that amount for one gallon of gasoline. Well, somebody else will have to do the mathematics. I will proceed to give the figures to you with relation to litres of gasoline.

I will outline for you the government take from the 38½ cents. The government of the province of Alberta—that greedy, grasping bunch out in the west who wear stetsons all the time—received 4.86 cents. The government of the province of Ontario, which has been keeping a sort of low profile in this business, receives 6.3 cents. The federal tax collector receives 12.38 cents. Therefore, out of the 38.5 cents, the total take from the three levels of government is 23.55 cents, and the feds are the big winners. That is the situation today. I do not know what the situation will be after Bill C-48 is in force and these extra revenues are received from the northern wells.

Hon. Royce Frith (Deputy Leader of the Government): All for the taxpayer.

Senator Roblin: That is pretty good—"All for the taxpayer." That leaves 14.95 cents for the rest. If I thought that the federal government was not putting all of this depleting wealth into the payment of interest on the national debt, along with a few other things, I might be a little more enthusiastic about the proposition. However, the federal government will spend its capital revenues for current expenses; that is clear enough.

Let me come back to this figure of 14.95 cents. That paid the filling station operator, the refiner, the man who laid the pipeline from Alberta and the fellow who dug the oil well in the first place. 14.95 cents is left for that entire group of people, and I remind honourable senators that that is the gross figure before any federal, provincial or municipal taxes have been levied. From these calculations one can get an idea of the apportionment of the value of a litre of gasoline in Toronto these days.

I think I can say without any hesitation that it appears as though the government is protecting the taxpayers' interest in a zealous way. I say that after the government gets through with the revenue it will receive from the Canada lands it will look even richer. Of course, the big question is: Will there be enough incentive left to keep the rest of the private enterprise people in the field active in what they have to do? That is the point I now wish to turn my attention to.

It is important to remember that self-sufficiency and the activities of the private enterprise sector are very closely related. One must ask oneself the fundamental question as to whether the national economic policy is an incentive or a disincentive for gas and oil exploration and productivity in Canada. That is a subject to which the members of the committee addressed themselves. In due course we will see what they have to say about it. I can tell honourable senators that there was plenty of evidence presented to show that there has been a dramatic slowdown in drilling and general activity in the western provinces, the effect of which has been felt in eastern Canada as well.

I will not give honourable senators the figures, but I will say that they cover every aspect of the economics of the matter in western Canada and were given by a number of groups whose motives are perhaps self-interested—why shouldn't they be? I think that the facts will stand up to independent analysis.

Honourable senators, the sedimentary basin in western Canada is much larger than the equivalent sedimentary basin in the United States, yet the drilling in the United States is of approximately 11 times the intensity of the drilling in Canada. That has to say something. Contained within the information that was given the committee by those who are connected with the drilling industry are the facts as they see them about the shift of activity from Canada to the United States. Honourable senators, we know all about that; we have heard about it; it is true. The question is: Will that activity return? That is a question which I, for one, am unable to answer. I can tell you, however, that, in the opinion of representatives of the industry, it is three or four times more attractive to drill for old oil in the United States than it is in Canada, and it is twice as attractive to drill for new oil in the United States as it is in Canada. All kinds of arguments can be made about those figures, but I believe that the thrust of the argument cannot be easily disputed.

Returning to the question of national self-sufficiency by 1990, we have to face the fact that it will not likely come from the Canada lands. There may be an awful lot of oil out there. We have the evidence that there is, but it will not be taken out

in the time that we have specified. We will have to look to the western sedimentary basin in order to bridge the gap between now and 1990 if we expect to do something about the self-sufficiency problem in this country. It is for this reason that I have made a bore of myself to the members of the committee. I must say that I am grateful for their tolerance at my speaking as often as I have about the necessity of recovering the oil that we know is in the ground.

Honourable senators, a little while ago we heard from Senator McIlraith about the number of wells that would have to be drilled in Alberta to equal what we could accomplish in Hibernia, and perhaps that is so. However, we were informed by our own Senate committee, under Senator Hastings, that we know where there are 4 billion barrels of tertiary oil in Alberta. What is the significance of 4 billion barrels? Well, the entire primary reserve in Alberta today amounts to between 6 billion and 7 billion barrels. If we know where there are another 4 billion barrels of oil, why don't we get it up? Yes, it is difficult to get it up, but we know where it is. We have some technical idea about how to get at it, which is what I call tertiary recovery. Marginal wells are important, too. That subject has been discussed. The tertiary system, however, is an even more attractive target than is the system of marginal wells.

The minister has said to me, "Never mind. People who recover tertiary oil can get the new price for oil." That is fine, but they are not doing it. Why aren't they doing it? For much the same reason that the oil sands and the projects with respect to heavy oils and other non-conventional sources of oil have been put on the shelf for the moment, although I am positive that the government is working very hard to get them off the shelf. In spite of the new-oil price, the tax regime is getting in the way. I know that it is not only the feds in the tax system; I know that other governments are taking their share as well. The feds, however, must take the responsibility and the very important lead in this matter. It seems to me that the whole question of oil self-sufficiency has to be tackled by making the most of those assets we have in Alberta and Saskatchewan in the mega-projects, the oil sands, the heavy oil, and the tertiary recovery that I have mentioned, to say nothing of marginal wells. It is this aspect of our oil policy that distresses me the most. The plight of the smaller Canadian companies which are engaged in trying to find oil in the conventional areas is well known. We know about the cash-flow problems; we know about the efforts of the Province of Alberta to alleviate that. That provincial government has done something, and I want to make sure that it is fully recognized. The industry, however, still complains that it has a problem. It does not have the cash flow necessary to proceed to dig up the new oil that is so profitable. It does not have the cash flow necessary to dig the in-fill wells in the old territory where it can still raise quantities of oil. That is the problem.

Honourable senators, I believe that we have a very attractive set of incentives in the Canada lands petroleum incentive program, but in the provincial lands the combination of federal and provincial tax policies is making things very tough.

[Senator Roblin.]

It is wonderful what price will do. I was on the edge of the gas business at one time in my life when gas was selling at 14 cents per thousand cubic feet. We found that we didn't have enough gas; we were running out. It was a terrible situation—a crisis. By force of circumstances, the price started to rise from 14 cents per thousand cubic feet. I do not know the present price—perhaps the Minister of State for Economic Development can tell me—but it is many times that. What is the result? We have gas running out of our ears. The gas which was unprofitable to dig up before is now profitable indeed. The incentive was such that people went out and found new gas where it was said none existed. My honourable friend knows the structures in northwestern Alberta and in British Columbia about which I am speaking. Because the price was right, somebody went out and found the gas. I do not know whether the same thing can be done for oil. I do not think it will be quite as simple as that, but the fact remains that the price system is a remarkable incentive for getting things done. It seems to me we have lost sight of the importance of that to some extent. We have lost sight of the fact that we will need the western provincial oil to bridge the gap until the Canada lands come in later on.

• (2210)

Well, the troubles of the small, junior oil companies have certainly not been solved by the Alberta response which Senator Hayden mentioned, invaluable though it is. We will have to do more. When I asked the Minister of Energy in the committee what to do, he said, "Well, you are worried about the cash flow. They have always worked on their cash flow. They have always used the cash flow as a major source of financing for finding oil. Let them change their policy. Why don't they go and borrow it instead? They ought to raise money some other way." That is what he said.

I wonder if that is a realistic piece of advice to give the small oil industry at this particular time. Is there a market for equity in these small companies that is attractive to any of them these days? If there is, I don't know of it. The trouble is that their stock prices have been so low as to be shocking to anyone who might be interested in their activities.

Is it possible to borrow instead, if you cannot raise it in equity? It may be, but the cost of borrowing is horrendous.

What will we do with the man who says to these small companies, "Go and borrow the money to find oil," and whose colleague zaps them with the budget, with its strictures about what you can do with interest expense, and its strictures about what you can do with amalgamating companies and having flow-throughs and attracting capital gains tax, with the capital gains tax being recognized when these companies try to reorganize themselves? And the companies are reorganizing like mad these days, because of their capital problems and their cash flow problems. There has been a positive rash of mergers and takeovers, as everybody knows. I do not think that this advice given by the minister to change from the cash flow system to borrowing the money will get us anywhere. In fact, I would call it a sublime idiocy when it is linked with the measures in the budget.

I think the little Canadian oil companies have been shafted. They have been shafted by the energy policy and shafted by the budget as well. The big oil companies will probably get along okay, because their situation is different. They will do a Dome Canada, and God bless them. And we have Canterra in the news today, and God bless them. They are the big boys and they can look after themselves. But where and how is the small Canadian oil man going to get into that Bill C-48 country, that Canada lands country, and have his share in these mammoth oil developments, when he cannot even raise the cash flow to drill the little wells in his own part of the country?

There is a warning here for us. I do not want to beat this aspect of it to death, because I am no pessimist. I believe in the country and I believe we will find some way out of these problems. But I don't want them overlooked. I want it to be perfectly clear that, in my opinion, Bill C-48, whatever its virtues may be, will certainly not be enough to deal with the problems we face, if we are to meet those grand objectives of national policy I referred to in my opening remarks.

There is another aspect of Bill C-48 about which I will make some slight reference, and that is the structure it sets up, the machinery that it proposes to use in order to do all these great things.

Bill C-48 is dedicated entirely to ministerial discretion and bureaucratic control. It is interventionism on a scale we do not often see in this country. Ministerial discretion is enthroned in this piece of legislation. Now we are told that it is inevitable, that the facts of the matter make it hard to get away from. I have to admit, frankly, that in many pieces of modern legislation ministerial discretion, regulation and all that kind of thing are an important feature, and in some ways it is very difficult to get away from that. But I think in this bill a better system needs to be devised. And here I disagree with what Senator Hayden said when he spoke on this subject earlier tonight, because the committee was not unanimous on this point.

A better system has to be devised to bring in an element of due process, if I can import an American expression into this discussion, because we are moving more and more from the rule of law to the rule of men. In this bill we are making it possible for the bureaucrat to exercise subjectively—and possibly he cannot avoid it—a regime of grants, a regime of orders, a regime of instructions to selected recipients, and the need is there for a more open framework of public information that justice may be seen to be done, and the administration of it may be seen to be effective and efficient.

I do not think Bill C-48 provides that sort of structure at all. When you consider the problems that one little province can get into in connection with the Alberta Heritage Fund, which seems to me is far more open in its application than the provisions of this bill—and one can foresee right now the problems that will arise from that—what do you think you will have when this gets rolling? It is just going to make the Alberta Heritage Fund look like small potatoes. It will be a serious problem indeed, and we would be well advised to ask the government to devise a more open system of administration so that these enormous assets and these worldwide interests with which we are dealing here can be dealt with in a way that mitigates what may be an inevitable degree of ministerial and bureaucratic discretion by opening it up to public examination. I must frankly say that I do not like it the way it is now in the bill.

I have spoken long enough, honourable senators. You will be pleased to know that I shall not detain you much longer. I will just refer to the main points that I have found bothersome in this particular bill.

In my opinion, the retroactive features should definitely be changed. The aspect of ministerial discretion and bureaucratic administration should be opened up in some way so that it is more open to public view or the public light. I think that having the 38 per cent of the crown lands will impose a tremendous burden on somebody, if we do not spin it off somehow to other people in the industry. I think the federal budgetary impact, particularly on the small oil companies of this country, is unfortunate, and that it goes to defeat the purposes of self-sufficiency that we are working for. The decline of the industry in the western provinces is a fact which needs to be addressed. Something has to be done to bring them back. I think the problems of activating the tar sands and heavy oil, the tertiary recovery systems, and all of those other matters I have mentioned are, as far as I know, still unsolved. I suggest it is imperative that we do something to make sure they do contribute to national self-sufficiency.

The time at which those great projects will deliver recedes, like a mirage, into the future forever. Have we not in this house heard forecasts of when they were coming into force? Have we not heard that the tar sands, the heavy oil and all that sort of thing are just around the corner in 1982 or 1983? But every month that goes by pushes them back, and every month that goes by, with the inflationary impact and the impact of high interest rates, makes them more difficult to finance and makes the tax adjustments of the government more difficult. The need for action is now. Procrastination, just letting these things go, is not helpful in our situation.

I think the real test of Bill C-48—and I think it may pass it—and the real test of the national energy policy—and I do not think it will pass it—is whether in their respective applications they will put the Canadian oil business back into high gear, developing Canadian and petroleum resources on a system of economic safeguards that leads to self-sufficiency in 1990.

I beg to doubt that the arrangements we have in place for our national energy policy at the present time will support an optimistic assessment of the possibilities of achieving these goals. Consequently, I do not intend to vote for this bill.

Senator Frith: You spoke of retroactivity, ministerial discretion and the bureaucracy, and your fourth point was the budgetary impact. What was the third point in your summary at the end?

Senator Roblin: I had a whole bunch of them. I would have to check my notes.

Senator Frith: That is all right. I will read it in the debates.

● (2220)

Hon. Ernest C. Manning: Honourable senators, I hesitate to speak extemporaneously on a measure as important and as complicated as Bill C-48. In fact, I hesitate to speak at all at this late hour and having regard to the time restraints under which we are conducting this debate, but I would like to draw attention to a few thoughts on what I regard as one of the most important pieces of legislation we have been called upon to deal with in this house. Although, as has been stated again tonight, one of the declared objectives of this legislation as an integral part of the National Energy Program is that this country might attain self-sufficiency in petroleum resources by the end of this decade, we are all well aware that if self-sufficiency is to be attained, it will be due primarily to two groups that must be involved.

One group is the people in the petroleum industry who have the experience, expertise and facilities to do the actual work of exploration and development. The other group is the people who make up the investment community, from which capital must be drawn in vast quantities if we are to attain our goal. We can pass all the legislation we like, but unless there is a positive response from those two groups we are only fooling ourselves if we think that this legislation is a step towards energy self-sufficiency in this country.

It must be of deep concern to members of both houses of Parliament that the response to this legislation and, for that matter, the response in general to the National Energy Policy by the two groups to which I have referred, has been negative rather than positive. One could go through this legislation and catalogue a whole list of features which call for that negative response, from both the petroleum industry and the investment community. However, I shall not abuse the privilege of speaking here tonight by going into those details.

I would like to touch on one particular point to which both Senator Hayden and Senator Roblin have referred, and which was referred to so frequently by the various groups appearing before the Senate committee. It, more than any other feature in this legislation, is objectionable to both the investment community and the petroleum industry and, therefore, it will be the most detrimental of all the features insofar as attaining the goal we desire is concerned. I refer to the back-in provision for Petro-Canada with respect to the 25 per cent which has been referred to as the crown share. Senator Hayden pointed out in his report that when this objection was raised while the Minister of Energy, Mines and Resources was before the committee and, as well, while the representatives of Petro-Canada were before the committee, the response was that this 25 per cent back-in is really the same as a royalty or another form of taxation.

I suggest, honourable senators, that that is a fallacy, and that it is something which is simply not accepted and will not be accepted by either the developers or the investment community. The history of oil royalties in this country is complicated, but I draw your attention to one thing that has happened in that field. For many years in the early development of petroleum resources, royalties were simply a retention by the Crown of a portion of the production, and the Crown had the right to take the royalty either in kind or in cash. The royalty was taken in money because that was the most convenient way. However, the fact that it was understood to be a retention of a proportion of the production was very significant. It was the reason, I submit, why the federal government permitted, up until a few years ago, oil companies to deduct that royalty before they computed their income for federal taxation purposes, because the companies never had it. It was something that the Crown owned and retained as it was produced and, therefore, it was not treated the same as other income.

[Senator Roblin.]

When the developments in the Middle East caused oil prices to skyrocket, many new and complicated features were added to the royalty programs, both provincially and federally. Then we had, not only royalties as a percentage of production, but as a percentage of the price above a certain figure, in order to recoup what amounted to an excess profit. Royalties ceased to be the simple retention of a portion of the product that was owned by the Crown, and became almost another form of taxation. Perhaps the clearest evidence of this fact was the decree by the federal government that the royalties could no longer be deducted from revenue before computing income for tax purposes.

Honourable senators will recall the hassle we went through a number of years ago when this change in federal policy was made. In fairness to the federal government, it has to be said that they were on pretty sound ground in what they did because these royalties had become a new form of taxation, but they still retained the one exclusive characteristic. It was something that was paid by the producer only after there was production and that, of course, is one of the points on which royalties are fundamentally different from this 25 per cent back-in by Petro-Canada, because that back-in takes place before the development has gone forward, before there has been any production.

This back-in feature puts an oil company in the position, after spending money on exploration and generating interest in an area which looks as though it may have some potential for production, of giving to Petro-Canada 25 per cent of the land which has become valuable because of the exploratory work which has been carried on. It is true that there is some compensation. Certainly, the argument has been advanced here, and it was advanced over and over again before the committee, that the compensation is completely unrealistic and that it is not the kind of compensation that will attract capital into that particular field.

Furthermore, this back-in by Petro-Canada differs from royalties in that royalties can be adjusted from time to time. We heard tonight, for example, how some provincial royalties were recently adjusted to stimulate further development. There is a flexibility in adjusting royalties, but once the Crown takes over 25 per cent of the territory in which oil is a potential, it is once and for all. No longer is there any room for adjustment and flexibility, as in the case of royalties or taxation.

I emphasize this point, honourable senators, because, while there are many things in this legislation that are negative as far as encouraging investment, exploration and development are concerned, this is one feature that was emphasized more than any other in the committee hearings. I think it would be correct to say that the aspect of this legislation that was emphasized the most was the retroactive aspect. I think that is understandable. The Government of Canada certainly has a right to a 25 per cent share of any potential area of development because it is the owner. If the government wants that 25 per cent share, then let it take it before the company and the investors have spent money on exploration work up to the point where the back-in takes place, because at least then the company has the opportunity to say, "Well, if this proves to be a potentially productive field, we shall have to surrender 25 per cent to the Crown." In this way the company makes its decision with that knowledge, and if it decides to go ahead in any event, then that is fine. Such a situation is very different from the situation where the company, having gone ahead and spent its money on the assumption that it would have 100 per cent of the land to develop, later finds that Petro-Canada is backing in and picking up 25 per cent. This kind of thinking is behind what Senator Hayden said in reporting on the findings of the committee, and is behind what Senator Roblin said this evening. If we do not change anything else in this bill, for the sake of Canada's hope of energy self-sufficiency let us at least wipe out that retroactive feature, for it represents not only government intervention but government intervention at its worst. It is retroactive to begin with and, on top of that, it puts the government physically into the field of oil development. No matter what your philosophy may be regarding the merits of the public versus the private sector being involved in such development, no one can deny that, with respect to the impact on developers and the investment community, that type of provision is negative and will continue to be negative and will seriously jeopardize our chances of getting the amount of capital we need, if we are to have any hope of having energy self-sufficiency.

• (2230)

Honourable senators, I would draw your attention to one other factor. I find inconsistent the argument that the proposed back-in of 25 per cent as a crown share is justifiable, among other things in this legislation and in the National Energy Program. To say that it is justifiable because, after all, the companies did not own this land, it belonged to the Crown and all we are doing is picking up something that already belonged to us is inconsistent. In the arguments that have been advanced ever since this National Energy Program was mounted, over and over again we have heard emphasis placed on the fact that so much of Canada's petroleum industry is foreign-owned and that we should get greater Canadian ownership. I am all in favour of greater Canadian ownership, and I want that clearly understood. I disagree completely with the method that is being adopted to acquire that Canadian ownership, but I certainly believe in maximum Canadian ownership.

The inconsistency comes in because the Government of Canada cannot say, on the one hand, that our petroleum industry is owned by foreign companies and then, on the other hand, say that we have a right to back in with this 25 per cent feature, because the companies do not own anything anyway; that it belongs to us and we are simply picking up something that we already own. They say that the companies only have a lease, and that they are simply tenants on our land. Honourable senators, that last proposition is the correct one.

This is what makes a lie of the propaganda that has gone around this country for years—we certainly lived with it for years in Alberta—that foreign companies own the oil resources of this country. They do not. Foreign owners own and control the companies that develop the oil, but the policies that have been consistently followed by the federal government in Canada for many years—and ever since they had control as far as the western provinces are concerned—have always been to retain the ownership in the Crown on behalf of the people of the country or the province. All the development companies have ever had is a lease under which they are permitted to carry on development under the terms and conditions laid down by the government representing the people of the country.

I am trying to point out the fundamental difference between ownership of the companies that do the developing—that is, foreign-owned to a large extent—and ownership of the resources which, in this country, has remained with the people of the country. There has been some alienation of mineral rights but, in total, I think 85 per cent still remains in the name of the Crown. Surely, if we own the resources and retain the ownership, it puts an altogether different light on this question of so-called "foreign ownership." It is not foreign ownership of our resources; it is simply foreign ownership of the company that happens to be doing the developing, but it does the developing under the terms that we lay down in our leases, and those terms are subject to revision at any time the government feels that it is necessary, in the public interest, to make those revisions.

Honourable senators, if Canadians realized that situation, they would have an entirely different attitude towards and outlook on a National Energy Program which claims it is going to recover the ownership of Canada's oil industry for the people of Canada. They have not lost it, so let us at least be truthful in what we hold out to be the facts.

I would mention one other matter briefly, and Senator Roblin touched on this very effectively. In the forecasts that are being made concerning the oil that will, hopefully, come from the Canada lands in the north and offshore—and certainly we hope they will be more productive than we have reason to believe they will be now—it is unfortunate that little or no attention is being paid by the federal government in estimating those discoveries. A shift of capital is taking place from the already established oil fields of the country to these Canada lands. In other words, were it not for that shift, we would have precisely what Senator Roblin spoke of tonight, a substantial

increase in oil production in this country from the known sources of supply on provincial lands. You would certainly have increased production from the tar sands and from the heavy oil development out in Cold Lake in western Canada. Millions of dollars of capital are being shifted from those areas to the Canada lands because there are more attractive inducements under national legislation and the National Energy Program which attract capital to those areas. If we are to have less production from the known areas of supply because we have shifted the available capital to the Canada lands, in aggregate we have not increased our total oil supply as much as otherwise would have been the case.

It is my own conviction—and nobody hopes more than I do that I am wrong—that under this program it is completely unrealistic to think that this country is going to be oil self-sufficient by the end of this decade. I think we are deceiving the Canadian people when we claim that this kind of legislation is going to bring about that result. It will help, but it is not sufficient, simply by diverting development to Canada lands, to think that that is going to produce energy self-sufficiency in 10 years.

I find it ironic, as I think Senator Roblin said tonight, when we know there are millions of barrels of oil left in the ground in the areas that are far easier to develop than these offshore and Arctic regions, that that development is dragging along or is even being retarded because drilling rigs and capital are going to the United States where the inducement is far greater than it is here. The remainder is going to the Canada lands, the Beaufort Sea, off the Atlantic coast, or into the Arctic. Surely that is not very logical.

Honourable senators, when this bill goes to committee, I hope that we can agree on a few basic amendments that would eliminate, at least, the most objectionable features, so that we will have legislation under which there is some reasonable way of approaching closer to energy self-sufficiency than is going to be possible under this kind of legislation.

Hon. Senators: Hear, hear.

Hon. Frederick W. Rowe: A few moments ago, Senator Manning said that there had been some alienation but that he thought we still owned about 85 per cent. When he referred to "we," was he referring to the Province of Alberta or to Canada as a whole?

Senator Manning: That figure is approximately correct in relation to Alberta. However, I do not have the actual figures for Canada, but I would think it would not be very different because Canada owns all the oil offshore and in the Arctic, unless Prince Edward Island and Newfoundland own some of it.

● (2240)

The major oil resources that were alienated to private interests were those which were, in the early days, alienated to the CPR and other groups of that kind. I am not speaking critically of those deals, but there was a lot that was put into the hands of investor-owned companies at that time.

As far as Alberta oil is concerned, as you know, the federal government administered the natural resources of Alberta for 30 years after Alberta became a province, and during that time about 15 per cent of those resources were transferred, sold or disposed of to companies or private interests. Apart from that, they are still retained in that case by the province. As far as the Canada lands are concerned, Canada still owns all of them.

Hon. G. I. Smith: Honourable senators, I have no more desire to speak at this time of night that you have to listen to me, but the reply which the sponsor of the bill was able to give me with reference to the questions I asked as to whether there was any contemplation that this bill might affect the claims to ownership of oil and gas off the Atlantic coast, and on Sable Island, has led me to feel that I cannot sit quietly by and let this bill go to committee without saying something about it on behalf of Nova Scotia.

It seems to me that the definition of Canada lands, as it appears in the second subparagraph in the definition clause of the bill, probably means that Canada lands are those lands that are not subject to the right of some province to exploit them. I had thought that the sponsor would be able to give me such an assurance, and then I could quite safely, or at least I thought I could quite safely, let the bill pass knowing or believing that it would not affect any claims of ownership that there may be off the Atlantic coast, or any other coast, for that matter. In view of the answer given me by the sponsor of the bill, I have some doubts. I thought that perhaps my interpretation of the definition clause was a reasonable one. I had better back up and say that over again.

I thought that my feeling as to the proper interpretation of that definition clause would not affect the ownership or the claims of Nova Scotia or any other Atlantic province, but since the sponsor of the bill has not been able to give me that assurance I am left in some doubt, because I have discovered around here, as I suppose I should have discovered elsewhere, that my interpretation of a statute is not always happily concurred in by those who may have the responsibility for enforcing it. So, it seems to me that if this bill is to be contemplated in any way by those who drafted it or put it forward as affecting the ownership of offshore oil or gas, or Sable Island oil or gas, then it is a sad thing indeed, and even sadder than has been described by Senator Roblin and Senator Manning.

I am not sure whether the sponsor of the bill meant to raise that doubt in my mind, and perhaps in other senators' minds, by the answer he gave. If he did not mean to raise that doubt, perhaps he will say so when he closes the debate. If there is still some doubt about that, then I think I will find it impossible, for that reason if no other, to support the bill. Of course, there are many other reasons for my not supporting it, and they have been eloquently put by Senator Roblin and Senator Manning. Perhaps the sponsor would keep that problem in mind when he closes the debate.

Hon. George J. McIlraith: Honourable senators—

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

Senator McIlraith: Honourable senators, I shall be very quick in giving Senator Smith the assurance that I did not, in any way, want to raise a doubt on that point. Rather, it was a case of the bill being 86 clauses in length, some of which are long and complicated, and knowing that on a previous occasion Senator Smith raised a very interesting legal point about the right of Nova Scotia to certain offshore resources, and knowing something of the difference in the rights claimed by different provinces, I just did not think it proper for me to give a definitive answer to his question. It certainly was not because of any desire to raise any doubt on the question in his mind. It was rather to let him obtain a more accurate and precise answer from the minister.

I should perhaps indicate that it is my intention, as honourable senators may have surmised, that if and when the bill receives second reading, to move that it be referred to the Standing Senate Committee on Banking, Trade and Commerce. The minister will be available tomorrow morning to answer the question. I thought it much better to have it answered by him in case I missed something. Frankly, I did not think about the point until the honourable senator asked the question.

As to the remarks of Senator Roblin and Senator Manning, I think that they quite properly raised many points for debate on the whole National Energy Program, as well as the provisions of Bill C-48, I hope that my desire, bearing in mind the late hour, not to deal with those parts that are extraneous to Bill C-48 will not be taken as an indication of any lack of appreciation of the importance of the questions they raised concerning the National Energy Program.

I am very hopeful that these agreements achieved with the governments of the western provinces in recent months, will be joined by energy agreements with the other coastal provinces. I hope that some of those agreements will be forthcoming soon. I know that they are under active negotiation. Perhaps there is no point in my saying more on that.

● (2250)

As to the other points raised, there is something that was not mentioned by either of the speakers to whom I have just referred, Senator Roblin and Senator Manning. Under many of the existing exploration permits granted under the earlier regulations, a checkerboard land system required those persons seeking an exploration permit to return certain pre-determined lands to the Crown. That has been replaced by something that I think the industry regards as a better system—certainly it would appear to be—that is, a superior method of negotiating the area of land on which the discoveries have been made to provide for the retention of the whole of them by the producing company. That is a significant factor. There are other things about the program which perhaps honourable senators would not wish me to develop this evening, but I am sure these questions can be pursued in committee when the minister is present.

Honourable senators, there is nothing more that I can usefully add.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

Senator McIlraith moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (C)—ADOPTED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Riley, for the adoption of the Report of the Standing Senate Committee on National Finance on the Supplementary Estimates (C) laid before Parliament for the fiscal year ending 31st March, 1982.—(*Honourable Senator Everett*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Order No. 6 is the motion of Senator Everett for the adoption of the report of the Standing Senate Committee on National Finance on supplementary estimates (C). We have adopted the report of the Standing Senate Committee on National Finance on supplmentary estimates (D), but we have not adopted the report on supplementary estimates (C).

I am authorized by Senator Everett to move the adoption of that report.

Motion agreed to and report adopted.

BANKING, TRADE AND COMMERCE

CHANGE IN COMMITTEE MEMBERSHIP

Leave having been given to revert to Notices of Motions:

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the names of the Honourable Senators Lewis and Bosa be substituted for those of the Honourable Senators Barrow and Lang on this list of senators serving on the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, December 16, 1981

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

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Royal Commission on Conditions of Foreign Service (Commissioner, Pamela A. McDougall), dated October 21, 1981.

Report on the National Testing Survey to the Board of Review by the Urea Formaldehyde Foam Insulation Information and Coordination Centre, dated December 14, 1981.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

TENTH REPORT OF STANDING JOINT COMMITTEE PRESENTED

Hon. John M. Godfrey: Honourable senators, I have the honour to present the tenth report of the Standing Joint Committee on Regulations and other Statutory Instruments. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent record of this house.

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

Hon. Senators: Agreed.

(*For text of report see Appendix "A", 3490.*)

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

Senator Godfrey: Honourable senators, I move that this report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

[*Translation*]

OFFICIAL LANGUAGES

SECOND REPORT OF SPECIAL JOINT COMMITTEE PRESENTED AND PRINTED AS AN APPENDIX

Hon. Joseph-Philippe Guay: Honourable senators, on behalf of the co-chairman, Senator Murray, I have the honour to present the second report of the Special Joint Committee on Official Languages. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent record of this house.

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

Some Hon. Senators: Agreed.

(*For text of report see Appendix "B", p. 3491.*)

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

Senator Guay: Honourable senators, I move, with leave of the Senate and notwithstanding rule 44(1)(e), that this report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

[*English*]

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I understand that the Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration has a report for us today, but since he does not seem to be with us at this moment I point out that it may be necessary to ask that we revert to Reports of Committees later if he does wish to present that report today.

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

Hon. Senators: Agreed.

[*Translation*]

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), I move:

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

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

Some Hon. Senators: Yes.

• (1405)

[*English*]

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, with respect to the order of the house, may I ask what happened to the permission granted yesterday with regard to the Standing Senate Committee on Foreign Affairs?

It was my understanding that two committees would not meet at the same time if the house was also sitting.

Senator Frith: I thank the Honourable Senator Roblin for raising that point. When Senator van Roggen consulted with me and with Senator Roblin about sitting this afternoon while the Senate was sitting, we both pointed out to him that the Standing Senate Committee on Banking, Trade and Commerce may want to sit and that we would not wish to have two committees sitting while the Senate is sitting. My understanding was that Senator van Roggen agreed that, in the event that the Banking, Trade and Commerce Committee did wish to sit this afternoon, he would withdraw and would not ask that his committee sit while the Senate is sitting this afternoon.

Senator Roblin: Thank you.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE BUDGET

MODIFICATION OF PROVISIONS

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate. Officials of the Department of Finance have confirmed the minister's hints of last week that budget changes will be made concerning interest deductibility and capital reserves, and that possibly there will be other changes which I suppose follow upon those made with respect to MURBs and the special concessions to Dome Petroleum. I should like to ask the honourable senator whether the millions of holders of life insurance policies across Canada are to assume that they have lost out on this re-evaluation. Does the government intend to remain firm with regard to its tax changes which penalize insurance policy holders who have or would acquire equity?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, since the presentation of the budget, a number of submissions have been made by various individuals and organizations to the Minister of Finance with respect to possible modification of the budget. The Minister of Finance was sincere in the statement he made. It can be expected that that promise will be kept. The promise of clarification and modification of the budget proposals will be met very shortly.

Senator Nurgitz: I have a supplementary question, honourable senators. I am sincere when I say that I appreciate what has been done in other areas. It has been reported that certain government officials have indicated that people requiring life insurance could acquire it by means of term insurance, indicating that it was cheaper and that there would be no question of tax on accrued interest. I am wondering if this leaves life insurance holders out of the re-evaluation. If so, is the government then bent on this program which would force people to buy term insurance?

Senator Perrault: I can assure the honourable senator that the position of people faced with decisions of that kind has been evaluated very carefully by the Minister of Finance. Of course, it would be improper for me to announce any of the details of any of the proposed modifications or changes. I want to provide the assurance, however, that the minister will speak out very shortly, certainly before the end of the year.

Hon. Peter Bosa: I have a supplementary question, honourable senators. Has the Leader of the Government in the Senate indicated that the Minister of Finance will make modifications in relation to this particular matter?

Senator Perrault: Honourable senators, I am not making that statement with respect to any particular matter. I do say, because of the necessary confidentiality associated with any budget announcement or the preparation of any budget, that it is not appropriate for me to detail in any way possible changes in any direction, but I wish to indicate that the Minister of Finance is very sensitive to the submissions which have been made to him on this and other points.

• (1410)

Senator Bosa: I have one further supplementary question. While I appreciate that the leader is not in a position to make any specific references to possible changes in this area, could he impress upon the minister that the announcement that permanent life insurance will be taxed in the manner in which he outlined in his budget has thrown the industry into a great deal of confusion? Consequently, the sooner the matter is cleared up, the sooner some confidence can be restored in that particular sector of the economy.

Senator Perrault: Honourable senators, I am sure the Minister of Finance will read with avid interest the comments of honourable senators when they appear in *Debates of the Senate*.

Hon. C. William Doody: Honourable senators, I wish to ask the Leader of the Government a supplementary question along the same lines. In view of the fact that so many different organizations and individuals in Canada have expressed concern over various facets of the budget, and bearing in mind, as the Leader of the Government has indicated, that the Minister of Finance is flexible and is considering changes to, or modification of, the budget, would the government consider holding committee hearings so that various groups could describe the various problems they have with the present budget?

Senator Perrault: Honourable senators, the suggestion will certainly be made known to the Minister of Finance. Perhaps it is worth reminding honourable senators, however, that the budget process is rarely pacific. Usually, there is a good deal of controversy attached to the presentation of any budget. I recall that during the months of the last Conservative government the Minister of Finance—as seems to be inevitable in cases of ministers of finance—was surrounded by controversy when he presented his budget proposals.

The government is open to suggestions on ways in which this budget may be improved.

Senator Doody: Since the leader has raised the subject—and I certainly would not have done so—can he say whether the government would consider the same course of action the previous Minister of Finance took and call an election?

Hon. H. A. Olson (Minister of State for Economic Development): That was not the reason.

Hon. Royce Frith (Deputy Leader of the Government): He did not call the general election, did he? What was the subject of the verb "call"?

Senator Perrault: As Senator Olson reminds me, the basic problem at that time was an inability to count the members in the house on that eventful evening. There was never any indication that the Minister of Finance in the previous government was avidly seeking an election.

Senator Doody: I can only say that the present Minister of Finance has no problem counting, although I do not envy him all the problems he has to count at this particular point in time.

Senator Nurgitz: Honourable senators, I should like the Leader of the Government in the Senate, when he is discussing these problems, to convey to the Minister of Finance that the cost of long-term term insurance in Canada is just about the same as the cost of regular life on whole life insurance. Term insurance costs about the same, but, at the same time, it does not attract any equity.

Will the Leader of the Government undertake to raise that point with the Minister of Finance?

Senator Perrault: Indeed, that point will be raised with the Minister of Finance at the same time as I convey to him our best Christmas wishes.

NATIONAL ENERGY BOARD ACT

PROBABLE DATE OF PROCLAMATION OF BILL C-60

Hon. Daniel Riley: Honourable senators, I should like to direct a question to the Minister of State for Economic Development. When does the minister expect Bill C-60 to be proclaimed with the regulations that are being drawn up? The minister, as honourable senators may be aware, was the original architect of this bill in this house. It must be of great interest to him, as it is to many of us.

● (1415)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, no doubt it will take several weeks to work out the regulations and the administrative capability. Of course, the administration of the new rules for pipeline easement acquisition will be the responsibility of the National Energy Board. I cannot say decisively, but I expect that it will take at least two or three months to put the necessary guidelines in place, and then the legislation will be proclaimed.

[Senator Perrault.]

I wonder, honourable senators, if I may take a moment to say one or two things about Bill C-60. I am sure that many honourable senators will recall that it was a committee of this chamber which initially took on the responsibility of defining the problem, designing a bill and holding hearings throughout the country. Finally, approximately three years from the beginning, the bill, with all the principal concerns which prompted it extant, has passed through all stages of the legislative process. I would like to pay particular tribute to the members of the committee who worked long hours to hold the hearings, to consider what ought to be done and then to write the bill.

As honourable senators will recall, the original bill was introduced in this house and passed through all three stages in 1979. However, as a result of objections due to the public expense involved, the Speaker of the day, Mr. Jerome, indicated that before ruling on whether or not a bill of this type originating in the Senate was acceptable, he would want to research the matter. Unfortunately, Parliament was dissolved before the ruling came down.

In the case of the present bill, it originated in the House of Commons, thereby overcoming all the problems faced previously. Nevertheless, the present bill retained much of the Senate bill in all the forms in which it was put forward. After examining the present bill, the committee suggested six amendments to improve it still further, and those amendments have now been accepted by the House of Commons. Once the bill has been proclaimed and the administrative capability is in place, I am sure the members of the committee will be able to consider that they have served Canada well.

FOREIGN AFFAIRS

ISRAEL—ANNEXATION OF GOLAN HEIGHTS

Hon. Heath Macquarrie: Honourable senators, I would like to direct a question to the Leader of the Government in the Senate. It concerns the recent move by the State of Israel to annex the Golan Heights. The Secretary of State for External Affairs has said that Canada strongly opposes this measure which is, of course, contrary to international law and to the United Nations Security Council resolution 242.

Can the minister advise whether, in fact, the Canadian government's attitude towards this move by Israel has been conveyed to the Israeli ambassador resident in Ottawa, and can he indicate what is the attitude of the Canadian government in reference to contemplated and now discussed United Nations moves in response to this quite serious threat to peace?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, shortly before 2 o'clock this afternoon the Secretary of State for External Affairs sent me a message dealing with this subject. In the message he indicated that his department has already informed the Israeli ambassador of the strong Canadian views regarding Israel's decision to extend its law, jurisdiction and administration to the Golan Heights. Mr.

MacGuigan indicated that he would be communicating further with the Government of Israel in due course.

The minister indicated that since the Israeli decision was taken there has been a plenary vote in the United Nations General Assembly on a resolution condemning Israeli measures and actions taken, or to be taken, to alter the legal status of the Golan Heights, and that Canada had switched from an earlier abstention in committee to a vote in favour of the resolution because of the changed circumstances. According to the minister, the General Assembly is expected to have before it two more resolutions that will touch on the situation in the Golan Heights, and the Security Council is also expected to have a resolution on the matter before it.

● (1420)

ENERGY

LOCATION OF PROPOSED LIQUID NATURAL GAS TERMINAL IN EASTERN CANADA—SIGNIFICANCE OF DREE GRANT

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Minister of State for Economic Development. In view of the grant to the city of Rivière-du-Loup for studies of the proposed Gros-Cacouna liquid natural gas project, has it been determined that that, in fact, is where the proposed terminal is to be located?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take the question as notice in order to provide a more detailed answer.

However, I believe that a decision has not yet been made, and studies to assess the economic feasibility, the physical requirements, and other such things are required. This does not mean that a decision has been made that the terminal will be located there. However, I will check my information.

Senator Smith: Perhaps the minister, at the same time, would check whether a similar grant has been made to Nova Scotia, or any municipal area therein, for studies with reference to a terminal for the same purpose on the Strait of Canso.

Senator Olson: I will check into that matter also, but it may not be a question of further studies needing to be done. It may be that the technical details concerning the physical situation and feasibility have already been put together. However, I will check that that is, in fact, the case.

Senator Smith: I was going to ask some further questions, but perhaps I would be better advised to wait until I receive answers to these questions.

Hon. Jean-Paul Deschatelets: Would the Minister of State for Economic Development advise me whether the terminal at Gros-Cacouna, if, in fact, it is to be built, will be a federal government project, or whether there will be some involvement by the Province of Quebec? Are both governments working towards a possible development at Gros-Cacouna?

Senator Olson: I will take that question as notice. I believe it is slightly different from the question asked by Senator Smith, which related to the identification of some grant described in the estimates.

FOREIGN AFFAIRS

POLAND—IMPLICATIONS OF IMPOSITION OF MARTIAL LAW

Hon. Stanley Haidasz: Honourable senators, is the Leader of the Government in the Senate prepared this afternoon to give us an up-to-date report on the serious situation in Poland after the imposition of martial law, including the fate of the 250 or more Canadian diplomats, students, workers and visitors in Poland? Can he also tell us the results of the meeting last night between the Secretary of State for External Affairs and the Polish Ambassador, and the results of any representations concerning further humanitarian assistance to Poland? Are there any further developments regarding the regulations governing Polish refugees and exiles who are seeking to come to Canada?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a number of communications have been received on this subject, the most recent being a message from the Secretary of State for External Affairs, in which he reports:

> I raised the question of the serious problems caused by our inability to communicate with our Embassy in Warsaw with the Polish Ambassador when I received him yesterday and requested, in the strongest possible terms, the restoration of our communications facilities. The Polish Ambassador informed me that he had referred this question to the Ministry of Foreign Affairs in Warsaw, as a result of the concern voiced in this House on Monday.

I have received a further report about the situation in Poland and the safety of Canadians in which the Secretary of State for External Affairs reports as follows:

> We are continuing to monitor the situation in Poland carefully and have no indication that Canadians in Poland are in immediate danger. We have received recent reports from our Embassy in Warsaw informing us that Canadians and other foreigners in Poland do not appear to be encountering any serious difficulties.
>
> Communications, both within Poland and externally, however, remain extremely difficult. In my meeting with the Polish Ambassador yesterday I expressed our concern about Canadians in Poland and the serious problems posed by our inability to get in touch with them. I requested, in the strongest possible terms, the immediate restoration of communications facilities with our Embassy in Warsaw.

● (1425)

The minister also states, with regard to refugees:

> It would be premature to announce any new measures at this time. We are deeply concerned regarding the clamp-down on civil liberties in Poland by the Polish authorities and Canadian officials are monitoring developments in conjunction with the Department of Exter-

nal Affairs. Until the situation clarifies we will not be in a position to determine what action might be warranted. In the interim, the measures announced on October 27 and December 2, remain in force. This will allow Polish-Canadians to sponsor their relatives to resettlement in Canada. Polish nationals without relatives in Canada can receive Minister's Permits which will allow them to remain in Canada for one year.

With regard to the debt to Canadian banks from Poland, the minister states:

> Some Canadian banks have made loans in recent years to Poland. As a result of the difficulties that Poland has encountered in meeting its obligations to repay, these banks are participating along with other international banks in negotiations with Poland to reschedule repayments for 1981. It is my understanding that these negotiations have not yet been completed, and at this stage it is not clear what the outcome will be.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I ask the minister a supplementary question? Is it correct that the debt of Poland to the Canadian banks is in the order of $400 million?

Senator Perrault: Honourable senators, I will take that question as notice. I do not have the specific information in my file on Poland at the present time.

Senator Roblin: Honourable senators, I do not wish to have my next remark linked with what I have just said because it might be misconstrued, but, on an independent basis, has the government given any consideration to any change in the economic relations between this country and the Government of Poland?

Senator Perrault: Honourable senators, to quote the minister again:

> Canada continues to be concerned about the plight of the Polish people and the hardships with which they must cope. We are watching the situation in Poland closely and will be examining our substantial economic relationship with that country in light of the current developments.

Therefore, no specific policy has yet been evolved in that area.

With regard to the decision of the United States to suspend food assistance, the minister states:

> At the current time Canada does not propose to take any particular economic measures in response to developments in Poland, but we will continue to monitor the situation closely in consultation with our allies.
>
> On October 29, Canada announced that it would provide an additional $500 million in credit guarantees in order to permit Poland to continue to import the 1.0 to 1.5 million tonnes of grain provided for in our bilateral grain agreement which expires in December, 1982. Food credits announced to date this year by the U.S.A. did not extend beyond the end of October. We are aware that they have now decided not to approve further food shipments until they have had an opportunity to assess the situation in Poland. We understand that they will continue to allow private food aid shipments and possibly deliveries under PL 480 Title II.
>
> Canada is therefore, in the position of already having made contractual commitments and it will continue to fulfil them. Canadian grain shipments to Poland in 1981 are expected to total roughly 1.3 million tonnes. Canadian grain shipments make up some 20 per cent of Poland's food import requirements and constitute a significant contribution to the food needs of the Polish people.

Honourable senators, I have read directly from messages I have received from the Secretary of State for External Affairs today and on Monday and Tuesday of this week.

GRAIN

CANADIAN WHEAT BOARD—INCREASE IN CASH ADVANCES

Hon. Joseph-Philippe Guay: Honourable senators, my question is directed to the Minister of State for the Canadian Wheat Board. The Canadian Wheat Board advisory committee, in a press release dated October 8, 1981, has asked that the cash advances be increased from $15,000 to $50,000. Could the minister advise us as to the status of the request and whether or not it will be granted by the government? There is a lot of concern about this particular matter out west.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, it is a fact that the Canadian Wheat Board advisory committee adopted the suggestion he has put forward, namely, that cash advances would be increased by a very substantial amount. I am receiving letters from producers in western Canada and some of the farm organizations. It has been some time since cash advances have been increased and, of course, since that time costs have been going up, and we are looking at the whole question of cash advances and whether or not a recommendation can be made to have them adjusted upwards. Sales, deliveries and the export of grain have been good this year, but nonetheless there has been an increased demand for cash advances. Part of that increase in demand no doubt stems from the fact that there are high interest rates and increasing costs, and with the increase in costs the demand for cash advances has obviously increased.

● (1430)

Honourable senators may be aware that to increase cash advances would require an amendment to the act. With the current monetary restraints, there may be some hesitancy in coming forward with legislation at this time to provide an increase.

Hon. Duff Roblin (Deputy Leader of the Opposition): The answer is "no".

Senator Argue: Nevertheless, I agree that an increase in the maximum is appropriate. We are considering the most expeditious manner of achieving an increase in cash advance legislation. I believe the legislation that we have on our books is good legislation. It is a fact that the $15,000 will not purchase as much as it would have done when it was first provided, and in

my view the case that has been presented to us for an increase requires study and recommendation; and I would hope for and expect action.

Senator Guay: Honourable senators, I am sure that if the minister were to bring before the Senate appropriate legislation to provide this sort of money for producers, he would have no problem in having it passed within half a day. I would suggest to the minister that he should try it.

As a supplementary, could consideration be given to this problem within a reasonable time, so that we can answer those who are concerned and who are writing to us on this matter at the present time? I note that the minister said that he would try to do something as quickly as possible. It is a rather urgent matter for the producers of western Canada.

Some Hon. Senators: Hear, hear.

Senator Argue: Honourable senators, there is no doubt that there is some demand today for an increase in cash advances that would be effective right now; but with the large quotas that are in place, and the delivery opportunities that exist, I believe the main concern connected with the recommendations is that there should be action taken to come into force on August 1 next year. The cash advances are based on delivery opportunities, and if a farmer has already delivered a substantial portion of his grain, and there are quotas available, he is not eligible to receive cash on grain that has already been sold or on grain for which there is currently a delivery opportunity. So while the requests are coming in, the main thrust of them is to change the legislation to make it effective on August 1 next year. That gives us some time, and we do need some time.

Hon. Martial Asselin: It will be worse.

Hon. H. A. Olson (Minister of State for Economic Development): It means that the minister has done such a good job that it is not as pressing as it was.

THE BUDGET

ASSISTANCE TO FARMERS

Hon. Orville H. Phillips: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board in his capacity as a CCF expert on agriculture.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): As what?

Senator Phillips: As a CCF expert on agriculture. I used to listen to the minister expound on that in the other place. I would like to believe that he had really forgotten that, but it really does not matter; he is at home in either party.

My question is based on a statement issued by the Director of the Ontario branch of the Farm Credit Corporation, in which he said that in the first month following the budget three farmers from across Canada had received assistance under the budget for a total of $50,000. Does the minister or the government have any kind of alternative plan to assist more than three farmers per month?

• (1435)

Senator Argue: Honourable senators, I do not know anything about that report, and I certainly know nothing about its accuracy. Obviously, the Farm Credit Corporation does not come under my department. I do know that provision has been made in the budget for $50 million to be made available to the Farm Credit Corporation for certain actions to help farmers in the category which concerns the honourable senator. I will be happy to make inquiries to find out the accuracy or otherwise of the statement that was made. If it is the wish of the honourable senator, I shall bring to the Senate any information that I am able to obtain.

Senator Phillips: Honourable senators, as a supplementary, I hope the minister is not suggesting that my information is not accurate, because I would remind him that it was given by the director of the Ontario branch of the Farm Credit Corporation, which is a federal corporation. I am sure the minister is familiar with it.

The official went on to say that the difficulty exists because farmers cannot apply for the government assistance provided in the budget unless they have first been refused a small business development bond. I am sure the minister has read the budget and is familiar with the changes made in the small business development bond, and with the fact that the banks and the Minister of Finance recently held a meeting in an effort to solve the problem.

Knowing the minister's keen interest in farmers, could he tell us what has resulted from that meeting and what solutions have been arrived at to break the impasse between the Minister of Finance and the banks resulting from the budget?

Senator Argue: Honourable senators, as I have already indicated, I will take the question as notice.

Senator Phillips: Is the minister telling me that he is not familiar with the fact that there has been a meeting between the Minister of Finance and the banks, and that he is not familiar with the solutions arrived at?

Senator Argue: Honourable senators, I am not familiar with all of the things to which the honourable senator referred. I have indicated that I will take the question as notice, and I will try to bring back a reply that is accurate. I do not believe that any other course would be helpful.

Senator Phillips: I accept the offer and I thank the minister.

INTERNATIONAL TRADE

SALE OF MILITARY EQUIPMENT TO SOUTH AFRICA

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government, who, I see, has left the chamber; but I would be delighted to ask either Senator Petten or the deputy leader.

Hon. William J. Petten: I would appreciate it if it were put to the deputy leader.

Senator Nurgitz: I thought if I put the question to Senator Petten I might then get an answer. However, I will direct my

question to the Deputy Leader of the Government. I assume it will be taken as notice.

An article entitled "Blood Money" appeared this past weekend in *Today* magazine which appears in many daily newspapers. The article dealt with the question of Canada's selling, under the guise of several things, military vehicles to South Africa. I wanted the Leader of the Government to confirm that. I am sure that the deputy leader will take the question as notice.

The article went on to establish that the rules for the export of military products and components were lax. For example, tracks used on tanks are sold as tracks, yet they can be used only for tanks.

● (1440)

I would like to ask the leader several questions that arise out of this particular article. In the first place, are Canadian firms in fact permitted to export products that can be adapted to military use in armed conflict; and if so, by what criteria are the materiel and eligible countries defined?

Secondly, to what extent did Canada subsidize, in 1980-81, through the defence industry productivity program, and the program for export market development, the production and sale of military products and components to countries regularly cited by Amnesty International for human rights violations?

Thirdly, are applications under these two programs considered exclusively on an economic basis, or are they scrutinized by the Department of Industry, Trade and Commerce or the Department of External Affairs to ensure consistency with established Canadian foreign policy positions?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I will do what Senator Nurgitz has requested.

EXTERNAL AFFAIRS

ROYAL COMMISSION ON CONDITIONS OF FOREIGN SERVICE—GOVERNMENT RESPONSE TO REPORT

Hon. Heath Macquarrie: Honourable senators, had the Leader of the Government in the Senate been here I would have prefaced my question to him with congratulations for being so well briefed today on important foreign policy questions. I would then have gone on to reiterate the old adage that one good turn deserves another, and would have asked one more question.

I wonder if the deputy leader would be good enough to advise the leader that I and, I am sure, other honourable senators would be glad to hear the government's response to the very important report tabled yesterday by Ambassador Pamela McDougall, who has made a most thorough and extensive survey of the External Affairs Department and who has come up with some disquieting comments. I would like to know what is to be done with this report, what is the government's reaction to it, and what we may expect in terms of any possible reorganization or alteration of priorities in this very important department of our government.

[Senator Nurgitz.]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I noticed that report on my desk also. I have not had a chance to read it, but I think I can say immediately that it is a long awaited report which is going to receive immediate and serious attention by the government. If I can provide any more detailed information, I will.

[*Translation*]

THE GOVERNOR GENERAL

PRESS CONFERENCE—REPLIES TO QUESTIONS

Hon. Martial Asselin: Honourable senators, I should like to put a question to the Leader of the Government. In his absence, I shall direct it to the Minister of State for Economic Development. Yesterday, we witnessed an historic moment in Canada. During a press conference the Governor General answered questions asked by reporters. We know full well that such statements made by the Governor General are previously approved by the cabinet.

Several reporters saw in the new attitude displayed by the Governor General the indication of a change to come in his title as Head of Canada. The Queen could possibly lose this title and then the Governor General could perhaps become the president of a Canadian republic.

Was the Governor General authorized by the cabinet to make such a statement?

Hon. Louis J. Robichaud: No.

Senator Asselin: You do not know that.

[*English*]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the simple and brief answer to the question is no. Perhaps I should not say anything more.

[*Translation*]

Senator Asselin: The minister is saying that the cabinet was not aware that the Governor General would call a press conference.

Hon. Royce Frith (Deputy Leader of the Government): Did you ask whether the Governor General had been authorized by the Cabinet?

Senator Asselin: No, I did not. I asked whether the cabinet was aware of it.

[*English*]

I will repeat it in English, if you wish.

● (1445)

[*Translation*]

Senator Frith: No, but the first time, you used the word "autorisé". You did not say "au courant".

Senator Asselin: I will rephrase my question to meet the clarification requirements of the deputy leader: Was the cabinet aware that the Governor General yesterday would call a press conference and deal with the topics he dealt with?

[*English*]

Senator Olson: Honourable senators, I will check that, with the object of discovering whether or not he was aware of it; but

I think it would lead to misunderstanding if I were to take the honourable senator's interpretation, which is based on speculation by the press, and treat it as fact. It is not fact, but somebody's opinion, somebody's interpretation, and I have known for a long time that fact and opinion are not necessarily synonymous. I will have a look at this matter, but on the premise I have just stated and not on the premise that the preamble to the honourable senator's question is factual.

[*Translation*]

Senator Asselin: The minister did not answer my question. I asked him whether the cabinet was aware that the Governor General would hold a press conference yesterday and deal with such burning issues as the fact that Quebec did not sign the patriation resolution. He did not answer me.

[*English*]

Senator Olson: I did answer it. I said I would take the question as notice.

[*Translation*]

Senator Asselin: Usually, when His Excellency the Governor General makes public statements, those statements are cleared by cabinet beforehand. Let me give the minister an example. When the Governor General reads the Speech from the Throne, we all know that he is in fact expressing the views of the government on the pieces of legislation to be introduced or passed by Parliament during the upcoming session. Did the Governor General have the clearance or approval of cabinet to make those statements, especially those dealing with Quebec's position in regard to the patriation of the Constitution?

[*English*]

Senator Olson: Honourable senators, I said at the beginning of my last reply that I would take that part of the question as notice. At this point I do not know whether the cabinet or any committee of the cabinet was aware of the content of the press conference, and I do not think I have any more to add, in spite of the prolonged comments the honourable senator has made.

[*Translation*]

Senator Asselin: In his capacity as a member of the cabinet, did the minister know that the Governor General was going to announce yesterday, at a press conference—which is an historical fact, no governor general having ever done anything comparable—that he was going to prepare and sponsor a series of scientific conferences with a view to stimulating scientific research in Canada? Those conferences would start in early summer. As we know, the federal and provincial government have cut their research grants to universities and the latter are complaining bitterly about it. Had the cabinet indicated to the Governor General that he was to organize that type of conferences on research and science?

[*English*]

Senator Olson: Honourable senators, I can only repeat what I have said after every one of these bootlegging statements, dragging in all kinds of things—and I know the honourable senator is an expert in that kind of bootlegging—namely, that I shall take the question as notice and give the honourable senator a reply as soon as I get one.

[*Translation*]

Senator Asselin: I want to raise an objection. Naturally, the minister considers himself an expert who can manipulate the kind of questions I am asking today. But I want to remind him that every time he speaks, the Governor General does so on behalf of cabinet, as a representative of the Queen. The press conference he held yesterday was an historic one, it was unprecedented. Is it a new strategy that the government is trying out to have the Governor General hold press conferences to make up for the inadequacies of its economic or scientific policies, to have him act on the government's behalf by making official statements and to let him in the future make statements for the government? Is this the government's latest policy?

• (1450)

[*English*]

Senator Olson: I believe the honourable senator has just answered his own question. First of all, he said it was perfectly normal that everything the Governor General has to say ought to be cleared with cabinet—

Senator Asselin: I did not say that.

Senator Olson: —almost to the extent that the Governor General cannot even speculate about anything without first obtaining the approval of cabinet. There is no doubt, honourable senators, that the Governor General is the spokesman for the government on certain occasions; I can cite the Speech from the Throne as an example of that sort of thing. The honourable senator then says that what has happened in the last two or three days is abnormal. My reply to that is that he cannot have it both ways. I will, however, take the question as notice and try to obtain a reply to the substance of the question, which is whether or not the cabinet was aware of what the Governor General said in his press conference. That is the only piece of substance in the question; the rest is bootlegging.

[*Translation*]

Senator Asselin: With your permission, Mr. Speaker, should I understand that in future, when the Governor General makes a public statement, when he holds press conferences, he will simply be speaking for the government in power? Is it the cabinet decision that in the future difficult messages will be given by the Governor General, which means that he will act as cabinet spokesman? Is that the government's intention?

[*English*]

Senator Olson: The answer is no.

[*Translation*]

Senator Asselin: As a supplementary, I would like to ask the minister to obtain for tomorrow copies of the transcription of the press conference held by His Excellency the Governor General and make them available to senators in order that we

may scrutinize what mandate he might have received from the government in respect of such press conferences.

[*English*]

Senator Olson: Honourable senators, I can do that. However, this is the type of question often asked by members on the other side. They are really asking a minister to do their homework for them. The honourable senator can request the press release just as easily as I can. However, I will do it for him.

Senator Asselin: That is not the case at all. You have the responsibility for the government and you have to provide any documents we require so that we can study them.

Senator Olson: Not from every source.

Senator Asselin: If you refuse to do that, you refuse to do your duty.

Senator Olson: Honourable senators, I said that I would do this. Whoever was responsible for conducting the press conference—whether it was the CRTC, the CTV, the CBC or Global—the honourable senator can write a letter or make a phone call just as easily as I can.

Senator Asselin: I will not.

Senator Olson: However, I will do it for him if he has not the time.

FOREIGN AFFAIRS

SYRIA—PROPOSED DIPLOMATIC MISSION IN DAMASCUS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on behalf of the Leader of the Government, I wish to reply to a question asked by the Honourable Senator Macquarrie on November 17, 1981, concerning possible plans to establish a Canadian diplomatic mission in Damascus, Syria.

Honourable senators, at the present time the opening of a diplomatic post in Damascus is not under active consideration.

● (1455)

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on behalf of the Leader of the Government, I should like to reply to a question asked by the Honourable Senator Roblin on November 25, 1981, concerning the Garrison diversion project. All honourable senators will remember that we had news of the Burdick amendment, and then a supplementary question was asked about the appropriation of funds.

Honourable senators, it is true that some money has been appropriated by the U.S. Congress for the Garrison diversion project this year. However, that is not unusual, as money has been appropriated for the Garrison project every year for the past few years. The money appropriated amounts to $4 million and will go to cover salaries and maintenance costs, not towards new construction.

Canada gained an important victory, on the other hand, when the Burdick amendment was defeated in the U.S. Congress. This amendment would have provided funds to move the project ahead. Under the circumstances, the government feels that Canada came out well with money being appropriated to keep the project maintained as it is now.

With regard to the liaison committee referred to by Senator Roblin, plans for Garrison have not been discussed because it was felt that there was not any need to do so. The reason for this is that the government feels that excellent channels of communication exist already and have been successful in upholding Canada's interests, as evidenced by the defeat of the Burdick amendment.

FOREIGN AFFAIRS

THE SINAI—CANADA'S NON-PARTICIPATION IN U.N. PEACEKEEPING FORCE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on behalf of the Leader of the Government, I reply to a question asked by the Honourable Senator Macquarrie on December 1, 1981, concerning possible Canadian participation in the Sinai force.

It is not true, honourable senators, that Canada is acting according to the dictates of the United States in this matter. The U.S. has taken a leading role because of its obligation to do so under the terms of the Camp David Accord.

Under the terms of the Camp David Accord, the United States, along with Israel and Egypt, is obliged to organize a multinational force in the absence of a United Nations force. The U.N. force was never organized because informal soundings at the U.N. made it clear that it was not possible to establish such a force.

When the United States was organizing the multinational force, Canada was not asked to participate. We did, however, have informal discussions with a number of countries about such a force. The United States said that they did not view Canadian participation as being essential. As the Secretary of State for External Affairs stated recently, "The Americans said we weren't needed."

CANADA-UNITED STATES RELATIONS

INTERNATIONAL JOINT COMMISSION—MEMBERSHIP

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Macquarrie on December 4, 1981, concerning a Canadian appointment to the International Joint Commission.

The appointment of a Canadian chairman of the International Joint Commission is presently under consideration by the government and an announcement will be forthcoming in the near future.

THE SENATE

REPORT OF AUDITOR GENERAL—QUESTION OF PRIVILEGE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on behalf of the Leader of the Government, I wish to reply to questions asked by Senator Muir and Senator Doody on December 9, 1981, as to whether the Auditor General's report was tabled in the other place before the Auditor General held a press conference.

Honourable senators, I am pleased to report to the Senate on the circumstances surrounding the tabling of the report of the Auditor General in the other place on December 8, 1981. First of all, there was a press lock-up between 9 a.m. and 2 p.m., with the caveat that there was to be no release of the report until tabling in the other place. Secondly, there was a lock-up involving a general briefing of MPs between 9.30 a.m. and 12 noon by officials of the Auditor General's office. Thirdly, at 12 noon there was an *in camera* session of the Public Accounts Committee with the Auditor General.

The stories that honourable senators heard arose from the release of a Canadian Press story at 2.20 p.m., before the tabling of the report in the other place at 3 p.m. This arose out of a misunderstanding that the document was supposed to be tabled at 2 p.m., which consequently led to questions of a specific nature which were asked in the other place about the Auditor General's report before it had actually been tabled.

In response to the specific questions asked by Senator Doody and Senator Muir, I can report that the Auditor General held a press conference at 4 p.m., one hour after his report was tabled in the other place. I hope that is the information that honourable senators requested in clarification.

• (1500)

Hon. Joseph-Philippe Guay: Honourable senators, on that particular point may I also ask the deputy leader whether it is possible that senators will be invited to future lock-ups in connection with the Auditor General's report.

Senator Frith: I will pass that question along, honourable senators, but you will no doubt recall that under the statute the Auditor General is not required to report to Parliament, but only to the House of Commons. Senator Guay's question really raises the whole question of whether, when there is a report to Parliament and a briefing of MPs, senators should be considered members of Parliament, which is what they are. In this particular case, however, the distinction exists that the Auditor General's report, as required under the statute, is to be made to the House of Commons and not to Parliament as a whole. I will raise the question, however.

THE ECONOMY

INTENTIONS OF GOVERNMENT RE 1980 POVERTY LINE UPDATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on November 25, 1981, as reported at page 3052 of the *Debates of the Senate*, the Honourable Jack Marshall asked me the following questions:

> As a follow-up to a question I asked last week, and without going into too many details, can the deputy leader say whether the government is considering the provision of relief in view of the fact that some of these single senior citizens are far below the poverty line, and not just below it? This is a situation involving many people, and I think it should be treated as an emergency. Would the deputy leader obtain information as to the government's plans in terms of changing pension plans and the like?

The honourable senator then asked Senator Olson the following question:

> Perhaps I may ask a supplementary question. I understand the Prime Minister told a national pensions conference just a few months ago that the government would be acting quickly to adjust pensions in order to bring the incomes of such people as the handicapped up to a decent standard. Could an answer to that question also be given at the same time?

Honourable senators, the answer is rather long and detailed, and I would ask your indulgence to have it taken as read.

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

Hon. Senators: Agreed.

(*The answer follows:*)

> I have been in touch with the department concerned and I am advised that the government is very much aware of the hardships facing many of today's pensioners. The fact alone that almost 53 per cent of the current old age security population is relying on at least a partial income-tested benefit from the Guaranteed Income Supplement Program prompted the government to initiate a major review of the entire pension system to see where improvements could and should be made.
>
> In the months following the National Pensions Conference, which the Government of Canada hosted this spring, the views and suggestions presented by the conference delegates, as well as those received from interested Canadians across the country, have been examined and assessed. Also, surveys have been conducted to determine exactly what Canadians need and expect from the retirement income system.
>
> Further, since pensions are a shared federal and provincial responsibility, a committee of senior federal officials has been consulting with provincial counterparts on the best way to approach pension reform as a whole.
>
> The government's next step will be to release a position paper consolidating the issues surrounding pension reform and indicating the directions in which the federal government is interested in moving. Unquestionably, the government's goal is a pension system that more adequately responds to the needs of retired persons in this country.
>
> However, it is also recognized that there are many people in this country who are having to make ends meet on very little income other than Old Age Security program benefits. One of the most vulnerable of this group is,

as Senator Marshall pointed out, those single pensioners living alone who, even with a maximum guaranteed income supplement, still receive very low incomes. It is recognized that these people require improved assistance under the Guaranteed Income Supplement program, and, as the Prime Minister noted in his opening remarks to the National Pensions Conference, the government hopes to make these improvements during its current mandate. The cost of making these improvements and of bringing the level of income guaranteed to single pensioners up to at least the Statistics Canada low-income cut-off level—which I should say is significantly below the more generous "poverty line"—set by one of our own Senate committees, is estimated to be approximately 3/4 of a billion dollars, or approximately $730-750 million. Obtaining these improvements and obtaining the necessary funds for them are important concerns.

As Senator Marshall indicated, single retired persons are not the only group in Canada who need improved assistance. Disabled and handicapped persons also require help. As honourable senators are aware, this year a special committee, made up of representatives of all parties, studied and reported on the special needs of this particular group, and several of the recommendations made in their report, "Obstacles", dealt with improving the financial assistance afforded to disabled persons. These recommendations are being sympathetically considered with a view to implementation, and it is definitely the government's intention to have concrete proposals to discuss with the provincial governments in the near future.

JUSTICE

FEDERAL-PROVINCIAL CONFERENCES OF MINISTERS RESPONSIBLE FOR CORRECTIONS, CRIMINAL JUSTICE, LAW ENFORCEMENT, AND OF ATTORNEYS GENERAL—COMMUNIQUÉ PRINTED AS APPENDIX

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the Leader of the Government in the Senate has asked me to put before you a communiqué respecting Federal-Provincial Conferences of Ministers Responsible for Corrections, Criminal Justice, Law Enforcement, and of Attorneys General, dated December 9, 1981. The first paragraph reads:

> At a meeting of federal, provincial and territorial ministers responsible for criminal justice held in Ottawa on December 7, 8 and 9, 1981, the following were the principal items discussed.

The document then goes on to detail the various matters discussed.

The Leader of the Government is aware that several honourable senators are interested in matters having to do with corrections, criminal justice, law enforcement and attorneys general, so he asked me, in his absence, to present this document to the house.

Hon. John M. Macdonald: Perhaps it would be more appropriate to have it appended to today's *Hansard*.

Senator Frith: That is a good suggestion, and if honourable senators agree I will ask that it be appended to today's *Debates of the Senate*.

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

Hon. Senators: Agreed.

(*For text of communiqué see Appendix "C", p. 3497.*)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORT OF COMMITTEE PRESENTED

Leave having been given to revert to Reports of Committees:

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Wednesday, December 16, 1981

The Standing Committee on Internal Economy, Budgets and Administration recommends the following changes respecting the printing of certain information in the *Minutes of the Proceedings of the Senate* and the *Debates of the Senate* effective the first sitting day of 1982:

1. That reports of Inter-parliamentary groups be printed in the *Debates of the Senate* only, if it is so ordered by the Senate.

2. That messages from the House of Commons concerning changes in Commons membership of Standing Joint and Special Joint Committees be printed in the *Minutes of the Proceedings of the Senate* only.

3. That all documents tabled in the Senate be listed in the *Minutes of the Proceedings of the Senate* only.

4. That all questions asked pursuant to Rule 20A(1) be printed on the Order Paper on the next sitting day, after they are sent to the Clerk of the Senate and only once a week, on the first sitting day of each week thereafter, until they are answered.

5. That information in the lists of Meetings of Committees printed in the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* be abbreviated so that only the time, room number, subject matter and the short titles of bills are used, and that this information be set in smaller type.

Your Committee will continue to monitor the cost of printing Senate publications and may make further recommendations to reduce these costs if necessary.

Respectfully submitted,

B. ALASDAIR GRAHAM,
Chairman

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

Senator Graham: Honourable senators, I move that this report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

APPROPRIATION BILL NO. 3, 1981-82

SECOND READING

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-86, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1982.

He said: Honourable senators, I would just point out, in answer to Senator Roblin's question of yesterday as to whether copies of Bill C-86 were available, that, having checked, it is the top bill on the stack of bills each of you will find in your desk.

Appropriation Bill No. 3, 1981-82, provides full supply for supplementary estimates (C) and (D) for 1981-82. I do not intend to read the bill, but if you will look at it closely you will see the basic provisions which I think you have become accustomed to in supply bills. Clause 1 provides the short title of the statute, and clause 2, as usual, grants the amounts referred to. Clause 3 sets out the purpose and effect of each particular item in the estimates and schedule. There then follows the usual provision with regard to commitments made for items in the estimates referred to in subclause (2) and clause 5, the appropriation charged. Then clause 6 deals with the accounts to be rendered under the provisions of the public accounts in section 55 of the Financial Administration Act. The other important part consists of the schedules. The schedules refer to the vote estimates in supplementary estimates (C) and supplementary estimates (D). Schedule A refers to supplementary estimates (C) and Schedule B refers to supplementary estimates (D). Honourable senators will notice that the larger group is under the heading of supplementary estimates (C).

• (1510)

Supplementary estimates (C) and (D) were tabled in the Senate on November 17 and December 1, respectively, and were immediately referred to the Standing Senate Committee on National Finance. On November 19, the committee discussed supplementary estimates (C) with the President of the Treasury Board and his officials. The report of the committee on supplementary estimates (C) was adopted yesterday.

Supplementary estimates (C) total $3,877.2 million of which approximately $905.5 million is votable. This can all be found in Schedule A. The balance of the expenditures totalling $2,971.7 million are statutory in nature. Of course, the word "votable" is distinct from the word "statutory" in the sense that we must vote the supply in the votable portion, and the authority for the rest is automatic in the sense that it is a statutory requirement.

Supplementary estimates (C) consist of the following larger items for which parliamentary authority will be requested. First, there is $107 million for increased payments to VIA Rail for rail passenger services. Incidentally, honourable senators, you will find details of each of these items in the schedules. The second votable item is in the amount of $81 million, and it is for compensation to grain producers as a result of the grain embargo. The next votable item amounts to $66 million which is allocated to the Enterprise Development Program which is primarily for the Vancouver Automated Light Rapid Transit System, and following that is the amount of approximately $65 million for the community development projects of the Department of Employment and Immigration. Then there is $60 million to supplement the Treasury Board's contingency vote to ensure that sufficient funds are available to meet possible pay list shortages in departmental budgets. Those are the major votable items.

The major changes in statutory requirements involve $2.3 billion for servicing the public debt; $0.5 billion for fiscal transfer payments; approximately $0.3 billion for increased old age security and guaranteed income supplement payments, and spouses' allowances, due to increased population and indexing; and there is an approximate $0.2 billion decrease in payments to the unemployment insurance accounts. Those are the major changes in the statutory requirements.

Another item that has been of interest in these bills is the so-called $1 vote. There are only seven $1 votes in these supplementary estimates, and none of them infringes on the ruling made by the Speaker of the other house. Four of these seven votes seek approval to transfer funds between votes, two concern the authorization of grants—they are classified as $1 votes because funds are available within the program—and the remaining vote is an amendment to a previous appropriation act, and the additional information on this vote was provided to honourable senators in the list of $1 votes that was distributed to members of the committee, which votes are mentioned in the committee report adopted yesterday.

Supplementary estimates (D) for 1981-82 is made up of just one item totalling $94 million. This item provides for payment by the Department of Industry, Trade and Commerce to financial institutions of loans insured by the department to Consolidated Computer Inc., Financeco Ltd., and Finecomp Inc.

Those are what appear to me to be the main features of Bill C-86. If there are any questions, I shall certainly be glad to answer them.

Hon. Orville H. Phillips: Honourable senators, before I begin my reply, I must say that I am impressed by the fact that throughout the course of his remarks, Senator Frith kept referring to the word "statutory". I was not impressed with the honourable senator's definition of the word "statutory", because in looking at the complete bill I can see reductions in the statutory items, to which I shall refer later. I ask the

honourable senator if he is inferring that because an item is statutory no one, including the government and Parliament, has a right to interfere with it?

Senator Frith: The honourable senator may keep going, and I shall reply to his questions at the end of his remarks.

Senator Phillips: What do you mean by "keep going"? I asked you a question.

Senator Frith: I thought I would take note of your questions and reply at the end of your remarks.

Senator Phillips: I would like an answer now.

Senator Frith: To say that the statutory items are not subject to any interference is not correct because, of course, we have to vote on the amounts. I simply made the distinction between those items that are votable, in the sense that they are not provided for in a specific statute but are requested by a department and furnished for the purposes of that department, and those items that are provided for under statute.

So that it will be clear to honourable senators, the amount of $2.3 billion for servicing the public debt is provided for under the normal government legislation, and the amount of $0.5 billion for the fiscal transfer payments is provided for in the Established Programs (Interim Arrangements) Act. The statute providing for the $0.3 billion for old age security is the Old Age Security Act, and the statute providing for the decrease in payments to the unemployment insurance account is the Unemployment Insurance Act. So we are not totally without discretion, and I was not implying that.

Senator Phillips: Honourable senators, I appreciate the reply by the honourable senator and, in particular, his reference to the decrease in unemployment insurance payments. I had forgotten to list that item in my notes, and I thank the honourable senator for reminding me of it.

● (1520)

Yesterday, I had some doubt as to what form the debate would take today. After inquiries with negative results, I was finally directed to Senator Frith. I must say, honourable senators, that I found him to be very co-operative and helpful, and for that I thank him. However, I suspect the information he gave me was rather biased. Honourable senators, I might be prejudiced, but I would never be biased. I just want to make that distinction between Senator Frith and me. Nonetheless, I thank him for his co-operation.

Honourable senators, from my experience on Parliament Hill, I have noticed that we tend to deal with appropriation bills just before Christmas. Generally speaking, we think of the Christmas season as a time of joy and goodwill; many employees are looking forward to receiving a Christmas bonus. However, on Parliament Hill we traditionally and constantly disregard goodwill and present a tax bill to the taxpayer. I wonder why we always present a tax bill just before Christmas. We should remind the government that there is only one source of tax revenue, and that is the poor, overburdened taxpayer.

[Senator Phillips.]

We tend to think of an appropriation bill as merely authority for the government to spend so much money but, honourable senators, there is another side to the coin, and that is the tax bill.

I have noticed that instead of receiving a Christmas card from a member in the House of Commons this year I received a mailing whereby the member, according to his political affiliation, highlights an item of the last parliamentary year. I have no objection to this, but I would rather that the members would wish their constituents a merry Christmas to the tune of the federal budget which is $69 billion; and a special merry Christmas for the supplementary estimates to the tune of $3.87 billion which constituents will have to pay along with their other Christmas expenses.

I should now like to refer to public debt programs. Honourable senators, that term implies certain illogical logic about government finances; it even implies legitimacy. Can the government endlessly go on incurring debt without realizing what it is going to cost? It would be wonderful if farmers, small businessmen and people with mortgages did not have to consider interest payments but could, like the government, go out and borrow additional funds to meet their interest payments. I ask honourable senators if they know of anyone or any business that can follow the pattern the government has been setting of borrowing money to pay interest.

Perhaps it would be more logical to pay off the debt, but then, to the Department of Finance, the concept of paying off interest is almost as foreign as paying off the debt in the first place. I am sure you have all heard it said before that interest payments are now the major item in the budget.

Let us relate that to an average income tax payment. Of the average income tax payment of $5,000 per annum, $1,000-plus goes to paying the interest on the national debt.

If we add to that $1,000-plus the interest which the taxpayer has to pay on loans for appliances, cars and the mortgage on his home, then you will see, honourable senators, that interest payments are a major source of inflation.

The sponsor listed a number of items contained in this appropriation bill, and I appreciate his courtesy in so doing. However, I should now like to mention a few items which the sponsor of the bill forgot to mention. This, honourable senators, illustrates the difference between bias and prejudice.

I would draw your attention to the $8.9 million item for the Canadian Unity Information Office. That figure brings that office up to an expenditure somewhere in the vicinity of $1 million a month. Honourable senators, propaganda is becoming expensive, is it not? I cannot imagine why propaganda would amount to one fifth of the amount provided for farm relief.

I would suggest, honourable senators, that we should forget the Constitution and concentrate on several other factors. I would like to see the Canadian Unity Information Office come out with a full-page advertisement illustrating the cost of paying the interest on loans for a home, a car, or a refrigerator.

• (1530)

Let us look at this item. Under supplementary estimates (C) it cost Canadians $2.357 million for the increased interest rates. That cost was accumulated despite the fact that the government was elected on a promise to reduce interest rates. What happened? Why were Canadians taxed $2,411 million twice in government expenditures to pay for increased interest rates and, on top of that, pay increased mortgage rates and interest on loans?

May I point out to you that the Privy Council is asking for an additional $6 million under this appropriation act, according to the estimates, to pay for the conference of the Economic Council held in Ottawa last summer. The conference had hardly finished before Canada repudiated its stand at the conference and imposed additional tariffs against the emerging nations.

Hon. Heath Macquarrie: Shame!

Senator Phillips: Honourable senators, that was a most expensive dinner party. Even Nero could not have matched the expense of that conference, and it was nothing more than a dinner party.

Senator Frith: Now that's research, if Senator Phillips has covered every dinner party since Nero's time!

Senator Macquarrie: You can count the one that took place in Hull too.

An Hon. Senator: I am not so sure he covered that one as well.

Hon. Nathan Nurgitz: That is Mr. MacEachen's luncheon that took place in Hull.

Senator Phillips: Perhaps if the Minister of Finance had been given freedom, he would have surpassed that.

Senator Frith: Violins played at Nero's banquets.

Senator Phillips: I have an additional question to ask Senator Frith. I notice that under vote 30c—Uranium Canada Limited—the figure is $150,000 for legal fees in relation to the uranium cartel.

Senator Nurgitz: Cheap!

Senator Phillips: It may be cheap, as Senator Nurgitz says, but I am not really disputing the work of the lawyers. What I want to ask is this basic question: Did the government not get legal advice that the cartel was legal, and receive it from certain individuals within the Department of Justice and the Department of Energy, Mines and Resources? Perhaps it could even have been from the deputy minister.

What is wrong with saying that? If you were right when you gave your advice to the government, why not go into the courts and defend it? Why pay $150,000 for someone else to defend your views?

Honourable senators, I should like to turn now to page 120 in the supplementary estimates (C) and deal with the Department of National Health and Welfare vote. There we find a reduction in payment to the provinces of $294.7 million. Naturally, this presents some concern to the provinces but, at the same time, they received the extraordinary news the Minister of National Health and Welfare announced that from now on the federal government was going to impose very strict regulations as to how the money would be spent.

When you are reducing your payment to a province, do you turn around and say: "We have lopped off 20 per cent of your payments, and, in addition, we are taking a second swipe at you. We are going to tell you how to spend it from here on in?"

Senator Macquarrie: Shocking!

Senator Phillips: I regret that Senator Robichaud is not in the chamber because when he was Premier of New Brunswick he was rather reluctant to have the Province of New Brunswick sucked in by this federal scheme, and he said that the province could not afford it. I am sure honourable senators will agree with me, in looking back, that Senator Robichaud was right.

I do not know how you would distinguish between a Liberal and an NDP, but the socialists have created the idea that health care is costing too much. Doctors and hospitals are to blame for that. We find this reduction of almost a million dollars a day for hospital and medicare.

Honourable senators, let us just take a moment and go back to the Public Accounts of Canada and consider what has happened. Hospital insurance in 1977 cost $2.30 million; in 1980, it cost $2.464 million; in 1981, it cost $2.482 million—which really does not allow for inflation, but then if you subtract the reduction in the appropriation bill, hospitalization this year has cost the federal government less than it did the previous year.

Medicare is even more interesting. In 1977, medicare cost the federal government $1.4 billion; in 1980, it cost $817 million; and in 1981, the estimate was $860 million. If you deduct the amount removed from the 1981 estimates, you will find that medicare is costing the federal government less than it did five years ago to the tune of about $200 million. The federal government stands back and says "We have nothing to do with this. It is statutory." Statutory, my eye! Senator Frith, you have just moved a reduction in the statutory items. You have moved them, and the only item that has decreased in the Public Accounts—and I challenge you to go through them and find another item that has been reduced—is medicare. You have passed the problem over to the provinces and have said, "You pay it. We introduced the program. You were suckers enough to join it; now pay for it!"

• (1540)

I am sure that Senator Macquarrie will be interested in my next item. I refer to the Education Support Program under the Secretary of State. Again it states that it is statutory. When we look at the estimates we see that the reduction is $143.7 million for post-secondary education.

Honourable senators, I watched the seatmate of Senator Frith, in his best Don Quixote manner, get up, wave his arms about and attack the imaginary windmills, and say there is no

reduction in post-secondary education. Unfortunately, I do not think that Senator Perrault read supplementary estimates (C). If he had, it should have been obvious to him that the reduction in the estimates accounts for $375 per university student in Canada.

Honourable senators, I ask Senator Frith, with all his eloquence and verbosity, to attempt to explain to me that there is no reduction in university grants when the federal government is reducing its transfer payments by $375 per student. I am sure that Senator Frith will get up and say, "What about the province; what about the university?" The point is that the reduction is going to hit one person only, the student, for $375 next year.

Supplementary estimates (D) dealt with one item only, namely, Consolidated Computer Incorporated. The vote in the appropriation bill is for $94 million. Honourable senators, there appears to be some considerable doubt about the accuracy of this vote. Information given the committee in the other place, and, indeed, appearing in press reports, indicated that the federal government is responsible for $125 million, and that the government has further liabilities or obligations in the amount of $34 million, for which there is no provision in this bill.

Senator Everett, in presenting the committee's report, expressed the committee's concern on this item. Personally, I am rather unhappy that the investigation into a loss of $125 million is being conducted by one individual, a bureaucrat. Honourable senators, I have nothing personally against that individual, but I rather suspect that he is going into that investigation having in mind a number of friends that he has to protect; and I rather suspect that he would be more interested in protecting his friends than in determining the facts.

Senator Everett said that he did not believe there should be two investigations going on at the same time; that it would muddy the waters. I had a good friend who saw service in World War I. He used to tell me how much time he spent as a private whitewashing the barracks. He would say, "Don't forget, you can't whitewash with muddy water." I wish Senator Everett and his committee would remember that.

I also noticed, from Senator Everett's remarks, that the company, which has taken Canadian taxpayers for a ride for $125 million, operated not only in Canada but also in the United States, and no one was really sure what other country it operated in. Would it be wrong if I were to ask what was the loss in Canada, or in the United States, or in the other countries in which the company operated?

The management throughout this expensive episode has been unfortunate. Let us, for a moment, look at another corporation, because I am sure Senator Frith will get up and say, "That happened because of the economic conditions existing throughout the world. Idi Amin, living in exile, is still responsible for the difficulties of the Liberal Government." I am sure he will say it was the fault of someone else.

Senator Frith: Was that in the estimates?

[Senator Phillips.]

Senator Phillips: Honourable senators, let me draw your attention to vote 63c, which is the Export Development Corporation. There it will be found that they have reduced their anticipated loss from $34 million to $29 million. If the Export Development Corporation can reduce its loss through good management, then surely the same type of management must have been available to Consolidated Computer Incorporated.

It is interesting to note that the loss on Consolidated Computer, and one or two other items, would equal exactly the budget assistance for farmers and mortgaged homeowners—a mere $50 million for farmers, and they cannot get it without making three or four applications. I am sure, however, Senator Frith, that the computer company, with all its government guarantees, had it much easier than the farmers. The homeowner with a mortgage has even greater difficulty, but what does he get? Certainly less than the computer company.

● (1550)

Honourable senators, there are a million householders with mortgages out there who are having difficulty. Should they not receive the same consideration as Consolidated Computer? I hope that you agree with me on that.

Honourable senators, before leaving supplementary estimates (D), I want to point out one fact—and I assure you I am not picking on Senator Frith. Here in this chamber we are accustomed to criticism from the other place. When I started studying the estimates I turned to *Hansard* of the House of Commons. If anyone reading the House of Commons *Hansard* thought he was going to get any information on this bill, he must have been very sadly disappointed. I understand there has been a change in the rules since I left that place, to the effect that these things are now studied in committee, brought back into the House of Commons and voted on. When I read the House of Commons *Hansard* I was reminded of the old story about the recruit who was being trained to drill a squad. As the squad marched to the left of the parade square the recruit became confused and did not know how to call them back. The sergeant-major or warrant officer looked at him and said, "Well, say something, even if it's only 'Good-bye' ". Honourable senators, I don't think the House of Commons even said good-bye to $100 million. Apparently, at the Christmas season this is not important to them.

I now come to the last item on my list. I am referring to the item of $150,000 for a study on the proposed Gros-Cacouna liquid natural gas terminal project in Quebec. Recently the federal government announced that the Q and M pipeline had finally received cabinet approval to go as far as Halifax. There was, however, a section in Nova Scotia that was interested in having it come to the Canso Strait. I find it very strange that the Minister of Finance, who, in the final analysis, is responsible for the appropriation bill, would give this money to a rather biased cabinet minister from Quebec to make sure that this project ends up in Quebec, while he gives nothing to the Province of Nova Scotia for a study on the Canso Strait.

Honourable senators, there are many other items I would like to mention, such as VIA Rail, but I am sure that when the VIA Rail item comes back from the committee there will be

further discussion on it. I am sure that the Honourable Senator Doody, who I understand is to follow me, will also have some choice items for you, and I do not want to use them all up. I will give Senator Doody a chance.

Hon. C. William Doody: Honourable senators, there is very little I have to say on this matter. I have spoken briefly on it before, and I thank Senator Phillips for the opportunity to speak today.

There is one question I would like to ask, and then I will sit down. My question deals with supplementary estimates (D), and in particular the $94 million computer item. My understanding is that $91 million of that is to satisfy an obligation to the banks—I think primarily the Toronto-Dominion Bank, though it does not matter. The other $3 million, I gather, is for bridge financing. That $91 million was a government guarantee for a prime-plus; in other words, the bank risked nothing, but got a guarantee plus its interest.

I wonder if anybody else took a bath on the failure of that company. The government obviously is in, the taxpayers are in, for at least $94 million, and it could be as much as $125 million, depending on which numbers you read.

I wonder if any other people lost money on that. Did any of the shareholders or owners of the company have any hard money in, or is this strictly a government loss? This is the only question I have at this time.

Senator Frith: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if Senator Frith speaks now, his speech will have the effect of closing the debate.

Senator Frith: Honourable senators, the question raised by Senator Doody was also touched on by Senator Phillips. I understand that an investigation is under way with regard to this whole transaction. Rather than try to answer the question spontaneously, I will try to get some further information, though I suspect that we may have to wait until that investigation is completed. I will, however, make it known that this is something that the honourable senator is interested in.

Let me now deal with the points raised by Senator Phillips. I would like to begin by thanking him for his contribution to the debate, and also for the rather intriguing semantic side trip he made with regard to the difference between "prejudiced" and "biased". I suppose "bias" is something that can arise from prejudice, but it can also arise from other sources. If Senator Phillips finds it more satisfactory to be described as prejudiced, though that prejudice may lead to bias, I am prepared to say that whenever the question comes up, Senator Phillips is prejudiced. Honourable senators will then have to decide for themselves whether he is also biased. As to whether I am biased, if the honourable senator is using the word to mean "biased in favour of the government," then I plead guilty to that.

Senator Phillips: You are guilty.

Senator Frith: Senator Phillips felt, as I understand it, that the holiday greetings that are sent out with the so-called "householders" should perhaps be a little more arithmetic. I suppose we can assume that the members of the House of Commons read our debates as religiously as Senator Phillips reads their "householders", and that they will consider having their 1982 "householders" include more budgetary figures.

With regard to the public debt, I think, whether the honourable senator likes it or not—and I doubt very much that he will like it—I am bound to say that we agree with Senator Phillips that the interest on the public debt is undesirably high. That is why the Minister of Finance has introduced features into his budget that have as their object an attempt to reduce the amount of public or national debt.

I admit, of course, to having, in my presentation speech, chosen certain items from the estimates rather than reading them all. Senator Phillips chose to say that I forgot them, but then, of course, he did announce that he was prejudiced. I am grateful to him, however, for raising some of the other points in the estimates that I did not raise. It is important for us to know what it is we are passing, even though these estimates have already been studied by the Standing Senate Committee on National Finance.

• (1600)

As always happens, there are a number of important political dimensions to what otherwise appears as a dry description of numbers. Senator Phillips has drawn our attention to some of the political dimensions of these estimates. On the legal advice question, I cannot give the honourable senator any answers as to why that was not handled in a different way. The amount does seem quite high.

Since he told a story, I will tell one too. I am reminded of the gentleman who asked his lawyer for an opinion. The lawyer provided him with the opinion, and sent him a bill for $500. The next time the client saw the lawyer on the street, he said to him, "Nice day; but I'm telling you, not asking you." If the honourable senator wishes to have more information on the amount to which he has drawn our attention, I will try to provide it.

On the general and important political question as regards the transfer payments, I cannot add anything to what I have already said about the particular estimates that are before us. But another political dimension of that whole subject is taking place today in Toronto, where the Minister of Finance is meeting with his counterparts on the question of transfer payments.

Senator Phillips: Did he not finish yesterday?

Senator Frith: He finished yesterday?

Senator Phillips: Yes.

Senator Frith: In any event, it is taking place this week. In a chronological sense I was wrong, but in a political sense I was right.

Hon. Duff Roblin (Deputy Leader of the Opposition): It's nice to be right.

Senator Frith: Yes, it's nice to be right about something.

I think that that event will not affect these particular estimates, but it will affect the larger political dimension that was raised by Senator Phillips.

On the question of "statutory, my eye!" I found it encouraging that Senator Phillips pointed out the important reductions in the statutory items. While he did not offer those comments in a complimentary tone, I chose to take them in that way as compared to his earlier comments about the public debt being too high. He was, therefore, giving a backhanded compliment by saying that in some ways we are voting today for some reductions.

Senator Phillips: Why did you choose those particular items?

Senator Frith: I left them for you, Senator Phillips.

Senator Phillips: Why did you choose those particular items for reducing the public debt?

Senator Frith: You chose them, Senator Phillips.

Senator Phillips: You did, in the estimates.

Senator Frith: The reason I chose them is because I thought they were substantial items. I only touched on them, but Senator Phillips has spent some time pointing out that there are substantial reductions which make up part of the estimates that we are dealing with.

On supplemmentary estimates (D), I would like to state for the record that I can understand that any investigations may not be as successful in terms of disclosure as they might be. However, I do not want to be associated in any way with the comments made about an investigation that is about to take place. Such comments prejudice the investigation by assuming that the investigator is trying to "protect his friends" or "whitewash" them. It is very easy to criticize public servants here. It is difficult for a public servant to find a champion in Parliament. While I am not trying to take a "dock brief" for any particular person, I think we should be careful in our criticisms of people who cannot defend themselves here. In particular, I think we should avoid prejudging an investigation by accusing the investigator of motives which are quite improper, without any evidence that such is the case. Even if we think we have such evidence, it is an unfair practice.

Senator Phillips: Honourable senators, I did not accuse the investigator of that. I said that there is a basic danger that he would tend to protect his fellow bureaucrats. Even Senator Frith should understand that there is a difference between saying that a danger exists and making an accusation. If he would like to pursue this matter further, I am prepared to do so.

Senator Frith: Honourable senators, there may be a distinction between those two remarks but, as I see it, there is not much difference in their effect. If Senator Phillips is saying that he is not accusing the investigator of either attempting a "whitewash" or trying to protect his friends, I am glad that we have set the record straight. Anyone who reads his earlier comments and comes to an improper inference as to their meaning will read on and will be corrected accordingly, and Senator Phillips can rest assured that people will not misunderstand what he was saying.

Honourable senators, further with regard to supplementary estimates (D), we have already heard a comment that related to the points raised both by Senator Phillips and by Senator Doody.

With respect to the LNG and the Quebec and Maritimes Pipeline items, I have nothing to add except the description that is in the schedule.

I have moved the second reading of this bill, and I recommend it to a favourable response by honourable senators.

Senator Phillips: May I ask the honourable senator a question before the motion is put? I notice, from the remarks of Senator Everett, that Consolidated Computer had been bought by "persons."

Senator Frith: I am sorry, could you repeat that word? They were bought by whom?

Senator Phillips: Senator Everett described them as "persons." I presume that the federal government, as a partner in the sale and in the enormous loss, must be aware of who those persons are. Could the honourable senator tell us who those persons are? In all fairness, I must say that I do not expect him to have the names of those individuals at the tip of his tongue. He usually has most things at the tip of his tongue, but very little from there on up, so I do not expect him to have those names ready. I would ask him to give a commitment to provide this chamber with those names.

Senator Frith: Honourable senators, I will try to provide any information beyond what is already contained in the report of the committee, found in *Debates of the Senate* of December 8, at page 3429.

Motion agreed to and bill read second time.

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

Senator Frith: Honourable senators, it has not been our practice in the past to refer appropriation bills to committee because the estimates on which they are based have already been studied in committee. It has been our practice, on occasion, to give third reading to the bill immediately after second reading. Accordingly, I ask leave to move third reading of this bill now. If honourable senators would rather have third reading tomorrow, they can simply refuse leave. I cannot give any overpowering reason why we should have third reading now, except to get it done.

The Hon. the Speaker: Honourable senators, is leave granted?

Senator Phillips: Let's do it tomorrow.

• (1610)

The Hon. the Speaker: It is moved by the Honourable Senator Frith, seconded by the Honourable Senator Molgat, that this bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

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

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(*See p. 3472*)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

TENTH REPORT OF STANDING JOINT COMMITTEE

WEDNESDAY, December 16, 1981

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its Tenth Report as follows:

(Statutory Instruments No. 15)

1. In relation to its permanent reference, section 26 of the *Statutory Instruments Act*, S.C. 1970-71-72, C. 38 your Committee wishes to draw to the attention of the Houses sections 6(2)(b), 8(a) and 16(2)(b) of the Claims Regulations, C.R.C., c. 683. Despite extensive explanations offered by the Secretary to the Honourable the Treasury Board, your Committee concluded that these provisions were objectionable and so advised the President of the Board. In his reply the President merely advised your Committee's Chairman that further discussions of the provisions would serve no useful purpose. He further stated that the Committee's views would be taken into consideration when the Claims Regulations are reviewed. This does not amount to an undertaking that the objectionable features of the Regulations will be removed now or in the future. Moreover, there is no indication of when the Claims Regulations will be reviewed.

2. Section 6(2)(b) of the Claims Regulations relates to a situation in which a Department becomes aware that an incident has occurred that may give rise to a claim against the Crown for damages and to the Department's investigation of the incident. The Department is obliged by section 6(2)(a) to obtain a full statement of the duties of every officer or servant of the Crown involved in the incident and, where a Crown motor vehicle is involved, detailed information relating to its use and the authority for such use. Section 16(2)(b) applies in the context of damage to public property or the death or injury of a Crown employee in circumstances in which the Crown may have a claim for damages. Both sections 6(2)(b) and 16(2)(b) require of an employee involved in an incident that he state, not facts, but a legal conclusion, namely whether he was or was not acting within the scope of his duties or employment at the time the incident occurred. Your Committee considers this to be unfair and wrong in principle. The Secretary to the Honourable the Treasury Board stated to your Committee that "what is sought is the employee's statement, based on his knowledge of what he was doing when an event occurred, and on his knowledge of why he was doing it". These are factual matters which can be made the subject of factual questions. Your Committee is of the view that sections 6(2)(b) and 16(2)(b) should be amended to reflect the factual questions it is evidently desired should be asked of an employee.

3. Section 8(a) of the Regulations refers to the Deputy Attorney-General being requested to give an opinion on the position the Crown should adopt respecting liability arising out of an incident to which section 6 of the Regulations applies. Paragraph (a) of section 8 appears in the company of paragraphs (b) and (c), to which your Committee takes no objection. The entire section reads as follows:

> 8. As soon as possible after the investigation has been completed, the department concerned shall send a report of the investigation, together with any other relevant material obtained, to the Deputy Attorney General with a request for
>
> (a) his opinion on the position that the Crown should adopt respecting liability;
>
> (b) his opinion as to whether or not
>
> (i) the incident was occasioned by the negligence of an officer or servant of the Crown, and
>
> (ii) the officer or servant of the Crown involved was acting within the scope of his duties or employment at the time the incident occurred; and
>
> (c) his advice as to what steps, if any, should be taken with a view to effecting a settlement.

Your Committee considers the request embodied in paragraph (a) of section 8 to be improper. Your Committee is strongly of the opinion that the Crown should govern itself by the highest possible standard of conduct in litigation. What section 8 should require of the Deputy Attorney General is his opinion as to whether or not the Crown is liable and his advice as to the steps which should be taken with a view to the Crown as litigant, particularly in relation to citizens with limited means. It seems to your Committee right and proper that the Crown should readily admit its liability when it has a legal opinion to that effect. If a satisfactory settlement cannot be reached, any litigation should be confined to the quantum of damages. The implication that flows naturally from section 8(a), that the

Crown might deny liability, even where it has a legal opinion of the Deputy Attorney General that it is liable, or an opinion under section 8(b) leading to that conclusion, is in your Committee's judgment highly objectionable. That the Crown should deny liability in such circumstances, and the Deputy Attorney General advise on such conduct, constitutes an abuse of the relationship of Crown and subject.

Respectfully submitted,

JOHN M. GODFREY,
Joint Chairman.

APPENDIX "B"

(*See p. 3472*)

OFFICIAL LANGUAGES

SECOND REPORT OF SPECIAL JOINT COMMITTEE

December 16, 1981

The Special Joint Committee of the Senate and of the House of Commons on Official Languages has the honour to present its Second Report as follows:

In accordance with its Orders of Reference from the Senate dated Tuesday, May 27, 1980, and Thursday, April 23, 1981, and its Orders of Reference from the House of Commons dated Friday, May 23, 1980, and Thursday, April 23, 1981, your Committee considered the Annual Report of the Commissioner of Official Languages, 1978, the Annual Report of the Commissioner of Official Languages, 1979, and the Annual Report of the Commissioner of Official Languages, 1980.

The First Report

The first report of the Committee was tabled in the Senate and House of Commons on July 9, 1981, following hearings which had begun in October 1980. This report dealt exclusively with issues relating to the provision of federal services in both official languages to members of the public.

Its six recommendations may be summarized as follows: that the Senate and the House of Commons should formulate official languages guidelines and appropriate time-frames for their implementation; that all references to federal bilingual districts should be removed from the *Official Languages Act*; that the Act should include the concepts of "where numbers warrant" and the "active offer of service"; that regulations should be passed under the *Official Languages Act* with regard to locations "where numbers warrant" and locations "where there is significant demand"; that each department and agency should, by March 31, 1982, examine the identification of all positions providing services to the public; and that a Parliamentary Resolution should confirm the December 31, 1983 deadline as being the date beyond which there should no longer be conditional appointments to bilingual positions.

Autumn 1981 Hearings

At its in-camera meeting of October 29, 1981, the Committee decided to examine issues relating to language of work within federal departments, agencies and Crown corporations. It also invited the Public Service Alliance of Canada and the Professional Institute of the Public Service of Canada to appear before it to give their reactions to the first report and their views on language of work. The Committee also decided to hold a second hearing with representatives from the departments of Fisheries and Oceans, Energy, Mines and Resources and the Environment on issues relating to service to the public, the purpose being to evaluate the progress they had made since their previous appearance. At that time, these three departments had been judged to be extremely weak in terms of providing service to the public in both official languages. However, time did not permit us to call the unions of the Post Office, Air Canada, Canadian National and Via Rail to testify about the effect their collective agreements had on the provision of services to the public.

Our meetings began on November 3, with the appearance of the Commissioner of Official Languages. The President of the Treasury Board appeared on November 10, at which time he made public certain changes to the official languages program in the Federal Public Service. We then heard, in order, the following federal departments, agencies and unions:

Employment and Immigration
National Defence
Environment Canada
External Affairs
The Office of the Auditor General
Energy, Mines and Resources
Fisheries and Oceans
Supply and Services—Supply Administration
Public Works
The Public Service Alliance of Canada, and the Professional Institute of the Public Service of Canada
The Public Service Commission
The Bank of Canada and
The Canadian International Development Agency.

We quickly realized the scope and complexity of the language of work issue, especially since applications of its principle is nowhere set out in the *Official Languages Act*. The witnesses heard by our Committee provided us with a number of preliminary findings, which included the following:

—the lack of equitable participation in senior echelons, its effect on language of work, and the need to bilingualize the Public Service from the top and not from the bottom;

—the poor identification of the language requirements of positions; this often results in a situation where an employee entitled to work in his language (because he is in a unilingual position) has, in fact, to work in both languages, while an employee in a bilingual position is often unable to use his second language;

—the low bilingual capability of supervisory positions;

—the very limited use of French by those who have taken training in French as a second language; and

—Francophone representation, which is so low in some departments that they would not even be able to form units working in French.

The Committee is not in a position to make recommendations on language of work issues at this point. We believe that we must continue to hear other witnesses on the subject. Upon the return appearance of certain departments we were able to analyse more closely issues relating to service to the travelling public, the recruitment of Francophone scientists and professionals, scientific publications, concessionaires, contracts with third parties, service contracts and the bilingualism bonus. We expect to continue our study of these questions in order to formulate specific recommendations.

Future Work

In addition to wishing to return to the issues of language of work and language of service, the Committee intends to deal with the third major thrust of the 1973 Parliamentary Resolution—equitable representation. The Committee would also like to analyse federal government official languages activities outside the Public Service. These include the various linguistic and cultural programs of the Department of the Secretary of State, changes to the *Official Languages Act* proposed by the Commissioner, the study of draft bills initiated by Parliament that have been referred to the Committee, and certain other issues relating to official languages.

The Committee would like to continue its work during the next session, given the scope of what remains to be done and the interest in the Committee's work shown by a number of departments and agencies.

Recommendation 1

Your Committee asks to be reconstituted in the new session of Parliament.

Need for the Committee to Travel

The Committee believes that, given the importance and terms of its mandate, it is essential that it go to regions of Canada to help make members of the public aware of their language rights. In addition, as suggested by the Commissioner of Official Languages, the Committee should seriously consider travelling to countries which have official languages policies in order to discuss their legislation with the authorities responsible for their implementation.

Recommendation 2

Your Committee recommends that it be empowered to adjourn from place to place within Canada and abroad, accompanied by the necessary staff, and provided that the estimated expenses for such travel and the locations to be visited are defined in advance.

Appendix

Meetings and Witnesses

Tuesday, October 14, 1980—Issue No. 1

From the Office of the Commissioner of Official Languages:

Mr. M. F. Yalden, Commissioner.

Tuesday, October 21, 1980—Issue No. 2

From the Office of the Commissioner of Official Languages:

Mr. M. F. Yalden, Commissioner;

Mr. S. Beaty, Director, Policy Analysis and Liaison Branch;

Mrs. Christine Sirois, Director, Information Branch.

Tuesday, October 28, 1980—Issue No. 3

From Treasury Board of Canada:

Mr. Jean-Jacques Noreau, Deputy Secretary, Official Languages Branch.

Tuesday, November 4, 1980—Issue No. 4

From Treasury Board of Canada:

Mr. Jean-Jacques Noreau, Deputy Secretary, Official Languages Branch.

Tuesday, February 17, 1981—Issue No. 5

The Honourable Donald Johnston, President, Treasury Board of Canada.

From Treasury Board of Canada:

Mr. Jean-Jacques Noreau, Assistant Secretary, Programs Branch and Former Deputy Secretary, Official Languages Branch.

Tuesday, February 24, 1981—Issue No. 6

From the Public Service Commission of Canada:

Mr. Edgar Gallant, Chairman;

Mr. John Edwards, Commissioner;

Mr. Roger Lapointe, Director General, Language Training Branch;

Mr. A. J. Neilson, Director General, Staffing Branch;

Mr. Florent Tremblay, Assistant Director General, Official Languages Directorate.

Tuesday, March 3, 1981—Issue No. 7

From the Department of the Secretary of State:

Mrs. Huguette Labelle, Under-Secretary of State;

Mr. Philippe LeQuellec, Assistant Under-Secretary of State, Translation Bureau;

Mr. Roch Blais, Director, Special Operations Branch.

Tuesday, March 10, 1981—Issue No. 8

From the Public Service Commission of Canada:

Mr. Edgar Gallant, Chairman;

Mr. John Edwards, Commissioner;

Mr. Roger Lapointe, Director General, Language Training Branch;

Mr. A. J. Nielson, Director General of the Staffing Branch;
Mr. Guy Plastre, Director of Communications (Official Languages);
Mr. Florent Tremblay, Assistant Director General of Staffing (Official Languages) Staffing Branch.

Tuesday, March 17, 1981—Issue No. 9

From "La Fédération des francophones hors Québec Inc.":
Mr. Florent Bilodeau, Vice-President;
Mr. Donald R. Cyr, Director General;
Mr. Jean-Bernard Lafontaine, Secretary General.

Tuesday, March 24, 1981—Issue No. 10

From the Council of Quebec Minorities:
Ms. Anne Usher, Vice-President;
Mr. Geoffrey Chambers, Executive Director;
Mr. Royal Orr, Director, English-Speaking Townshippers' Association.

Tuesday, March 31, 1981—Issue No. 11

The Honourable Jean Marchand, P.C., Speaker of the Senate.

From the Senate of Canada:
Mr. Robert Fortier, Clerk of the Senate;
Mr. Flavien Belzile, Director of Committees and Private Legislation Branch.

Tuesday, April 7, 1981—Issue No. 12

From the Department of National Health and Welfare:
Mr. J. L. Fry, Deputy Minister;
Mr. H. P. Hansen, Director General, Personnel Administration Branch;
Mrs. D. Dufresne, Director, Official Languages Program.

From Employment and Immigration Canada:
Mr. M. A. J. Lafontaine, Vice-Chairman and Associate Deputy Minister;
Mr. P. Johnston, Director, Official Languages.

From the Office of the Commissioner of Official Languages:
Mr. M. F. Yalden, Commissioner of Official Languages.

Tuesday, April 14, 1981—Issue No. 13

From the Department of Consumer and Corporate Affairs:
Mr. George Post, Deputy Minister;
Mrs. Kathleen Francœur Hendriks, Assistant Deputy Minister, Bureau of Consumer Affairs;
Mr. Jean-Marc Labelle, Chief, Official Languages Division.

From Revenue Canada, Taxation:
Mr. Bruce A. MacDonald, Deputy Minister;
Mr. R. C. Blackwell, Assistant Deputy Minister, Management Services;
Mr. A. Gagné, Director, Employee and Organization Development;
Mr. R. Doré, Director, Ottawa District Office.

From the Office of the Commissioner of Official Languages:
Mr. M. F. Yalden, Commissioner of Official Languages.

Tuesday, May 19, 1981—Issue No. 14

From the Office of the Commissioner of Official Languages:
Mr. M. F. Yalden, Commissioner;
Mr. Gilles Lalande, Deputy Commissioner.

Thursday, May 21, 1981—Issue No. 15

From the Department of Environment (Parks Canada):
Mr. J. B. Seaborn, Deputy Minister;
Mr. G. Yeates, Director General—Program Management/Parks Canada.

From Canada Post:
Mr. J. C. Corkery, Deputy Postmaster General;
Mr. René Marion, Operations Manager, Personnel Systems Branch.

From the Office of the Commissioner of Official Languages:
Mr. M. F. Yalden, Commissioner.

Tuesday, May 26, 1981—Issue No. 16

From VIA Rail Canada Inc.:
Mr. J. Frank Roberts, Chairman and President;
Mr. G. Fortin, Q.C., Vice-President and Secretary of the Corporation.

From Canadian National Railways:
Dr. R. A. Bandeen, President and Chief Executive Officer;
Mr. S. T. Cooke, Vice-President, Labour Relations;
Mr. Y. H. Masse, Vice-President, St. Lawrence Region;
Mr. J. K. Culkin, Special Assistant to the Corporate Vice-President.

From the Office of the Commissioner of Official Languages:
Mr. M. F. Yalden, Commissioner.

Tuesday, June 2, 1981—Issue No. 17

From Fisheries and Oceans:
Mr. Donald D. Tansley, Deputy Minister;
Dr. A. W. May, Assistant Deputy Minister, Atlantic Fisheries Services.

From Statistics Canada:
Mr. Martin Wilk, Chief Statistician of Canada;
Mr. G. R. Labossière, Assistant Chief Statistician, Corporate Management;
Mr. I. P. Fellegi, Assistant Chief Statistician, Social Statistics;
Mr. R. Laframboise, Director General, Personnel Administration;
Mr. R. G. Vaillancourt, Director, Official Languages Division.

From the Office of the Commissioner of Official Languages:
Mr. M. F. Yalden, Commissioner.

Thursday, June 4, 1981—Issue No. 18

From Air Canada:
Mr. Claude I. Taylor, President and Chief Executive Officer;
Mr. P. J. Jeanniot, Executive Vice President and Chief of Airline Operations;
Mr. J. E. Whitelaw, Senior Vice President, Corporate and Human Relations;
Mr. J. J. Bourgeault, Senior Director, Labour Relations;
Mr. J. M. McAuslane, Director, Corporate Language Development.

From the Office of the Commissioner of Official Languages:
Mr. Gilles Lalande, Deputy Commissioner.

Tuesday, June 9, 1981—Issue No. 19

From the Royal Canadian Mounted Police:
Mr. R. H. Simmonds, Commissioner;
Mr. D. G. Cobb, Chief Superintendent, Director of Official Languages.

From Revenue Canada, Customs and Excise:
Mr. A. E. Morin, Assistant Deputy Minister, Field Operations;
Mr. Robert Bertrand, Director, Official Languages Division;
Mr. R. K. Cox, Director-General, Personnel and Administration Branch.

From the Office of the Commissioner of Official Languages:
Mr. Gilles Lalande, Deputy Commissioner.

Thursday, June 11, 1981—Issue No. 20

From the House of Commons:
Dr. C. B. Koester, Clerk of the House;
Mr. A. Silverman, Administrator,
Dr. R. C. Blain, Director General, Human Resources Directorate.

From the Office of the Commissioner of Official Languages:
Mr. Gilles Lalande, Deputy Commissioner.

Tuesday, June 16, 1981—Issue No. 21

From the Department of Transport:
Mr. Arthur Kroeger, Deputy Minister;
Mr. Richard St. John, Deputy Administrator, Canadian Air Transportation Administration;
Ms. Judith Bergin, Director, Personnel Planning and Programs.

From the Department of Energy, Mines and Resources:
Dr. A. E. Collin, Assistant Deputy Minister;
Mr. Pierre R. Carrière, Coordinator—Official Languages;
Mr. Donald Hanright, Director-General of Communications.

From the Office of the Commissioner of Official Languages:
Mr. Gilles Lalande, Deputy Commissioner.

Tuesday, November 3, 1981—Issue No. 23

From the Office of the Commissioner of Official Languages:
Mr. M. F. Yalden, Commissioner;
Mr. Gilles Lalande, Deputy Commissioner.

Tuesday, November 10, 1981—Issue No. 24

The Honourable Donald Johnston, President, Treasury Board.

From Treasury Board of Canada:
Mr. Edwin Aquilina, Deputy Secretary, Official Languages Branch.

From the Office of the Commissioner of Official Languages:
Mr. M. F. Yalden, Commissioner.

Tuesday, November 17, 1981—Issue No. 25

From the Department of Employment and Immigration:
Mr. J. D. Love, Deputy Minister and Chairman;
Mr. D. J. Lindley, Executive Director, Personnel.

From the Department of National Defence:
Mr. C. R. Nixon, Deputy Minister;
Lieutenant-General G. C. E. Thériault, Vice Chief of the Defence Staff;
Lieutenant-General H. A. Carswell, Assistant Deputy Minister (Personnel);
Mr. G. A. Sullivan, Director General, Official Languages.

From the Office of the Commissioner of Official Languages:
Mr. Gilles Lalande, Deputy Commissioner.

Thursday, November 19, 1981—Issue No. 26

From the Department of the Environment:
Mr. J. B. Seaborn, Deputy Minister;
Mr. J. P. Bruce, Assistant Deputy Minister, Atmospheric Environment Service;
Mr. G. A. Yeates, Director General, Program Management, Parks Canada;
Mr. F. Pagé, Director General, Information Directorate;
Mr. R. Laprade, Director, Official Languages Branch.

From the Department of National Defence:
Mr. C. R. Nixon, Deputy Minister;
Lieutenant-General G. C. E. Thériault, Vice Chief of the Defence Staff;
Chief MGen. J. E. Vance, Chief Personnel, Careers and Senior Appointments;
Mr. G. A. Sullivan, Director General, Official Languages.

From the Office of the Commissioner of Official Languages:
Mr. Gilles Lalande, Deputy Commissioner.

Tuesday, November 24, 1981—Issue No. 27

From the Department of External Affairs:
Mr. de Montigny Marchand, Associate Under-Secretary of State;
Mr. Jacques Gignac, Deputy Under-Secretary of State;
Mr. Léo Boudreau, Acting Director of Official Languages.

From the Office of the Auditor General:
Mr. Kenneth M. Dye, Auditor General of Canada;
Mr. Yvan Gaudette, Assistant Auditor General;
Mr. Normand Bourdeau, Director of Official Languages.

From the Office of the Commissioner of Official Languages:
Mr. M. F. Yalden, Commissioner.

Thursday, November 26, 1981—Issue No. 28

From the Department of Energy, Mines and Resources:
Mr. M. A. Cohen, Deputy Minister;
Mrs. Irene Johnson, Assistant Deputy Minister;
Mr. Donald Hanright, Director General of Communications;
Mr. Pierre Carrière, Coordinator—Official Languages.

From the Department of Fisheries and Oceans:
Mr. Donald D. Tansley, Deputy Minister;
Dr. A. W. May, Assistant Deputy Minister—Atlantic Fisheries Service;
Mr. Jean Chandonnet, Director of Personnel;
Mr. Jean Haché, Assistant Director-General, Gulf Region.

From the Office of the Commissioner of Official Languages:
Mr. Gilles Lalande, Deputy Commissioner.

Tuesday, December 1, 1981—Issue No. 29

From the Department of Supply and Services—Supply Administration:
Mr. G. R. D'Avignon, Deputy Minister, Supply Administration;
Mr. A. W. Allan, Assistant Deputy Minister, Science and Engineering Procurement;
Mr. G. A. Berger, Assistant Deputy Minister, Commercial Supply;
Mr. M. Caron, Director General, Personnel Sector.

From the Department of Public Works:
Mr. J. A. H. Mackay, Deputy Minister;
Mr. G. Desbarats, Assistant Deputy Minister, Design and Construction;
Mr. D. McFarland, Regional Director-General, National Capital Region.

From the Office of the Commissioner of Official Languages:
Mr. M. F. Yalden, Commissioner;
Mr. Gilles Lalande, Deputy Commissioner.

Thursday, December 3, 1981—Issue No. 30

From the Public Service Alliance of Canada:
Mr. R. Perron, Staff Officer.

From the Professional Institute of the Public Service of Canada:
Mr. J. E. Donegani, President;
Mr. Denis Cardinal, Employment Relations Officer;
Mr. E. Spencer, Planning and Development Officer.

From the Office of the Commissioner of Official Languages:
Mr. G. Lalande, Deputy Commissioner.

Tuesday, December 8, 1981—Issue No. 31

From the Public Service Commission of Canada:
Mr. E. Gallant, Chairman;
Mr. J. Edwards, Commissioner;
Mr. R. Lapointe, Director general, Language Training Branch;
Mr. A. J. Neilson, Director general, Staffing Branch;
Mr. F. Tremblay, Assistant Director General, Official Languages Directorate;
Mr. J. Ranger, Director general, Senior Executive Programs Branch.

From the Office of the Commissioner of Official Languages:
Mr. M. F. Yalden, Commissioner.

Tuesday, December 15, 1981—Issue No. 32

From the Bank of Canada:
Mr. Gerald K. Bouey, Governor;
Mr. John Crow, Deputy Governor and member of the Bank's Advisory Committee on Bilingualism;
Mr. Serge Vachon, Adviser and member of the Bank's Advisory Committee on Bilingualism;
Mr. Roy Flett, Chief, Personnel Administration;
Mr. Martin Samuels, Adviser on Bilingualism, Personnel Administration.

From the Canadian International Development Agency:
Mr. Marcel Massé, President;
Mr. Charles Bassett, Director general, Personnel and Administration Branch;
Mr. André Plouffe, Director, Official Languages.

From the Office of the Commissioner of Official Languages:
Mr. M. F. Yalden, Commissioner.

Respectfully submitted,

LOWELL MURRAY,
Joint Chairman.

APPENDIX "C"

(*See p. 3482*)

FEDERAL-PROVINCIAL CONFERENCES OF MINISTERS RESPONSIBLE FOR CORRECTIONS, CRIMINAL JUSTICE, LAW ENFORCEMENT, AND OF ATTORNEYS GENERAL

COMMUNIQUÉ

December 9, 1981

At a meeting of federal, provincial and territorial ministers responsible for criminal justice held in Ottawa on December 7, 8 and 9, 1981, the following were the principal items discussed.

CONFERENCE OF MINISTERS RESPONSIBLE FOR CORRECTIONS

Accommodation for Female Offenders

Agreements make it possible to transfer most federal female offenders to their province of origin, so that they do not have to be held in the Prison for Women in Kingston, the only federal facility for women. Recognizing that such transfers will not be possible or desirable in all cases, provincial ministers supported the Solicitor General of Canada's proposal that the Federal Government continue to maintain a capacity for the incarceration of female offenders.

Exchange of Services Agreements

These agreements, which permit the transfer of inmates between federal and provincial jurisdictions, already exist with all but two provinces.

Ministers endorsed the goal that new agreements be negotiated with all provinces and territories. Although most transfers are made to provide inmates with greater program opportunities or better access to their families, they will also now be possible for other reasons such as overcrowding and/or security.

Section 16(1) of the Penitentiary Act

Some dissatisfaction was expressed by the provinces over fiscal responsibility for federal offenders kept in provincial institutions during their appeal submission period. The Solicitor General of Canada agreed to consider an amendment to transfer offenders as soon as they decide not to appeal or on exercise of their right of appeal provided they are informed of the consequences of making an early decision.

CONFERENCE OF MINISTERS RESPONSIBLE FOR CRIMINAL JUSTICE

Canadian Centre for Justice Statistics

The Centre was established as a partnership between the two levels of government in recognition of their respective responsibilities in the administration of Justice in Canada. It is expected to facilitate the collection and dissemination of information on law enforcement, correctional services, criminal and civil courts, administrative tribunals, juvenile services and legal aid.

The Centre will provide information to governments and the public on crime rates, regional and national crime trends, governments' initiatives to deal with crime, and overall operations of the justice system.

Victims of Crime

The Ministers recognized the needs of victims of crime, whether these needs result directly from the criminal act itself, or from the victims' encounter with the criminal justice system. In recognition of the very real problems victims experience, Ministers agreed to intensify their present efforts by taking immediate steps to stimulate and improve information and support services. One of the proposals discussed was that the concept of a financial penalty as part of the sentencing process be imposed to be paid by a convicted person to create a fund earmarked for victim compensation programs be considered. The Ministers requested their officials to come forward within one year with specific proposals for further action which both levels of government can take to more effectively assist victims of crime.

Legislation on Sexual Offences (C-53)

Provincial Ministers expressed their support for the general thrust of the Bill tabled in the House of Commons by the Minister of Justice which removes the stigma attached to the offence of rape. Provinces put forward a number of constructive and positive suggestions particularly in regard to the definition of offences and terms, the general lowering of maximum penalties for sexual offences as compared to penalties for other Criminal Code offences and with certain evidentiary and procedural provisions. The Federal Government agreed to give serious consideration to provincial suggestions and bring them to the attention of the Justice and Legal Affairs Committee when it studies the Bill.

Provincial concerns were expressed regarding the implications of the recent Supreme Court decision in the *Galjot* case on the question of what constitutes soliciting for the purpose of prostitution and the associated problems of law enforcement. It was agreed that Minister of Justice re-examine possible amendments to the Criminal Code, and that Provincial Ministers re-examine in the light of recent court decisions the use of provincial legislation.

Legislation on Access to Information Act, the Privacy Act (C-43)

The Honourable Francis Fox was invited to join the Ministers for this item. Many representations have been made by the Provinces since the introduction of the Bill in the House of Commons.

During this meeting, the Provinces urged the federal government to postpone further action on Bill C-43 pending further consultations on many provincial concerns including the inadequate protection regarding the disclosure of sensitive law enforcement and other information, and on whether the ultimate authority respecting disclosure should reside with Cabinet or the Courts.

Proposed Young Offenders Legislation (C-61)

Ministers reviewed the status of Bill C-61, which has been referred to the Standing Committee on Justice and Legal Affairs. Three major points attracted the attention of Ministers in relation to the proposed legislation, namely the issue of a uniform maximum age, the minimum age for young offenders across Canada and the financial implications of the new legislation.

The Solicitor General of Canada indicated that the federal government was studying the implications of the Charter of Rights with respect to the provisions in the Bill allowing provinces the option to have designated a maximum age of under 16 or 17.

Provincial ministers urged the federal government to expedite the study of the financial implications of the new legislation so that the issue of cost-sharing could be resolved at the earliest possible date.

Cannabis

The Attorney General of Canada indicated that cannabis legislation is still a priority of the federal government. In stating the federal position, the Minister of Justice reconfirmed that it has never been the intention of the Government to legalize possession of marijuana but to reduce the current harsh penalties for simple possession to a more realistic level. Further, he reconfirmed that the offences of trafficking, and importations of illicit drugs will continue to be serious criminal offences and will be vigorously prosecuted.

Provincial ministers and the federal government share the same basic concerns and both levels emphasized the need for an information campaign to make Canadians aware of the dangers to health from cannabis use and of the serious consequences of a criminal conviction.

The federal initiatives include:

—a continued commitment to discouraging the use of cannabis and other drugs;

—an accelerated information program focussing on the adverse effects of drug use;

—adjusting the penalties and penal consequences for the offence of simple possesion of cannabis to reduce the adverse effects and disproportionality of the current law while maintaining serious penalties for serious offences;

—increased efforts by the federal government with the help of the provinces in the general area of law enforcement particularly in the areas of importing and trafficking hard drugs.

Provinces expressed concern with the need to reform the legislation dealing with criminal records. Concerns were expressed that a reduction in penalties would lead to a perception that cannabis use is not harmful, and result in increased consumption. It was agreed that further discussion with provinces would be desirable to identify the implications of any proposed changes to the legislation and to work closely in the implementation of appropriate information program.

Bodily Substance Tests in Impaired Driving Cases

Ministers expressed their continuing concern over the loss of life and the millions of dollars of property damage caused by drinking drivers. Two shortcomings in the present breathalizer legislation were noted; first, that the breathalizer test does not have application with respect to drugs other than alcohol; and second that the breathalizer test is not available where a driver is unconscious or otherwise medically unable to be tested. It was agreed by the Ministers that the interprovincial committee established at the Provincial Attorneys General Conference at St. John's in October to review the need for improved legislation should work with the Law Reform Commission of Canada in its Criminal Code Review project which is studying the criminal law aspects of the problem.

The Ministers have asked that the civil liberties aspects of any proposed legislation be considered in examining the desirability of improved traffic safety laws.

CONFERENCE OF ATTORNEYS GENERAL
Enforcement of Maintenance and Custody Orders

Ministers considered the federal-provincial Committee Report on Enforcement of Maintenance and Custody Orders which examined problems flowing from marriage breakdown particularly where separated couples moved from one province to another. The increased case of mobility creates problems for dependents seeking to locate family members in order to initiate enforcement proceedings.

Federal-Provincial Ministers requested their officials to develop recommendations to improve the enforcement of maintenance and custody orders within a province and between provinces.

Child Abduction

Canada signed the Convention on the Civil Aspects of International Child Abduction on October 25, 1981. Ministers recognized that the abduction of children by a parent is a growing social and legal problem in Canada, and that the convention provides an effective mechanism to enhance the civil remedies available in international abduction cases.

The proposed Bill C-53 creates a new criminal offence directed at the wrongful conduct of a parent or other persons

who abduct a child. Ministers asked that the consent of the Provincial Attorney General would be required for prosecution in such cases thus obviating any concern that criminal recourse might be abused in family disputes.

CONFERENCE ON LAW ENFORCEMENT
McDonald Commission's Recommendations

Ministers discussed the recommendations of the McDonald Commission dealing with national security issues. Views were exchanged on the federal government's decision to establish a new civilian security intelligence agency, separate from the RCMP, based on federal responsibility for national security. It was agreed that provincial views on the establishment of the new agency would be considered by the Federal Government.

It was agreed that the federal Deputy Solicitor General, the Director General Designate of the new Canadian security-intelligence agency and other federal officials would meet with senior provincial officials in the near future to exchange views on issues relating to the establishment of the new security agency.

Ministers also examined the interpretation of the law concerning conduct by police officers discussed in the McDonald Report. Ministers jointly agreed that unless police conduct was prohibited either at common law or by legislation it was not unlawful, and in proper circumstances such conduct not specifically authorized by law may be necessary and appropriate.

Ministers further agreed to refer to the Continuing Committee of Deputy Ministers important issues relating to police powers and police accountability that were addressed in the McDonald Report.

Bill C-69 Amendments to the R.C.M.P. Act

Ministers discussed the federal government's Bill C-69, An Act to amend the Royal Canadian Mounted Police Act, which was introduced for first reading on June 22, 1981. In particular, Ministers examined the provisions relating to the establishment of an independent Public Complaints Commission which will be empowered to initiate and review public complaints of misconduct against RCMP members. Also considered were such important issues as the representation by provincial contracting provinces on the Commission, the appointment of members, and the procedural conduct of the hearings.

The Solicitor General of Canada acknowledged the helpful and important comments made by the Provincial Ministers and agreed to consider their suggestions for amendments to the Bill at Committee stage.

IN ATTENDANCE

Hon. Jean Chrétien
Minister of Justice and Attorney General of Canada
Hon. Robert Kaplan
Solicitor General of Canada
Hon. Roy McMurtry, Q.C.
Attorney General (Ontario)
Hon. Nicholas G. Leluk
Minister of Correctional Services (Ontario)
Hon. Gordon Walker, Q.C.
Provincial Secretary for Justice (Ontario)
Hon. Norman Sterling
Minister without portfolio (Ontario)
Hon. Roland Penner, Q.C.
Attorney General (Manitoba)
Mr. Richard Gosse, Q.C.
Deputy Attorney General (Saskatchewan)
Hon. Graham L. Harle, Q.C.
Solicitor General (Alberta)
Mr. Ross Paisley, Q.C.
Deputy Attorney General (Alberta)
Hon. Allan Williams, Q.C.
Attorney General (British Columbia)
Hon. Rodman E. Logan, Q.C.
Attorney General and Minister of Justice (New Brunswick)
Hon. Harry W. How, Q.C.
Attorney General (Nova Scotia)
Hon. George R. McMahon, Q.C.
Minister of Justice and Attorney General (P.E.I.)
Hon. Gerald R. Ottenheimer, Q.C.
Minister of Justice and Attorney General (Newfoundland)
Mr. Padraig O'Donoghue, Q.C.
Deputy Minister of Justice (Yukon)
Hon. George Braden
Minister of Justice and Public Services (Northwest Territories)
Hon. Arnold McCallum
Minister of Health & Social Services (Northwest Territories)

THE SENATE

Thursday, December 17, 1981

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

Prayers.

[*Translation*]

THE HONOURABLE ALLISTER GROSART, P.C.
THE HONOURABLE KEITH LAIRD

TRIBUTES ON RESIGNATION FROM SENATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, later we shall have a few words to say about Senator Laird, but meanwhile, I shall, if I may, speak to you about Senator Grosart, who last Sunday ceased to be a member of this house when he reached retirement age. He is the second senator to retire within a relatively short time since Senator Connolly left us.

[*English*]

Honourable senators, never in all my years in this place has there been another senator from either side of the chamber who has been more conscientious about his or her senatorial responsibilities than Allister Grosart.

Hon. Senators: Hear, hear.

Senator Flynn: His contribution to the work of the Senate is one of which he and his loved ones can be justifiably proud. He put in more hours and expended more energy in trying to improve defective Liberal legislation than anyone short of a masochist would care to do. I must explain that when I speak of Liberal legislation, it is because Senator Grosart came here late in 1962 and, consequently, did not have much time to deal with Conservative legislation. When the Thirty-first Parliament opened in 1979, Allister had been appointed Speaker, and thus had no chance to deal with the few pieces of legislation that were involved, so it was only normal that he should try to improve defective Liberal legislation.

● (1405)

Senator Frith: He was still dealing with defective Liberals.

Senator Flynn: That is another matter. It would require a longer speech to enumerate all of them.

Senator Grosart was equally active in committees. It was he who blew the whistle on the fakery being practised by the government in its use of $1 items in the estimates. There was a lot of gnashing of teeth over that. It was Allister who started a crusade in the early 1970s against the abuses he found in some regulations pertaining to legislation. He found that many of the regulations did not at all reflect the spirit of the laws that gave birth to them. He complained that we were being governed by bureaucrats who were arrogating to themselves powers they should never have.

Well, he stirred up such a fuss that Eugene Forsey developed an interest in the matter. Together these retiring young fellows went to work and their efforts gave birth to a joint committee of Parliament which has been instrumental, if not in eradicating the problem then, at least, in warning people of its existence and its dangers.

And though men of letters and men of laws are not usually much interested in science, here again Allister's ever-active mind makes him the exception. Who will ever forget the yeoman's job he did on the Science Policy Committee? The work he did on that committee's report was unbelievable. You could actually understand what the scientists were saying. It has often been suggested that the only men with anything to say are men of science, but they can't say it. Well, Allister and Senator Maurice Lamontagne helped the scientists out, and we all stand to benefit from their effort.

The work he has done in foreign affairs is well known to us all. His leadership made the Canadian Branch of the Commonwealth Parliamentary Association one of the most active and respected arms of that organization. The keen interest he took in the work of the Foreign Affairs Committee demonstrated also his interest in what went on elsewhere in the world. Allister never missed a meeting of that committee if there was any possibility at all of his being present. His work was appreciated by everyone because he was so thorough in everything he did. No mound of documents ever discouraged him; he waded through everything.

He also had an abiding interest in the functioning of the Senate. His orderly mind led him, at times, to be critical of the haphazard way in which we did things in this place. He believed in rules, and wanted them followed strictly. That is why he so frequently became embroiled in procedural wrangles.

But we all loved him, anyway. He was our conscience. He wanted things done properly. When the time came to choose a Speaker during the happy days when this country was directed by a competent federal government—and there have been very few of them—Allister was the automatic choice. He loved the job and did it well. My only regret is that we were not able to keep him in that position right up to his retirement. He more than deserved to end his days in the Senate performing that function.

For many years, Allister was my deputy, and he was just as reliable in that position as he was in any other he ever accepted. I could always count on him for wise counsel and a helpful and enlightening speech. He did his homework well. He paid more attention to detail than I ever did, and, so, we ended up complementing one another's efforts. I could usually

speak on the principle of a bill and wax philosophical—"philosophical" is the word in my text and it may not be quite appropriate—and Allister would then take the legislation apart piece by piece at committee stage or at third reading.

For his selfless dedication, for his unstinting efforts, for his vision and courage, we shall long be indebted to Allister Grosart. For his friendship and his faithful support, I am personally indebted to this uncommon man.

To him and his wife, Thelma, I wish a long, happy and healthy retirement.

Hon. Senators: Hear, hear.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, with a very great deal of pleasure, I rise to commend Senator Flynn for a most eloquent tribute to a very deserving former senator, Allister Grosart.

There is little left to say, but, I think, Senator Flynn neglected to mention the significant role that Senator Grosart played in the political party process in this country. He is a former director of the Progressive Conservative Party. Liberals recall vividly and I think the Liberals will long remember the campaign of 1958 which he headed. It is an experience seared on the minds of Liberals who recall those days wherever they may be in this country.

Senator Flynn: Also the campaign of 1957.

Senator Perrault: My remarks apply also to the campaign of 1957, as Senator Flynn reminds me. People like Senator Grosart and their worth to the parliamentary and political systems cannot be over-estimated, and those in all parties respect them for the contributions that they make.

One cannot imagine a worse situation in Canada than to have a one-party state. The idea of a tough, resilient and vigorous multi-party system, and an effective opposition whether Conservative, Liberal or anything else, is a good one. Those like Senator Grosart, who help to keep our parliamentary system viable and alive are to be commended.

Allister Grosart has always had a very great respect for the parliamentary system, and for the rules and traditions of Parliament. At times he has driven us to distraction with his interpretation of the rules, but he has always done so in the spirit of improving the parliamentary system, and he has done an effective and excellent job in that capacity. In addition to his many other talents and achievements, he has been a very useful gadfly on the body politic.

Another honourable senator, Senator Laird, will retire on January 12 next. Both he and Senator Grosart are great people and great Canadians.

Hon. Senators: Hear, hear.

Senator Perrault: Senator Grosart retired last Sunday, December 13, and Senator Laird will be retiring on January 12. They have both had long and distinguished careers in the Senate and also long and distinguished service to their parties and to this nation.

I remember years ago the Honourable James Sinclair, a great parliamentarian in this country at one time, who was defeated in 1958 in that Allister Grosart-engineered campaign, used to say that the most valuable service anyone in public life can perform is to afflict the comfortable and to comfort the afflicted. Both Senator Laird and Senator Grosart—one serving in the Liberal Party and one in the Conservative Party—have "comforted" many people in this country in attempting to solve some of the problems which have afflicted them; and they have advanced those measures which have afflicted and made "less comfortable" those who were not carrying their fair burden in society.

● (1410)

Senator Grosart, who is internationally known as a parliamentarian, served here, as all of us know and as Senator Flynn has stated, in a number of capacities. He served as Deputy Leader of the Government, Deputy Leader of the Opposition, as Deputy Chairman of the Standing Senate Committee on Foreign Affairs and, of course, as Speaker. He distinguished himself in all of those roles. His contributions to our debates were frequent, and his parliamentary expertise will be missed.

His training at the University of Toronto in political science and law has given him a great foundation for his work on behalf of Canada, both domestically and internationally.

It should be noted that Senator Grosart's political gifts have been passed down to his daughter, Geraldene, and, speaking as a senator from British Columbia, I am pleased to note that members of the Grosart family are now active in politics in my home province. I do not know what that event portends for the future of my party there, but his daughter, Geraldene, deserves congratulations for being elected recently as an alderwoman in Kimberley, British Columbia. Apparently, she was elected with a satisfactory majority, so some of us suspect that there were consultations with her father during the course of her successful campaign.

Senator Flynn: There are very enlightened people in British Columbia.

Senator Perrault: Yes, in many parties. That is a good choice of words. Perhaps we will see her in this chamber or in the other place some day carrying on the Grosart tradition.

Senator Laird has also served the Senate in invaluable ways. Both senators we are honouring today have distinguished war records, in addition to their service in Parliament and to their communities. Senator Laird rendered special service as an outstanding Chairman of the Standing Committee on Internal Economy, Budgets and Administration. During the course of his parliamentary career, Senator Laird shared with us his expertise as an attorney and businessman, particularly in matters regarding taxation. As honourable senators are aware, he has written a number of works on that subject. His views have always been of special value in discussions relating to budgetary and financial matters. We have always been able to draw on his expertise in those areas.

Senator Laird was educated at the University of Western Ontario and at Osgoode Hall. He obtained an excellent background in international studies in Geneva. We are going to

miss him greatly, not the least of his qualities being his great sense of humour and his sense of perspective. Indeed, I think it can be said of both honourable senators that they possess a sense of humour, which is absolutely necessary for political survival, whatever one's party.

On behalf of the government, I should like to extend to Senator Laird and Senator Grosart, and their families, our best wishes on their retirement. I hope that they will come back and visit us often. It is not easy to replace close to 35 years of parliamentary expertise, and we thank them for all that they have done for Canada, for Parliament and for our political system.

Hon. senators: Hear, hear.

Senator Flynn: Honourable senators, I should like to say a few words about Keith Laird, as well as about Senator Grosart. Senator Laird is a quiet, unassuming, reflective man, not given to long, unnecessary speeches like mine.

Senator Perrault: Right on!

Senator Flynn: Mine are necessary, but useless. He can always be relied upon for a balanced, well-presented view on any issue. He is a pleasant, friendly fellow who does painstaking work and is always eager to please, so much so that he started a speech on October 23, 1974 by saying of an amendment to the Immigration Act:

> Honourable senators, Bill S-12 is a rather simple bill. In fact, it is so simple even I can understand it.

This "simple bill" has remained as a trademark of Senator Laird. I do not think the good senator ever got over all the debate and controversy that bill caused. We on this side thought it was horried, and some honourable senators on the other side did not think much of it, either. For several weeks, and through many long speeches and some loud and angry committee sittings, Senator Laird had to defend that "simple bill" of his. He was equal to the task, but I do not really believe that he much enjoyed being in the eye of the storm. He is a kind, placid man, one who probably would have preferred to avoid such a mess.

● (1415)

That is what I believe will be most remembered about Keith Laird—his willingness to work, but always in a spirit of co-operation, of peace and of a search for truth. He will be missed, particularly in the Banking, Trade and Commerce Committee. I am quite sure that Senator Hayden would agree with me on that. I repeat, he will be missed, and we extend to him our best wishes for a long and active retirement.

SMALL BUSINESSES LOANS ACT

BILL TO AMEND (NO. 2)—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-84, to amend the Small Businesses Loans Act (No. 2).

Bill read first time.

[Senator Perrault.]

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

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 44(1)(f), that this bill be read the second time later this day.

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

Hon. Senators: Agreed.

Motion agreed to.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

> Report on the administration of Part I of the *Royal Canadian Mounted Police Superannuation Act* for the fiscal year ended March 31, 1981, pursuant to section 26 of the said Act, Chapter R-11, R.S.C., 1970.
>
> Memorandum of Agreement between the Government of Canada and the Municipality of Montague in the Province of Prince Edward Island, dated November 23, 1981, pursuant to section 20(3) of the *Royal Canadian Mounted Police Act,* Chapter R-9, R.S.C., 1970.

CANADA OIL AND GAS BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Thursday, December 17, 1981

The Standing Senate Committee on Banking, Trade and Commerce to which was referred the Bill C-48, intituled: "An Act to regulate oil and gas interests in Canada and to amend the Oil and Gas Production and Conservation Act", has, in obedience to the order of reference of Tuesday, December 15, 1981, examined the said Bill and now reports the same without amendment but with the following comments:

In accordance with the Order of Reference, your Committee has considered Bill C-48. In particular, the Committee has considered the conclusions of the Committee contained in its Report of the subject-matter of Bill C-48, which conclusions were stated before the Senate by the Chairman of the Committee on December 15, 1981. The conclusions of the Committee were as follows:

1) That clause 28 be amended to read as follows:

"28. No Crown share is reserved out of

(a) a former lease under which oil and gas was first produced, other than for test purposes, on or before December 9, 1980 or in respect of any interest that succeeds any such former lease, or

(b) a former lease or former permit on which the drilling of a well was commenced prior to December 9, 1980 and such well subsequently becomes a significant discovery."

2) That Sub-clause 5(2) be amended to read as follows:

"Subject to Sub-section (7), the Governor in Council may, by order, for any purposes and under any conditions set out in the order, withdraw from the application of this Act such Canada lands as are specified in the order."

3) That the NEP and the energy pricing Agreements with the producing Provinces be reconsidered in order to provide for adequate development in the western sedimentary basin to provide Canada with sufficient oil and gas pending sustained production in the Canada lands and in particular to provide for the upgrading of heavy oil and the development of the tar sands and the tertiary recovery process and that the federal government and the producing provinces proceed with their agreements to improve the economic viability of low productivity wells.

• (1420)

The Honourable Marc Lalonde, Minister of Energy, Mines and Resources appeared before the Committee and undertook as follows:

With respect to subclause 5(2) The Minister gave a commitment to the Committee that no transfer of Canada lands will take place until the Bill was passed. The Committee was satisfied that this commitment, together with language of subclause 5(8) would adequately protect aboriginal rights.

With respect to the National Energy Program and the Energy Pricing Agreements with the producing provinces, The Minister advised the Committee that it could expect developments in the near future with respect to the upgrading of heavy oil, developments of the tar sands, development of Cold Lake and low productivity wells.

With respect to clause 28, The Minister has made the following undertaking:

"I am writing to confirm the undertaking I made earlier today before your Committee with respect to the fiscal regime applicable to the Canada Lands. I believe there is agreement that the Canada Lands have the potential to make an important contribution to Canada's energy future. Within the limits imposed by the need to ensure that the pace of oil and gas development is consistent with the local social and economic requirements and with Canada's energy needs, it would be desirable to have increased exploration activity in the Canada Lands. I believe the price and fiscal regime we have set out will ensure that this occurs. I would like to confirm, however, that I will monitor the situation closely, and if it appears that the fiscal regime is not having the intended effect, I will be prepared to make the appropriate alterations."

Respectfully submitted,

SALTER A. HAYDEN
Chairman

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

[*Translation*]

Hon. Martial Asselin: Honourable senators, before third reading is called, I should like to rise on a point of order. We have here the committee's report, read to us by the Clerk Assistant, in English. I enquired and was told there is no French version of the report. I realize the report was drafted rather quickly but that is no excuse for tabling a report in only one of the two official languages. I am warning you that from now on, if this happens again, I shall object to the report's being concurred in.

[*English*]

Senator Hayden: Honourable senators, so far as the French text is concerned, the messenger is on his way over with it. I was proposing to deliver it to the table as soon as it arrived. It is in hand, however. I am well aware of the requirements.

As far as the report itself is concerned, I call attention to the fact that the tabled report is different in form from the copies in the hands of honourable senators. It will be noted that there is an introduction entitled, "Background", a preamble to the report, after which follows the report of the committee, in which the committee reports the bill without amendment. The preamble is for the information of senators only, and is an indication of the attitude of the committee in reaching its decision.

Hon. Jacques Flynn (Leader of the Opposition): I suggest that the bill be placed on the Orders of the Day for third reading later this day, in its normal order on the Order Paper.

Hon. Royce Frith (Deputy Leader of the Government): I think that is reasonable.

Hon. G. I. Smith: Honourable senators, are we now discussing the report or the bill? What is the actual situation?

Senator Frith: Honourable senators, the rules provide that a report of this kind shall be received without debate, but that should not prevent debate on the provisions of the bill. That is because Senator McIlraith has not yet moved third reading. Senator Flynn has suggested that the bill be placed on the Order Paper for third reading later this day. The motion for third reading can be debated. However, the rules require that the report itself be received without debate.

• (1425)

Your Honour, I understand that the Senate wishes the third reading of this bill be deferred until later this day. Is my understanding correct?

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

[*Translation*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move with leave of the Senate and notwithstanding Rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until ten o'clock tomorrow, Friday, December 18, 1981 at 10 o'clock in the forenoon.

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

Some hon. Senators: Agreed.

Motion agreed to.

Senator Frith: Honourable senators, as provided in the motion, we intend to adjourn until tomorrow morning, with the possibility that tomorrow one or two bills may be passed on third reading. Afterwards we expect to give Royal Assent to a number of bills already approved in addition to the bills now before the Senate.

Royal Assent should be at about 1:30 or two o'clock tomorrow afternoon, or even 12:30, if possible. However, for the time being, Royal Assent is tentatively scheduled for 1:30. We shall see what happens tomorrow. Our plans, do not however, provide for consideration of a bill to amend Bill C-60. Honourable senators will recall that this bill was passed in the other place, with our amendments. This bill was conceived by a Senate committee, and subsequently tabled again in the House of Commons. It was then considered by our committee, which proposed a number of amendments that were accepted in the other place. Our problem with regard to the passage of the other bill to which I referred is that it is not scheduled for consideration in the other place until tomorrow. So, if the bill is passed in the House of Commons and the Senate is agreeable to expediting three readings in one day, we shall try to pass the bill here tomorrow. However, this is not final, and some consultation will be necessary to reach agreement, if possible.

To recapitulate, we shall sit tomorrow morning at ten o'clock to give third reading to some bills and we may also get another bill and have Royal Assent between noon and 1:30.

● (1430)

[*English*]

Hon. Jacques Flynn (Leader of the Opposition): Am I correct that the only bill that could possibly be sent to us by the House of Commons is Bill C-60?

Senator Frith: No, that is not correct. I do not have a number for the bill at the moment, but there is an amendment to Bill C-60, I believe. In effect, it provides for an advisory council or board, and the amending bill asks for the authority in the meantime to set up a temporary board or to have temporary appointments to the board. At least, that is what I took from my reading of the draft. Perhaps Senator Olson can add something to that.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, that is the substance of what is required.

Senator Flynn: Do you know the number of the bill, or can you identify it?

Senator Olson: No, I do not have the number of it yet because the bill has not yet been introduced in the Commons for first reading. Frankly, I am a little unclear whether it is an amendment to Bill C-60, or whether it is meant to amend the National Energy Board Act. If I understand correctly, Bill C-60 has been passed in the Commons and the resolution accepting the six Senate amendments to Bill C-60 has also been passed in the Commons.

Senator Flynn: It is not possible for the unnumbered bill to be an amendment to Bill C-60.

Senator Olson: I agree. I believe we indicated yesterday that there were some administrative problems. Indeed, if pipelines are under construction, the administrative requirements to carry out the provisions of Bill C-60 would require some temporary additional members of the board. That, in simple terms, is all the bill calls for.

Senator Flynn: With all due respect, I am more confused now than I was before. Has Bill C-60 been passed by Parliament?

Senator Olson: It has gone through all stages in both houses, yes.

Senator Flynn: But you say the House of Commons has accepted the amendments to Bill C-60 made by the Senate.

Senator Olson: That is right.

Senator Flynn: Has it received royal assent?

Senator Olson: No, but it will tomorrow.

Senator Flynn: It will tomorrow.

Senator Olson: Yes.

Senator Flynn: So the bill which may come to us will be another bill amending the same bill.

Senator Olson: No, that is not so. It is a bill to amend the National Energy Board Act.

Senator Flynn: I understand. That is what should have been said in the first place.

Hon. David Walker: That's right.

Senator Frith: Honourable senators, that is quite correct. Bill C-60 amends the National Energy Board Act. The subject matter of Bill C-60 deals with the question of expropriation. The amendment I was referring to, the unnumbered or "no name brand" bill for which I do not have a number, technically, of course, makes a further amendment to the National Energy Board Act, and in doing so changes the provisions of

Bill C-60. As the Leader of the Opposition says, we cannot talk about amending a bill which has not really taken effect.

Senator Macquarrie: Even Homer nods.

Senator Flynn: The Senate as a whole may be willing to make another act of faith, but that does not necessarily apply to this side.

Senator Olson: There is no act of faith involved.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE BUDGET

MODIFICATION OF PROVISIONS

Hon. Nathan Nurgitz: Honourable senators, I have one or two brief questions for the minister responsible for economic development. Would the minister agree that the budget change causing capital cost allowances to be deductible, in effect, for only six months—only one-half being allowed under the proposed budget—is a disincentive to business investment for at least six months of 1982?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would not agree with that interpretation of the facts. If that kind of argument is made, then I would say it is an incentive for the last half of any year, as opposed to the situation in some countries where they allow capital cost allowances to begin on the date of putting machinery into operation, no matter when the purchase is made.

Senator Nurgitz: I have a supplementary, honourable senators. If it is an incentive for the last half of the year—and that is precisely my point—would the minister not say then that it is a disincentive for the first half of the year?

Senator Olson: Only on the basis on which you put your argument could you draw that conclusion. Personally, I think it is far more convenient to have a consistent rule than to have all of the complications that surround the date of purchase, the time of putting machinery into operation, and the other factors involved in deciding on the date upon which a capital cost allowance can begin. The proposal in the budget is far less complicated than the situation that would exist if we followed the honourable senator's argument, which I do not agree with.

CANADA-UNITED STATES RELATIONS

INTERNATIONAL JOINT COMMISSION—MEMBERSHIP

Hon. Heath Macquarrie: Honourable senators, I have a question for the Leader of the Government in the Senate concerning the Canadian membership in the International Joint Commission. I am somewhat confused by the semantics of two replies I have received.

In answer to a question I asked on March 12 the minister told me:

> We expect to announce those appointments shortly.

Yesterday the Deputy Leader of the Government in a delayed answer indicated:

> —an announcement will be forthcoming in the near future.

I lay awake all night wondering whether "shortly" is better than "in the near future" or worse; whether it is a fox trot or a turkey trot, which, according to John Crosbie, is one step forward and two back.

Can the minister, who comes from the beautiful and majestic province of British Columbia, tell me if he has any anxiety that the non-filling of the Canadian portion of the IJC could conceivably jeopardize a decision on the very important Skagit Valley?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, we hope to have in place soon a full complement of Canadian representatives on the IJC fully qualified to protect Canada's best interests, not only during the Skagit negotiations but during negotiations affecting other Canadian interests. We hope appointments will be made "very shortly" and "in the near future." We hope to have a person named to the post of chairman, but the selection process has not been an easy one because there are so many talented people willing to come forward to serve.

Senator Macquarrie: I thank the leader for blending both his answer and the deputy leader's use of "very shortly" and "in the near future". Let us hope that we will be able to have the situation so well in hand when we resume in 1982 that I will not have to ask the leader further questions about this matter, and that the Skagit Valley will be looked after and the leader and I will have exchanges on other issues.

[*Translation*]

FOREIGN AFFAIRS

POLAND—REQUEST FOR INFORMATION ON CURRENT SITUATION

Hon. Martial Asselin: Honourable senators, my question is directed to the Leader of the Government. This morning we were informed that communications had been restored with our embassy in Poland. The minister has undoubtedly been informed of the current situation in that country by our ambassador, if communications were indeed restored as was announced this morning at the Department of the Secretary of State for External Affairs. Consequently, could the minister brief the Senate on the current situation in Poland and explain Canada's attitude concerning food shipments promised to the Poles, in view of the severe food shortages in that country at the present time?

● (1440)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have received some information that

communications have, indeed, been re-established between the embassy in Poland and Ottawa. As far as food sales are concerned, in the current circumstances Canada considers that it should not interfere with grain shipments to Poland as these constitute a major contribution towards the alleviation of the serious food situation the Polish people are facing this winter. Under our long-term agreement there are existing commitments which should be fulfilled. Other exporters, including the United States, are also fulfilling their existing commitments. The United States, of course, had not approved additional food credit for 1982, while Canada did announce, on October 29, an additional credit of $500 million to the end of 1982.

The government is extremely concerned about the situation and is monitoring it closely, in consultation with our allies. As soon as further information regarding the Polish situation is received, it will be brought to the Senate.

[*Translation*]

Senator Asselin: Honourable senators, I have a supplementary. This afternoon, on the radio, we heard a French journalist speaking from Vienna, who said that Russian soldiers in Polish army uniforms were intervening in Poland's domestic conflict and were firing at the people. Can the minister confirm this statement or could he perhaps find out from our embassy in Poland whether these are the facts? If such is the case, what would Canada's attitude be with respect to Soviet intervention in Poland's domestic affairs?

[*English*]

Senator Perrault: Honourable senators, the question will be taken as notice. I have no information on the allegation which has been communicated to Senator Asselin. Yesterday afternoon I stated the general attitude of the Canadian government with respect to outside interference in this matter. For the time being, I must confine my remarks to that statement, which was provided for the information of honourable senators by the Secretary of State for External Affairs.

Hon. Stanley Haidasz: Honourable senators, I have a supplementary question. May I ask the Leader of the Government in the Senate whether the resolutions passed at the mass rally at Toronto City Hall last evening—which was attended by me and several members of the other place, including the Honourable Paul Cosgrove—were in any way discussed by cabinet this morning, and, if so, what was the response?

Senator Perrault: Honourable senators, of course I am not at liberty to discuss what takes place at cabinet meetings and details of matters considered at such meetings. However, a description of the significant meeting in Toronto last evening has been made available to members of cabinet by the Honourable Paul Cosgrove. As a representative of the government, he was most impressed with the rally and the concerns expressed by those in attendance.

Senator Haidasz: Honourable senators, I have a further supplementary question. In view of the fact that among the four resolutions adopted there are two of particular importance—namely, first, to press for the immediate lifting of martial law in Poland and the release of all Solidarity officials, and, second, to press for the reinstatement of the rights of workers to form free trade unions—has the minister or the Secretary of State for External Affairs in any way made known to the public of Canada whether the federal government supports these two resolutions?

Senator Perrault: Honourable senators, I presume that the Secretary of State for External Affairs will at some point make a statement on the subject. However, I do not have any such text before me at this time. The Canadian government, of course, has been very active from the outset in communicating its views to the Polish ambassador in Ottawa and in other ways. The unanimous resolutions adopted in this chamber and in the other place are certainly well known to the Polish government and to other interested parties. I shall bring any further information to the Senate when such information is available.

ENERGY

LOCATION OF PROPOSED LIQUID NATURAL GAS TERMINAL IN EASTERN CANADA—SIGNIFICANCE OF DREE GRANT

Hon. G. I. Smith: Honourable senators, I would like to direct a question to the Minister of State for Economic Development in relation to a question I asked him yesterday which he took as notice. It had to do with a grant of $150,000 to the City of Rivière-du-Loup with reference to a study of the harbour situation at Gros-Cacouna. I am not sure whether or not the minister is prepared to answer today, but in view of what seems to be the general expectation that an adjournment of some duration will likely take place tomorrow, I wonder if it would be possible to have the answer before that event occurs.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I think that it is possible to obtain the answer before the adjournment tomorrow. However, in the event that it is not possible, I give the undertaking that I will send a communication to the honourable senator's office as soon as I receive the information. Therefore, he will not have to wait until after the Christmas adjournment.

Senator Smith: I thank the minister for his courtesy.

THE SENATE

CHRISTMAS RECESS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Deputy Leader of the Government. When the motion to adjourn until 10 o'clock tomorrow was under discussion I did not have an opportunity to ask, for the information of honourable senators, whether, when we adjourn tomorrow, it will be for the Christmas recess, and, if so, when we shall reconvene after the recess. Will it be in late January or early February 1982?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I understand that the other place is adjourning until January 25, 1982. The Leader of the Opposition and I have discussed the date when the Senate should

reconvene, and we soon agreed. In our opinion, at the present time there is no reason for us to come back on January 25, since we will have to await business from the other place anyway. Therefore, I propose to move tomorrow that we adjourn until the evening of Tuesday, February 2, 1982, on the understanding that if, in the meantime, there is a need to return earlier, His Honour the Speaker will exercise his powers to call us back.

Hon. Senators: Hear, hear.

CROWN CORPORATIONS

PETRO-CANADA—RETAIL SALES PRACTICES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to respond to a question raised on November 3 by Senator Smith which concerned the retail sales practices of Petro-Canada. I am informed that Petro-Canada has no policy which prohibits the sale of Michelin tires in its Nova Scotia outlets. It is my understanding that managers of Petro-Canada stations are encouraged to promote Petro-Canada brand-name products and to maintain the quality standard established by Petro-Canada in all products they sell.

Hon. Jacques Flynn (Leader of the Opposition): Do you mean Petrofina?

Senator Olson: Petro-Canada.

Senator Flynn: What is that standard?

Senator Doody: It is $120 per share.

Senator Olson: To define the standard would require me to make a long, detailed explanation. However, as has been pointed out in the reply, it says, "to maintain the quality standard established by Petro-Canada".

Senator Flynn: That is not at all convincing.

THE BUDGET

IMPACT ON PROVINCIAL AND TERRITORIAL REVENUES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, if I may, I would also like to respond to a question asked on November 25 by Senator Roblin which concerned a miscalculation in a table concerning the financial arrangements from the November 12 budget. To avoid any possible confusion, I would like to make it clear that there is no problem with the budget or any of the federal accounts.

Hon. Jacques Flynn (Leader of the Opposition): His tongue is in his cheek.

Senator Olson: In the budget paper on fiscal arrangements proposals there was an attempt to estimate the possible effect on provincial finances of the changes proposed. Because of the complex effects of the federal tax changes on provincial tax receipts and on provincial transfer receipts under the proposed fiscal arrangements, the effect on provinces of the combination of the two was underestimated.

● (1450)

On page 43 of the budget paper outlining the Government of Canada's proposals on fiscal arrangements, the Minister of Finance noted that estimates of the financial implications of these proposals might have to be revised as new information became available. The minister also noted that one of the purposes of forthcoming federal-provincial consultations will be to review these projections and, if required, incorporate revisions based on new information provided by the provinces.

Discussions among officials on November 16 revealed that, because of an inadvertent technical error, the net impact on provincial and territorial revenues of budget tax changes and proposed modifications to established programs financing had been underestimated in table 9 of the budget paper and the more detailed information presented in table A-3 of the appendix. The revised estimate of this net impact is minus $38 million, as opposed to $169 million in 1982-83, and minus $327 million as opposed to minus $225 million in 1983-84 in the original estimate.

I should like to point out that this revision does not affect the position the minister took in his budget speech, namely, that the "increase in provincial revenues during the first two years of the new arrangements will virtually offset the reductions in transfers due to the elimination of compensation in respect of the 1972 revenue guarantee", nor does it affect any other part of the budget. I hope that is crystal clear.

Senator Macquarrie: Top prize.

THE CONSTITUTION

PUCLICITY CAMPAIGN OF FEDERAL GOVERNMENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on October 27, Senator Flynn asked if the government was satisfied with the legality of the advertising campaign in Quebec. I can say that the government is satisfied with its legality.

Hon. Jacques Flynn (Leader of the Opposition): You can say, or you cannot say?

Senator Perrault: I can say it without equivocation.

On December 9, Senator Flynn asked if the Senate vote on the constitutional resolution gave a go-ahead to the constitutional advertising campaign in the province of Quebec. I can confirm that it did have that effect.

In response to Senator Flynn's supplementary question on December 9, regarding advertisements in weekend newspapers, I have been provided with the following information:

> On the weekend of December 12 and 13, an ad was placed in Quebec dailies at a cost of $25,000 to inform Quebecers of their guaranteed rights and freedoms throughout Canada.

Senator Flynn: What a waste of money.

Senator Perrault: The information I have goes on to state:

> A billboard campaign was initiated on December 9 at a cost of $50,000 covered in the estimates. Its theme is: "J'ai de la chance d'être Canadien," and again it's an informative campaign.

It is a campaign in the spirit of freedom of information.

Some Hon. Senators: Oh, oh!

Hon. H. A. Olson (Minister of State for Economic Development): It is the right of the people to know.

Senator Perrault: The statement goes on to say:

> Further campaigns will be announced when decisions are taken.

Honourable senators, with regard to the publication of advertisements in the newspapers cited by Senator Flynn, I can respond that the Government of Canada believes it has the obligation to inform Canadians throughout each development stage of legislation in order that citizens may follow and understand the debates. The Honourable Gerald Regan, Secretary of State, said in the other place:

> Never has the government been more serious about its duty to communicate with the public. Never has it been more determined to communicate better, to listen attentively to the public, and to make visible the work and worth of national government. The government's presence must be visible so that it can be held to account.

The Government of Canada has an obligation towards Canadians to inform them on the constitutional resolution passed by an overwhelming majority of both houses, and with the support of the Leader of the Conservative Party—I am sure we all recall that memorable action—and to inform them of their rights and freedoms under the Charter.

As far as Quebec is concerned, the government believes it has an obligation to correct the misinformation campaign of the Parti Québécois government. Furthermore, the $8.9 million in the supplementary estimates covering the information program will cost approximately 35 cents per Canadian. The program is designed to build acceptance and broaden understanding of its importance for Canadians.

I felt I should bring this explanation to Senator Flynn's attention.

Senator Flynn: Do you not feel you should have an information campaign in provinces other than Quebec? Are you suggesting that the comprehension of Quebecers is lower than that of other Canadians?

Senator Perrault: Honourable senators, I appreciate the fact that Senator Flynn supports an information campaign in the other provinces as well. That proposal will be brought to the attention of the government, and we will see what can be done.

Senator Flynn: You are always trying to find ways of wasting money, and here you have another one.

[Senator Perrault.]

CROWN CORPORATIONS

PETRO-CANADA—RETAIL SALES PRACTICES

Hon. G. I. Smith: Honourable senators, I should like to ask a supplementary question on a delayed answer given by the Minister of State for Economic Development earlier today. I have just found the reference to the question in the *Debates of the Senate* of November 3 to which he gave the delayed answer. I certainly agree that he has answered the question as asked.

However, as a supplementary question, has there been any individual case in Nova Scotia, since Petro-Canada began to operate retail service stations, where the proprietor of an independent station—in the sense in which the original question was asked—has been ordered or persuaded not to handle Michelin tires but to handle some other brand of tires?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am not sure that the inquiry went forward on those grounds. I believe Senator Smith and myself have no disagreement that the question which was asked concerned whether Petro-Canada had a policy which prohibited its agents in Nova Scotia from selling Michelin tires. I am informed that Petro-Canada has no policy which prohibits the sale of Michelin tires in its Nova Scotia "outlets" which is probably synonymous with the word "agents".

However, if the honourable senator would like me to make some further inquiry it may be helpful, since we are talking about independent dealers that Petro-Canada may be supplying, if the honourable senator could identify those dealers so that Petro-Canada could be more specific in its response.

Senator Smith: I thank the honourable minister for his further concern. However, I want to make it very clear that I was not complaining that the question I asked was not answered. It seems to me that perhaps I was not specific enough in framing my question. Now, while I am not prepared to frame it in the sense of offering a name for investigation, I think it would not be a great task for Petro-Canada to examine what has happened in relation to each one of the stations handling its products, the premises of which are owned by an individual. That is what I would be grateful to have information upon.

Senator Olson: Honourable senators, I will do that. I was not asking Senator Smith to give me a name for identification purposes at this time, but if he would write me a confidential letter, I could pass it along. If this were done, Petro-Canada would not have to examine several hundred stations. It would be helpful to be more specific. However, if he is not prepared to do that, or for any reason would rather not, I will ask the general question in any event.

Senator Smith: I am encouraged not to try to be too specific because my belief is—knowing what I think I know—that the number of stations owned, operated or somehow served by Petro-Canada in Nova Scotia, the premises of which are independently owned, is not very large and, therefore, I do not think this would be a heavy task.

VISITORS IN GALLERY

IRAQI NATIONAL TROUPE FOR FOLK ARTS AND THE AMBASSADOR OF IRAQ

The Hon. the Speaker: Honourable senators, I would draw your attention to the gallery where we have the honour of receiving the Iraqi National Troupe for Folk Arts, which troupe is accompanied by the Ambassador of Iraq.

• (1500)

Hon. Heath Macquarrie: Honourable senators, may I have the indulgence of the Senate to add my special welcome to the folkloric group from Iraq and to His Excellency the Ambassador, and to indicate that on Sunday evening this group, fresh from their triumph at the United Nations, are giving a concert at the National Arts Centre, of which the distinguished Chairman of the External Affairs and National Defence Committee of the other place and myself are patrons. I wish to assure you that we are not performers but patrons! If honourable senators and their spouses are available on Sunday evening and would like to see this world famous dancing group, I think I could use my good offices with the director and His Excellency to find a place for them at the National Arts Centre.

Hon. Senators: Hear, hear.

MEAT IMPORT BILL

SECOND READING

Hon. Gildas L. Molgat moved the second reading of Bill C-46, to regulate the importation into Canada of fresh, chilled and frozen meat and to amend the Export and Import Permits Act.

He said: Honourable senators, the Canadian livestock industry is going through a very difficult period with extremely high input costs and, unfortunately, inadequate returns from the marketplace. Regrettably, this is not a new circumstance. It has been going on for some years and the Senate has been conscious of this situation.

In 1977, on page 1 of a report from the Standing Senate Committee on Agriculture, the following statement was made:

> The Canadian beef industry over the last three years has suffered drastic economic and social shocks. Beef producers have seen prices become severely depressed and production costs increased to uprecedented levels.

Four years later the situation is almost the same. The Standing Senate Committee on Agriculture is engaged in further study of the problems of this industry. At the same time, beef remains the number one item in the consumer's shopping basket. Therefore, anything that we can do to help to stabilize the industry for the producer, and to guarantee the consumer continued supplies at reasonable prices, should be done.

The Meat Import Bill that we have before us today is intended to assist in doing just that. I do not suggest that it is going to solve all the problems of the industry, but it is one of the tools that will help do the job.

Canada is both an exporter and importer of beef. About 90 per cent of our imports come from Australia and New Zealand. They are chiefly to service the lower end of the hotel, restaurant and institutional trade, and for further manufacturing into meat pies and various processed products.

The United States is the supplier of the other 10 per cent of our beef imports. This beef is primarily the high-quality cuts for the deluxe restaurant and hotel business. We export approximately a hundred million pounds a year, with 92 per cent of that going to the United States.

Until now, Canada has been the only major beef importing country in the world that has not had an ongoing policy to control the import of beef. This has left us vulnerable to distortions in the market, and to international price swings that are beyond our control.

We have been using an *ad hoc* import quota on a periodic basis, but that has led to uncertainties both for the Canadian producer and for our international trading partners. This bill would put permanent controls in place. All sectors of the beef and veal industry, including consumers, have been pressing for such import controls.

The Senate and, in particular, honourable senators who have been active on the Standing Senate Committee on Agriculture, can take a great deal of satisfaction in seeing this bill before them after its having been passed by the House of Commons.

In December 1976, the Standing Senate Committee on Agriculture began its study entitled: "Inquiry into the desirability of long-term stabilization in the Canadian beef industry." The committee held 14 days of hearings in Ottawa. It then went out to the provinces, and had 9 days of hearings in five different provinces. The committee produced its report in October 1977.

Admittedly, the bill which is before us is not identical to the proposals of the Standing Senate Committee on Agriculture, but, basically, it is the same. It varies in one important particular, that is the inclusion of live cattle. The present bill does not include live cattle, and the recommendation of the Standing Senate Committee on Agriculture had been that live cattle should be included. Nevertheless, in fairness, that particular recommendation of the standing committee is probably the one that was most controversial. It did not receive unanimous support from the beef cattle industry when we held our hearings. Nevertheless, it had been our view that that should be proceeded with.

The final report, however, was very clear in its broad recommendations. I should like to read to you from the conclusion of that report of October 1977, as follows:

> Beef producers from across Canada have asked the Standing Senate Committee on Agriculture to recommend both an effective import control policy for beef and legislation to implement it. The Committee is convinced that this request is a reasonable and necessary request. The events of the past decade and the evidence presented to the Committee prove that the Canadian beef market is vulnerable to damage by foreign beef supplies and the

> Canadian beef producers have much higher costs of production than do producers in New Zealand, Australia and the United States. It is obvious that to prevent the further erosion of our beef industry Canada must adopt and implement a long-term beef import policy.

• (1510)

The then chairman of the committee, Senator Argue, speaking at a news conference on the same day that the report was tabled, said:

> This Committee has heard many suggestions from ministers of agriculture, producer organizations, government officials, academics and from producers themselves at public meetings throughout the country. Now as one might expect there was some disagreement about how to bring stability to the beef industry yet on one subject there was unanimity—Canada must develop a policy to regulate imports or the beef industry would slowly wither and die.

So, honourable senators, the bill now before us has resulted from those recommendations.

The Senate took further action. In February 1979 Bill S-13 was introduced in the Senate and was discussed. Unfortunately, because of an election being called, the bill died on the order paper, and we could not proceed with the next step, which the committee recommended, which was to have legislative action. I am pleased, however, that the other place has taken up the proposal and has followed through with the bill that is now before us.

Canada is a trading nation and we have an interest in keeping trade as free and as unrestricted as possible. The bill recognizes that important fact, while, at the same time, taking the necessary steps to ensure that Canadian farmers and consumers are not jeopardized by actions in other countries. This bill would establish a long-term import policy rather than continue the *ad hoc* policies under which we have been operating. I believe it will provide for the protection of both producers and consumers.

Some Hon. Senators: Hear, hear.

Hon. Sidney L. Buckwold: Honourable senators, I should like to ask two questions of the honourable senator. First, is it possible that there will be any retaliation on the part of the United States that will affect Canadian exports to the United States; and, secondly, what, in the opinion of the honourable senator, will be the effect of the proposed bill on consumers?

Senator Molgat: In reply to the honourable senator's first question, there really should be no reaction on the part of the United States, because they have had this kind of law for many years, and our law is patterned on theirs. Therefore, there would be no reason for their taking action against us if we are simply doing the same thing as they have already done. I should also point out that they have amended their law—I believe it took effect at the beginning of 1980—to provide for the counter-cyclical suggestion that we had originally made in our committee report. So we are on a par with them, and I cannot see any adverse action emanating from them.

[Senator Molgat.]

With regard to the effect on consumers, obviously, when we impose an import restriction or a quota, consumers say, "This must do something to raise prices." That is not really the intent of this bill. Its intent is to stabilize prices. One of the problems in the beef industry has been the up-and-down price situation, resulting in great instability in the market. That, in turn, leads to instability in production; so there are periods of glut and periods of shortage.

The committee, in its deliberations, did not believe that it was to the advantage of consumers to have those great shifts, and it considered that both consumers and producers would be better served by having stability. Furthermore, this is not a quota preventing imports. The quota is based on the long-term average—I believe that in the bill it is based on imports during the period 1970-74. The bill will simply stabilize and will not cut out imports.

Some Hon. Senators: Hear, hear.

Hon. Martha P. Bielish: Honourable senators, the purpose of Bill C-46 is to establish, by legislation, a mechanism to set quotas on beef imports based on the average level of imports during the 1971-75 period.

Senator Molgat has already traced the history of this legislation. Canada has needed beef import legislation for years. Therefore, we, on this side of the house, support the broad provisions of the bill.

It is a well known fact that our government established a beef import consultative committee in 1979, and a bill, the predecessor of the present bill, was to have been introduced on that fateful day two years ago.

Canada needs long-term policies to inject confidence into the beef industry, to enable people to remain in the industry and to encourage those in the industry to expand—perhaps even to promote entrance of newcomers into the industry.

Prior to 1976, Canada was virtually an unrestricted market for beef imports. In 1976 record amounts of beef were imported from Australia and New Zealand. That came at a time when Canadian beef production was running at peak levels. As a result, Canadian beef prices decreased; Canadian beef and cattle were exported to the U.S., contributing to a decline in the U.S. beef prices, which threatened the disruption of the Canada-U.S. cattle trade; and many Canadian beef and feedlot operators went deeply into debt.

As honourable senators know, beef imports are presently regulated by the Export and Import Permits Act, but that is obviously inadequate as it provides no formula for setting import quotas.

I have already stated that we support the bill. However, we are concerned about the amount of ministerial discretion being granted in this proposed law, which would allow more imports to enter than the formula set. We are concerned and feel that such powers should, in this and other legislation, be narrowly prescribed and clearly defined. However, having stated our concerns, we, on this side of the house, support quick passage of the bill. We suggest that it need not go to committee and that we approve third reading of the bill today.

Some hon. Senators: Hear, hear.

Hon. Jacques Flynn (Leader of the Opposition): Tomorrow.

Hon. Harry Hays: Honourable senators, with regard to Bill C-46, I believe I attended nearly every hearing going back to 1977, and I suppose that the beef industry in Canada today is in more trouble than it has been since the late 1930s. I believe that people in the feedlot business, who were purchasing cattle for 70 or 75 cents a pound in September, and who would be selling them in January at the prices then current, had prices remained the same, would probably have lost $50 per head. Since that time, the reduction in prices during the past two weeks would bring them further losses of as much as $200 per head. So, for a 1,000-pound steer, for which they were hoping to get 85 cents per pound yesterday, they would now be getting 60 cents per pound.

I, too, would like to see early passage of the bill; but it seems to me that this is an extremely important bill. After all, we did a good deal of work on the initial part of the bill, and there are still people involved in the beef industry whom we should hear from. I think this bill, in particular, should go to committee. After all, it is almost four years and two elections since we started working on the bill, and I do not think another month or five weeks will matter. We may not improve on the bill, but we can certainly become a great deal more familiar with some of the problems that beef producers and others involved in the beef business are having from the time the animal leaves the feed lot until it gets into the supermarket.

● (1520)

While I agree with Senator Bielish that early passage would help in some ways, our imports from Australia and New Zealand have not yet reached the quantity that is allowed at this particular time in terms of the quotas set through agreement. I think imports of something like 145 million pounds are permitted. Under this bill increases are allowed as the population increases, but those totals have not been reached as of now.

If there is one problem that we are having, it is in connection with live beef. Hundreds and hundreds of cattle, as I understand it, came into Ontario today, and I understand they will be on the market right after Christmas, but they are not affected by this bill because, as I say, it does not include live cattle. I discussed this aspect this morning with the Minister of Agriculture, and he said that it is rather difficult to include live cattle in the bill because of the problems this might entail. In my capacity as Chairman of the Agriculture Committee, however, I discussed the problem today with the Deputy Chairman, Senator Sparrow, and he agrees that the bill should be referred to committee.

Personally, I would like to see the committee call representatives from some of the beef trades. I would like to hear what the packing industry has to say about the beef industry today. The province of Alberta, that used to have many packing houses, is now down to four. Some areas in Canada have only one. The maritimes are serviced by hardly anybody. These are very important matters.

This industry is in a lot of trouble, and I think that a delay of another month or five weeks would not be a matter of life or death at this particular time. I am perfectly willing to abide by the decision of the house, but I do really feel that the bill should go to committee.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I am in the somewhat rare, and, I must say, happy position, of saying that the government supports the intervention of the opposition on this bill.

I have tried to inform myself of the background referred to by Senator Hays. I agree with everything he has said about the work of the committee, and I must say that I find the Agriculture Committee's report very persuasive in its support of the need for some provisions relating to live cattle. However, without in any way setting myself up against the chairman of the committee, who is an expert as far as the beef industry is concerned, I have to say, on behalf of the government—and I have also been in touch with the department today—that although the additional inquiries the committee wants to make should be encouraged, the matter seems to come down to this, that half a loaf is better than none. None of the investigations or evidence that Senator Hays has referred to with regard to the packing industry, or anything else, if I understand him rightly, is going to change in any way what is in this bill; they will simply add to it.

I ask honourable senators to support passage of this bill along the lines suggested by Senator Bielish—that is, that we give it three readings, if possible, this week, take our half loaf, and then go to work on the rest of the loaf with Senator Hays, supporting and encouraging him in what he wants to do.

Senator Hays: May I ask Senator Frith a question? He mentioned that he does not think it would be useful to call in the packers. I just do not quite follow him.

Senator Frith: I did not say that, honourable senators. What I did say was that I thought it would be useful for this excellent committee—I say that sincerely—to call in the packers and everyone else it wants to, but I have heard no suggestion that the proposed additional inquiries are directed towards changing the provisions of the bill. The government's position, therefore, is that we should indeed take the half loaf we have and call in the packers subsequently with the object of adding to what we do today, thus making the scheme of the bill even more complete.

Hon. Gildas L. Molgat: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Molgat speaks now, his speech will have the effect of closing the debate.

Senator Molgat: Honourable senators, let me reply first, in closing the debate, to some comments made by Senator Bielish regarding the discretionary powers of the minister. I recognize that these exist. They are similar to certain provisions in the American bill, under which the President has discretionary powers, although, admittedly, such powers are greater in this bill than they are in the American import law. I think we have

to recognize, nevertheless, that it is virtually impossible, particularly at this stage, to set rigid figures each year on import quotas, and as a consequence reasonable leeway ought to be provided the minister.

I point out further that there will be an advisory board. The members of this advisory board will be drawn from the whole range of the industry—from producers to people involved in the marketing end, and consumer interests. The minister will, therefore, have other input. In other words, while his discretion will exist, it will be based on the recommendations of an advisory board.

Let me deal now with the comments of Senator Hays. First of all, I agree totally with what he says about the present state of the industry. It is in a very serious condition, and that is something that Canadians have to be very concerned about. If we do not proceed to correct certain things in that industry, we may well find that Canada will not have a beef industry, and that we will be relying on outside sources for one of our basic requirements. I do not think that any nation can allow that situation to develop.

With reference to the specific request that the bill should be referred to committee, I find myself in an awkward position. I have always maintained that we ought to send all bills to committee, for committee work is something that the Senate does particularly well. Sending bills to committee should be standard practice, because this provides the opportunity for greater input, and so on. Under the present circumstances, however, I find myself in difficulty with regard to recommending a referral to committee at this stage. I recall that in 1977 the Agriculture Committee spent a year studying this question. At that time, as I read to you earlier, a very specific proposal was made to the effect that there ought to be a beef import law. That was in October 1977, and we are now in December of 1981, and we have an opportunity to pass this bill. While the bill is not everything that we asked for at that time, there is nothing in it that is contrary to what we asked for. It does not go as far as we wanted, but it certainly does not go contrary to what we wanted. If we do not pass the bill now, I am afraid we will be faced with another year of operating under the *ad hoc* rules, and under the import-export law, which is not satisfactory for this purpose.

Therefore, I say to Senator Hays, a former Minister of Agriculture, that it is not desirable under the circumstances to delay passage of this bill. With this measure, the Minister of Agriculture will have long-term manœuvrability for the coming year, instead of having to deal with the Department of Industry, Trade and Commerce under the Export and Import Permits Act and having to go through the negotiations, as we now have to every year under that act, with Australia and New Zealand in order to try to arrive at some understanding. Would it not be better to pass the bill now and empower the minister to act under it? We, in our committee, can proceed with further investigations.

• (1530)

Motion agreed to and bill read second time.

[Senator Molgat.]

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

Hon. Jacques Flynn (Leader of the Opposition): At the next sitting of the Senate.

Senator Molgat: With leave, now.

Senator Flynn: Honourable senators, I suggest that the bill be read the third time at the next sitting of the Senate, just in case Senator Hays finds a better argument than the one he now has.

Senator Molgat: Very well.

The Hon. the Speaker: It is moved by the Honourable Senator Molgat, seconded by the Honourable Senator Hayden, that this bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

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

Motion agreed to.

APPROPRIATION BILL NO. 3, 1981-82

THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-86, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1982.

Hon. Orville H. Phillips: Honourable senators, my assistant, Morley Verdier, pointed out to me this morning that, while I was under the spell of the eloquence of the Honourable Senator Frith, I neglected to mention an important point that I wanted to make. If I may, honourable senators, I would like to make that point now.

With regard to the public debt, I wanted to say that the cost of the public debt now equals the payments for economic development, defence, and transfer payments to the provinces. These are three highly important items, honourable senators, and they do not absorb our tax payments to the extent that the public debt program does. I felt that the record should reflect that these three items are not as expensive as the public debt.

Senator Frith: Honourable senators, although I cannot quarrel with the figures because I do not know whether or not they are correct, I am prepared to accept what Senator Phillips has said as far as the arithmetic is concerned. I would, however, repeat what I said yesterday—namely, that the government and I agree with Senator Phillips' statement that the cost of serving the public debt is too high; it is unacceptably high. One of the objectives of the budget put forward by the Minister of Finance is to reduce that public debt and thereby reduce the cost of servicing it.

I have nothing else to add on third reading, honourable senators.

Hon. Jacques Flynn (Leader of the Opposition): I would just point out that that objective would have been advanced greatly if we had not had the change of government that we in

fact had two years ago. The present federal government had to save face with regard to the promise that the price of oil would not be adjusted, as was proposed by the former government. In that saving of face, we have lost two years. In any event, we will see what will happen.

[*Translation*]

Senator Frith: I cannot agree with what the leader of the opposition has just stated, but I can tell him that I would do the same if I were in his place!

Senator Flynn: Fine, I am going to fix that.

[*English*]

Motion agreed to and bill read third time and passed.

SMALL BUSINESSES LOANS ACT

BILL TO AMEND (NO. 2)—SECOND READING

Hon. Sidney L. Buckwold moved the second reading of Bill C-84, to amend the Small Businesses Loans Act (No. 2).

He said: Honourable senators, when speaking earlier today on the retirement of our colleague Senator Laird, my friend the Honourable Senator Flynn indicated that Senator Laird had once made the terrible mistake of talking about a "simple" bill. I would not describe Bill C-84 as being "simple", but I will say to Senator Flynn and my honourable colleagues that it is at least the shortest bill that we have had before our chamber in quite some time, especially when compared to some of the pieces of legislation that have recently been sent here by the government. It consists of a total of 10 lines. I hope, with your indulgence, that we will be able to deal with it reasonably quickly.

Honourable senators, it is a pleasure for me to place before the Senate Bill C-84, which is a bill to amend the Small Businesses Loans Act. It is a simple amendment to an act which has already received wide support. You will notice that I did not say that it is an "easy" amendment; I merely said that it is a "simple" amendment. It may have been the wrong word for me to use. If I could strike it out of *Hansard* I would, but I have said it.

Honourable senators, as you will recall, the Small Businesses Loans Act was renewed for a further two-year period in June 1980. At that time three things were done: the limit on the size of individual loans was raised from $75,000 to $100,000; the act was extended for a two-year period; and the lending ceiling for the two-year period was set at $850 million.

• (1540)

The particular amendment proposed in Bill C-84 really speaks for the extreme popularity of the program. The small business community has responded with great increases in the demand for loans, and those increases have been larger than anticipated. In fact, honourable senators, by June 30, 1981, approximately $505 million had been guaranteed. In other words, in the first year of the new two-year lending period there was an increase of 64 per cent over the last year of the previous period.

If the present trend continues, the original ceiling of $850 million will be reached before June 30, 1982. Therefore, Bill C-84 proposes—and it is the sole purpose of the bill—to raise the ceiling by $650 million, to an overall total for the period of $1.5 billion. In other words, instead of its present statutory limitation of $850 million, the ceiling will be raised to $1.5 billion.

Such an increase, honourable senators, will provide for the current accelerated lending with a reasonable cushion, thereby allowing the program to continue without interruption until June 30, 1982, when the act will again be considered for renewal.

Before I close my brief presentation, honourable senators, I wish to make one or two remarks about the Small Businesses Loans Act, just to refresh your memories. Basically, the act is for businesses that do less than $1½ million a year in sales volume. It has been in operation since 1961. It is a loan program which goes through the chartered banks, trust companies, credit unions and other financial institutions under normal procedures, but applications that are approved by the lending authorities are guaranteed by the Government of Canada. The rate is set at 1 per cent above prime rate. Basically, therefore, it allows small businesses to borrow from financial institutions at a rate which they would probably not otherwise obtain.

The loans are judged on sound business practices. There is a right of appeal, and a few appeals do go on to the minister. When I inquired, I found that of the appeals to the minister by applicants whose loan requests to financial institutions had been declined, 15 per cent had in fact been granted later as a result of a review by the financial organization involved.

The loss ratio may interest you. Since 1961 the total payments by the Government of Canada against the guarantees made for these substantial hundreds of millions of dollars involved had been less than $10 million to the end of December 31, 1980. I think you will agree with me that that is a successful program.

I have some brief statistics which may interest you. The service and retail trade, which really represents small business generally in the country, took up about two-thirds of the total percentage of the loans in 1980. It is interesting to note that about 58.3 per cent of the total loans in 1980 were for the purchase of movable equipment. If senators wish any further detail, it can be provided.

There has been a substantial increase in the demand for this kind of accommodation, which has been of great service to small businesses. Honourable senators, I ask for your support of this bill and hope that it will receive your endorsation today.

Hon. Senators: Hear, hear.

Hon. Orville H. Phillips: Honourable senators, first I wish to thank the Honourable Senator Buckwold for his introduction, particularly for making it brief. It is always a pleasure to listen to the Honourable Senator Buckwold, especially when he is brief. I hope I will be able to follow the same pattern.

Senator Frith: Hear, hear.

Senator Phillips: In particular, I thank the Deputy Leader of the Government for his kind endorsation.

Senator Flynn: That's his job.

Senator Phillips: After all, he gets paid for it; I don't.

Senator Frith: For my endorsation?

Senator McElman: Your speech is getting longer and longer.

Senator Flynn: Because of the interruptions.

Senator Phillips: If you keep interrupting me, Senator McElman, we'll be here until midnight.

This time yesterday afternoon, when I was involved in a debate, I was voicing my concerns about taxation. I am happy to note that the measure now before us does not involve taxation. It does not cost the taxpayer a cent. In other words, it is good Conservative philosophy; and I am pleased to see the government, and Senator Buckwold in particular, adopting good Conservative philosophy. It is to be hoped, honourable senators, that we will find more measures of this kind coming before us in the future.

Honourable senators, it may be unfair of me to mention bankruptcies under this act, so I will not do so, except to point out that in the month of November there were 790 bankruptcies of small businesses. I am sure that after the oil price increases and the various other measures introduced in the budget have their effect we will find far more bankruptcies among small businesses.

The sponsor of the bill referred to increased demand for loans. As a businessman, he must know that there is something wrong when the demand exceeds the supply.

Honourable senators, we should ask ourselves why there was such a need for this legislation. Admittedly, this legislation is good Conservative philosophy, but it is also good Conservative philosophy to avoid this kind of demand. Why was there such a demand for the loans? I would ask the honourable senator to tell us something about that when he is closing the debate.

● (1550)

It is unfortunate that the sponsor of this bill did not go outside the bill. I wish that he had taken the privilege allowed him on second reading and had discussed the problems facing small business. He missed a wonderful opportunity. I am rather disappointed that this chamber has missed this opportunity, so I shall take just a few moments to point out some of those lost opportunities.

The budget of November 12 dealt with an associated measure, the small business development bond. I do not think it is necessary to explain to the chamber the small business development bond, which is another example of good Conservative philosophy. In fact, I believe that the small business development bond was introduced in the so-called Crosbie budget. Basically, it provided certain tax incentives to banks to make low-interest rate loans to small businesses.

The last budget, or, to use the Prime Minister's terminology, the "dire straits" budget, reduced those tax incentives by at least 3 percentage points and made it far more difficult for small businesses to survive in this uneconomic economic atmosphere created by the government. It said that the small business development bond would apply only to those businesses in "dire straits"—again, the Prime Minister's favourite situation. If, for example, a small businessman were to go to his bank manager and say, "I can prove that I am in dire straits and that I am in need of a small business development bond. I would also like to take advantage of the legislation presently before the Senate," I am sure that the bank manager would say, "Don't slam the door on the way out". If Senator Buckwold really believes that we will use up the additional guarantees provided under this act, would he explain to me how those two situations will twine? In my opinion, they will not meet.

While I do not wish to create the impression that I am dealing with the budget, policies outlined therein have created a situation which reflects on this bill. If I may have your attention for a few moments, I would like to deal with that aspect of the budget which says that interest cannot be deducted until the investment brings in a return. Let us consider a situation where a small businessman is considering expanding his plant and it will take two years for the development to be completed. The first thing he must do is borrow the money for the expansion and ensure that there is a line of credit available to him over the two-year period.

Prior to the November 12 budget the interest paid on that loan could have been deducted, but now the interest on the loan cannot be deducted until revenue is derived from the development. Or, to give another example, suppose he buys a piece of equipment. When can he deduct the cost of the interest on the loan he had to make to purchase that piece of equipment? Will it be one year or two years down the road? Will the sponsor of the bill tell us how this matter relates to the bill?

Let us look at the situation from the standpoint of a farmer buying a combine, an item with which I am sure Senator Buckwold is familiar. When will that combine begin to produce revenue if it is bought in December, as a great many of them are because of the reduced prices? Will it be next September or when the farmer begins harvesting? Where is the deduction for the interest payments? I presume that the cabinet minister who introduced this legislation will say that the government has assisted small businesses by doubling the amount of guarantees under this act. I agree that it has, and it is a very important step. However, there are other items which must be considered as opposed to simply taking numbers out of a hat. Many other problems are being neglected, and I hope that the government will give them some consideration.

● (1600)

Honourable senators will recall that the Prime Minister spent a great deal of time this summer in Africa telling those people how to develop their small businesses, their crafts industry, and so on. Meanwhile, at home, Canadian businessmen were wishing he would at least recognize their problems.

They probably do not want his advice—and I do not blame them in that regard.

Honourable senators, let us remember that this situation is rather like one you find in a hospital where a patient is on an intravenous of glucose and water in order to stay alive. While that helps, it is not a cure for the ailment. What small and large businesses need is an economic policy which will attempt to cure the malady afflicting Canadian business. I hope the sponsor of the bill will be able to give us some indication that we will deal with the problem in some way other than borrowing more money.

I would remind honourable senators that at a meeting of a committee to discuss a Farm Credit Corporation bill I said that the farmer who was going bankrupt could say that if he were younger the government would lend him more money. The late Senator A. H. McDonald, who came from Senator Buckwold's province, came to me afterwards and said that he did not think the other members of the committee had understood the point I was trying to make in the course of that story. I also do not think that they did, because the government has continued to borrow money at today's high interest rates. Farmers and small businessmen cannot pay those exorbitant rates.

Honourable senators, under this legislation we are doing exactly the same thing, which is, lending more money at higher interest rates, and we are forcing more and more businesses into bankruptcy but, at the same time, we are hoping to keep their heads above water. Honourable senators should have a look at that head and the water before going too far with legislation of this type.

Hon. Senators: Hear, hear.

Hon. Sidney L. Buckwold: Honourable senators—

The Hon. the Speaker: I have to inform honourable senators that if the Honourable Senator Buckwold speaks now his speech will have the effect of closing the debate on the motion for the second reading of Bill C-86.

Senator Buckwold: Honourable senators, I thank Senator Phillips for the "budget debate". It seems to me that he strayed rather far from the limited ambit of this particular bill.

Senator Phillips: You mean your limited viewpoint?

Senator Buckwold: Will you let me finish my sentence?

Senator Phillips: Certainly.

Senator Buckwold: My viewpoint is not so limited that I cannot look over and see your smiling face, which is always an encouragement.

I recognize the temptation of every member of this chamber, when talking about small business, to rise and say that there are serious problems. We all recognize that fact. I believe the government recognizes that. I am sure that, when we come to the discussion of the budget, we will have ample opportunity to look at the proposals which the government has put forward and note those which it did not put forward.

I can assure Senator Phillips that I fully support many of the things he has said, although I sit on this side of the chamber, and I am sure many other senators also share his view that business and agriculture, generally, are facing serious problems which are very often the result of high interest rates, restricted consumer demand, limited exports, and a world-wide economic slow down. I hate to use the word "recession" but, obviously, the Americans are in that type of economic situation at the present time, and its effects will ripple into Canada, its largest trading partner.

Rather than argue with my good friend Senator Phillips, in many ways I would agree that there are very serious problems and that this bill does not attempt to solve them. This act follows the splendid example set by Mr. Diefenbaker, my late and very good friend, who recognized that there was a problem with small business and instituted a program that was useful through good times and, I might say, bad. This has had an increasing application and usefulness to small business for the last 20 years, and not just for the last year. It has been growing steadily.

It is not just as a result of difficult economic times that there is a demand for loans. It is the fact that it is a very popular program which does allow businesses to borrow at what used to be a reasonable rate—one per cent above prime. Hopefully, it will be at that level some day again.

I hope Senator Phillips will excuse me if I do not attempt to deal, on an individual basis, with the questions he has posed. They are very important questions and I am sure that during the budget debate they will be thoroughly discussed and that there will be many on this side who will share his sentiments.

Of course, there has been a great increase in loans, but part of that situation is directly related to the inflationary aspect of the economy. In other words, a small or a large businessman needs more and more bank loans to finance his business, even if the business is standing still, just because of our present economic situation. I am sure we all devoutly hope that that situation will ease.

I appreciate the honourable senator's comments and agree that small business has many problems. I am suggesting that, in responding to a very small part of that need, the bill that we have before us today, which I have had the honour to introduce, in a small way does help. It carries on the tradition to assist small business, that Senator Phillips spoke of, which started in 1961.

I appreciate what Senator Phillips has said, and I can certainly understand why he could not resist the temptation to say what he did, and I think it deserved saying. Having pointed that out, I again respectfully submit that, in its own limited way, the provisions of this bill will assist small business to a further degree, and I would ask your support.

Motion agreed to and bill read second time.

• (1610)

THIRD READING

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

Senator Buckwold: Honourable senators, with leave, now.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

CANADA OIL AND GAS BILL

THIRD READING

Hon. George J. McIlraith moved the third reading of Bill C-48, to regulate oil and gas interests in Canada and to amend the Oil and Gas Production and Conservation Act.

He said: Honourable senators, this bill has been reported by the Standing Senate Committee on Banking, Trade and Commerce without amendment, but with certain comments. Those comments related to the report on the subject matter of the bill. On third reading I propose not to go further into those matters, but Senator Smith raised quite an important question at the conclusion of the debate on second reading which I did not answer fully at that time. If the honourable senator is agreeable, I am quite prepared to answer now, but perhaps he would wish to speak first.

Hon. G. I. Smith: Honourable senators, I thank the honourable senator for his courtesy; perhaps he would not mind answering now, and then I would have the answer before me when I do speak, as I intend to, very briefly.

Senator McIlraith: Honourable senators, at the conclusion of my remarks on second reading, Senator Smith asked me a question which I did not fully answer. Perhaps I could paraphrase his question in this way: Does the definition of "Canada lands" in Bill C-48 in any way deny or derogate from the claims of provinces to jurisdiction over offshore oil and gas resources on the east and west coasts of Canada, including Sable Island, and will this definition endanger the negotiations now under way between the Government of Canada and the Governments of Nova Scotia and Newfoundland? The honourable senator actually poses three questions in one, and I should like to separate them for the purpose of clarification.

The first question concerns the provincial claims to jurisdiction over offshore oil and gas resources. Perhaps at this point it would be useful if I simply read clause 2 of the bill:

(1) In this Act . . .

"Canada lands" means lands that belong to Her Majesty in right of Canada, or in respect of which Her Majesty in right of Canada has the right to dispose of or exploit the natural resources and that are situated in

(a) the Yukon Territory or the Northwest Territories, or Sable Island, or

(b) those submarine areas, not within a province, adjacent to the coast of Canada and extending throughout the natural prolongation of the land territory of Canada to the outer edge of the continental margin or to a distance of two hundred nautical miles from the baselines from which the breadth of the territorial sea of Canada is measured, whichever is the greater;

Dealing with the first question, it should be evident that this clause does not derogate from any province claiming that offshore oil and gas resources fall "within a province". This point is clear and we are not at issue on it.

The honourable senator refers to Sable Island in his second question. I should like to put on the record section 108 of the British North America Act, 1867. It reads as follows:

The Public Works and Property of each Province, enumerated in the Third Schedule to this Act, shall be the Property of Canada.

The relevant part of the third schedule of the B.N.A. Act reads as follows:

3. Lighthouses and piers, and Sable Island.

That would seem to support the argument—and I do not propose to develop a legal argument here—that Sable Island is under federal jurisdiction. If at some point it should be found by the courts that this is not the case, then I would think that the bill would not apply to Sable Island. However, the relevant section appears to suggest otherwise.

The third question posed is whether this clause will affect the negotiations now under way between the Government of Canada and the Governments of Nova Scotia and Newfoundland. I should indicate that these negotiations do not address ownership. Rather, they concern joint management of resources and the sharing of resource revenues. I take it that Senator Smith is referring to these negotiations, and this bill does not, in any way, affect the ownership question. The question of revenue-sharing is not yet resolved.

I believe that disposes of the three questions. It does leave the Sable Island question open for argument, however long and complicated. Fortunately, that is a decision that the courts would have to make. If the courts decide, for whatever reason, that any part of the offshore is not within federal jurisdiction, then it is simply excluded from the legislation. The provinces are free to assert any claims over federally-administered territories.

I hope that deals satisfactorily with the point that Senator Smith raised. I apologize for not giving him the full answer the other evening, but I believe he understands and appreciates that it was better to do it this way.

Senator Smith: Honourable senators, I wish to make a few comments on third reading. I should like to begin by thanking the Honourable Senator McIlraith for his very full answer, and to tell him that I do appreciate his very sound reasoning

for not wishing to answer it without having the opportunity to consider what it really meant and what its implications are.

I should like to refer to the last two portions of his answer, not with the idea of getting into an argument about it with him now, but just to put on the record my belief that there is an argument and, indeed, a very solid one. I am aware, of course—and honourable senators have heard me argue this more than once—that there is the provision he mentions in the British North America Act regarding Sable Island. A careful reading of that act, and of the history relating to the island, will demonstrate that the reference to Sable Island in what is merely a schedule to the act, and lumping it in with lighthouses and wharves, really is a shorthand way of referring to the humane institutions which then existed on Sable Island and were maintained by the Province of Nova Scotia. It was not intended to convey away from Nova Scotia something which Nova Scotia had exercised jurisdiction and ownership over for more than a century—ever since 1713, I believe.

● (1620)

I merely wanted to show that there is an opposite side to the inference drawn by the honourable senator as to the meaning of those particular words in the schedule to the British North America Act.

I agree with him also that in the matter of negotiations the present negotiations are not concerned with ownership of Sable Island or of the offshore rights on what is generally referred to as the continental shelf. They are concerned with other matters such as administration, control and revenues. But I do wish to say that when two parties are negotiating over the control and administration of a certain asset, and the revenue to be derived from it, the matter of who owns it is a substantial factor to take into consideration in those negotiations. If one side believes that the ownership resides in that side, that the other side has no claim whatever to it, then, obviously, in the course of negotiations, that party is going to be substantially affected by its belief in its ownership.

Therefore, I believe the question of ownership is an important one in respect of the negotiations, even though those negotiations are not specifically concerned with it. I was glad to hear the honourable senator say that, so far as he could see, unless the courts decided that some or all of the area mentioned in the definition are within Canada, then Bill C-48 does not affect the ownership. That, I take it, leaves things exactly as they are now with regard to that item. I was therefore glad to receive his answer, and I again thank him for it.

With regard to the bill itself, I do not wish to go into any great detail. Most of my objections were raised by Senator Roblin on second reading, in his thorough-going discussion of the bill. His remarks, for anyone who is interested in seeing them either now or in the future, will be found in *Debates of the Senate* for December 15, beginning at page 3463.

What I object to most seriously is the retroactive effect of the legislation, particularly with respect to the crown share as it is dealt with in clause 28 of the bill. It is a short clause, and therefore I shall read it. It says:

> No crown share is reserved out of a former lease under which oil or gas was first produced, other than for test purposes, on or before December 31, 1980 or in respect of any interest that succeeds any such former lease.

That makes perfectly clear that the crown share has a retroactive effect. That retroactive effect I object to.

Honourable senators will recall the masterful exposition of the Chairman of the Banking, Trade and Commerce Committee on the reference to that committee of the subject matter of Bill C-48. That exposition begins on page 3453 of the *Debates of the Senate* for December 15. It was not a report of the committee in the ordinary sense, and the distinguished chairman referred to what he was going to say in the following words—which I believe is important to remember:

> Honourable senators, what I propose to do this evening is to state the conclusions reached by the Standing Senate Committee on Banking, Trade and Commerce, to which was referred the subject matter of Bill C-48 and related matters.

So he was simply saying what, in his opinion, were the conclusions of the committee. In his statement as to the conclusions of the committee he dealt with the matter of retroactivity at some length and pointed out that the crown share was, in fact, a retroactive acquisition of certain rights of others.

The paragraph that I wish to read is found on page 3455 of the *Hansard* to which I have already referred. It begins near the bottom of the page, and says:

> The committee has consistently registered its disapproval of legislation which adversely and retroactively affects a third party. The committee agrees that a royalty or tax may be imposed or increased, and as such it may have retroactive effect. The crown share is not, however, a royalty or tax; it is the acquisition of someone else's rights. The committee therefore agrees that clause 28 of the bill should be amended.

That is the clause I read a few moments ago:

> The major portion of the amendment is:
>
> 28. No crown share is reserved out of . . .
>
> (b) a former lease or former permit on which the drilling of a well was commenced prior to December 9, 1980 and such well subsequently becomes a significant discovery.

It seems to me that it is perfectly clear that the chairman, in placing before the Senate what he referred to as the conclusions of the committee, was making it clear that the committee considered the effect of clause 28 to be retroactively taking away the rights of people who had dealt with a lease in the way to which he referred. He then made it clear that the committee's conclusion was that it was retroactive and was contrary, in principle, to what the Senate had been—and I hope still is—definitely opposed to over the years.

Today we received from the Chairman of the Standing Senate Committee on Banking, Trade and Commerce the

committee's report resulting from reference to it of the actual bill following second reading. I regret to say that the committee did not see fit to authorize him to place in the report the same comment about retroactivity which, in his opinion, he considered was proper for him to state when dealing with the conclusions of the committee concerning the subject matter. Indeed, clause 28—on which the conclusion of the committee, as stated by the chairman, was that it should be amended—is referred to in the report presented today in the following terms:

● (1630)

> With respect to Clause 28, the Minister has made the following undertaking:

Then there is a quotation at some length from the minister's undertaking, which reads as follows:

> I am writing to confirm the undertaking I made earlier today before your committee with respect to the fiscal regime applicable to the Canada lands. I believe there is agreement that the Canada lands have the potential to make an important contribution to Canada's energy future. Within the limits imposed by the need to ensure that the pace of oil and gas development is consistent with the local social and economic requirements and with Canada's energy needs, it would be desirable to have increased exploration activity in the Canada lands. I believe the price and fiscal regime we have set out will ensure that this occurs. I would like to confirm, however, that I will monitor the situation closely, and if it appears that the fiscal regime is not having the intended effect, I will be prepared to make the appropriate alterations.

Hon. Jacques Flynn (Leader of the Opposition): That is not very strong.

Hon. Royce Frith (Deputy Leader of the Government): That is very reassuring.

Senator Smith: It may be reassuring to a true believer in advance, such as the Deputy Leader of the Government in the Senate, but it is certainly not very reassuring, and cannot be even to him, so far as I can see, on the question of retroactivity. The minister's commitment, or whatever you want to call it—the report calls it an undertaking—does not even mention that question. So far as that undertaking is concerned, the question of retroactivity does not even seem to exist.

I was present at the meeting and I heard what was said by the minister. It is clear that he believes that it is perfectly all right to apply the principle of retroactivity in these circumstances, and that he is not prepared even to acknowledge that it is an unusual thing and should not happen unless there is some extraordinary circumstance to justify it. As I say, there is absolutely nothing in the report to indicate that the minister has any other view but that retroactivity is a good thing, or good in these circumstances, anyway.

Senator Frith: It is an implication in clause 1 of the comments; that is, the suggested amendment to clause 28.

Senator Smith: Clause 1 of what?

[Senator Smith.]

Senator Frith: Of the report. The suggested change to clause 28 certainly implies that the concept of retroactivity was taken into account.

Senator Smith: There is nothing whatever in the undertaking of the minister about it, and it is perfectly clear that the minister believes in it, because I heard him say so.

Senator Frith: I am sorry; I have given the wrong impression. I did not mean to say that there is anything implied to the effect that the minister was concerned about retroactivity in this case. I thought the honourable senator was also criticizing the committee's report for the same reason. I am only saying that in the committee's report, because of what it says on clause 28, it looks as if it did give consideration to retroactivity, because the form the amendment takes does take that into account.

Senator Smith: If my honourable friend wishes me to get into a discussion on what went on in committee with regard to this matter, I will be very happy to do so. The matter that appears in the report with regard to clause 28—what the honourable deputy leader referred to, I think, as clause 1 of the report—is the least that possibly could have been said. It does not give any recognition to the fact that the committee still believes that retroactivity is a bad thing. I am not criticizing the report in any other way. I think the majority of the members of the committee were prepared to say that, in the circumstances, they were ready to accept these words which I have quoted of the minister—which were substantially the same as those he used in his evidence before the committee—as giving some reassurance. Well, I do not see anything reassuring about them. He is merely saying what any minister would say about any bill or any program, even if he were not being criticized for it. It would be a poor minister who would not be prepared to monitor very carefully the situation covered by a bill. Any such minister, whoever he might be, would indeed be a poor minister also if he were not prepared to make the appropriate alterations, if it ever appeared that the bill was not having the intended effect. Who would not? Any minister with any sense would do so, and any minister who was not prepared to take that stand would not last very long as a minister. Even if he were not removed by the public he would be removed by his master or colleagues.

The point I am making is that the minister believes, as shown by these words of his containing the maximum undertaking that he is prepared to give, and as shown by his rejection of the suggestion that the bill be amended to do away with this aspect of retroactivity, and—well, I sometimes take so long to complete a sentence that I am not sure what the proper ending ought to be, and I should not be surprised if I had reached that position right now!

Having recited these matters, I feel they indicate that the minister accepts the principle of retroactivity, and that the sponsor of the bill is now asking the Senate to accept that principle. I think it is a principle that the Senate should never accept unless the argument in favour is so overpowering that the principle can be overlooked.

The minister made no such argument at all. I do not think the sponsor made any such argument either, and I do not think, as a matter of fact, that he would like to. I am therefore stating, for the reasons suggested by Senator Roblin on second reading and on this principle of retroactivity, that I cannot support the bill. I urge all other honourable senators to endorse what I believe is their innermost belief, that retroactively taking away the rights of a person or persons, or of corporations, is wrong and unjust.

Hon. Ernest C. Manning: Honourable senators, I have already stated on second reading my concerns with regard to this legislation and I am not going to repeat those concerns now. I rise simply to express disappointment that this very important piece of legislation has been brought forward for third and final reading without the changes that could have made it a far more effective instrument in the government's program of attempting to attain energy self-sufficiency in this decade.

The minister clearly declared, when he appeared before the Standing Senate Committee on Banking, Trade and Commerce, that in his view this legislation will achieve that result; but I point out to honourable senators what I tried to point out there, that it is not the government's assessment of this legislation that will decide whether or not it will be damaging in attaining the goal of energy self-sufficiency. That issue will be decided by the reaction to this legislation of the developers and the investment community, and not by the reaction of the government.

• (1640)

As all honourable senators know, the general reaction to this legislation, on the part of the developers in the petroleum industry and of the investment community, has been negative. What this legislation will cost Canada in the loss of energy resource development only time will tell, but I feel very strongly that our hope of attaining energy self-sufficiency in the present decade is significantly lessened rather than assisted by this legislation.

There are two clear signals which are sent, by means of this legislation, to the developers and to the investment community. One is that all of the objections which have been voiced before the committees of Parliament and, indeed, directly to the minister and the officials of his department, while they may have received consideration, in the final analysis are being brushed aside. It is as though the industry is being told that those objections and concerns are not valid. I submit that that is a very dangerous signal to send to that industry upon which we are so dependent if we hope to reach our energy self-sufficiency goal. The second signal which is sent just as clearly to the developers and to the investment community is that the government of this country is prepared to implement legislation that adversely affects the interests of developers and investors retroactively.

Honourable senators, I agree with everything that the Honourable Senator Smith has just said in objecting to that principle of retroactivity. I suggest that it is a particularly sensitive issue in the field of investment, where the confidence of investors must be secured if you are going to get their money.

For these reasons, honourable senators, I cannot support this legislation as it now stands. I honestly do not think that it is in the best interests of Canada, from the standpoint of the important goal of trying to attain energy self-sufficiency.

Hon. Sidney L. Buckwold: Honourable senators, I have been in this chamber for 10 years. Though I may have voted against my party on a minor occasion, I do not believe that I have done so with regard to any significant piece of legislation. Unfortunately, in this case I have to say to my leader that, strictly on a matter of principle, I cannot support the bill which is being presented today.

I do not believe in retroactive legislation. I think that it is against the grain of the Canadian way of doing business. I believe that a contract is a contract and should be honoured. I agree that we are setting some dangerous precedents in moving in the direction that Bill C-48 takes us. I have no objection to the objective of the bill, but I feel that the government could have accomplished the same end by means of revenue raising by way of taxation and royalties.

It was indicated to the members of the committee that, in addition, the government wanted a "seat at the table," which I believe was the expression used. I think that could have been obtained by the very broad powers of discretion that were given to the minister under the measure.

I regret to see Canadians and Canada, through its government, moving in the direction of abrogating what were considered firm contracts in the eyes of those who were involved at the time of the original signing. For this reason, I cannot support the legislation. In addition, I feel that it will add considerably to the problems we have with our friends in the United States. There is no doubt that investor confidence will be shaken, and this will also contribute to the tensions which are growing between our two countries.

I regret, honourable senators, that I cannot support the government in this case. I am sure that the members of my party will understand the reasons I have for not being able to vote with them on this occasion.

Hon. George J. McIlraith: Honourable senators, I should first like to add to what I said earlier in responding to the question raised by Senator Smith.

I should make it clear that if any Canadian court ultimately determines that a province had jurisdiction or ownership in the offshore, those areas over which it had jurisdiction would not be part of the Canada lands and therefore the bill would have no effect on them. I hope that was inherent in what I said previously.

As to the other questions raised by honourable senators, I do not propose to go over the entire argument, but I do wish to point out that the matter was thoroughly covered by the committee, in spite of the two handicaps that we had. The first of those handicaps is that the other relevant legislation providing for petroleum incentive payments is not yet before Parliament. However, these payments must be taken into consider-

ation in conjunction with this bill. The measure came to us so quickly that we were not able to complete all of the work in our pre-study.

The argument concerning the crown share provision was developed rather thoroughly by a great many senators. I think it fair to single out Senator Smith, Senator Roblin and Senator Manning, who raised the question persistently. I do not propose to repeat the explanation of the crown share other than to acknowledge that the retroactive application of the provision was, admittedly, a point of real concern to the committee, as indicated in the statement made by Senator Hayden last Tuesday evening.

There are one or two features of the retroactive application of this provision that I would like to emphasize. Retroactivity only applies to existing permits which were issued prior to the coming into force of this act. These permits go back a considerable number of years and vary in tenure depending on the time at which they were granted. However, the legislation under which they were granted was enacted in 1961. Some of the permits were simply issued for exploration to be carried out over a certain designated area, and some of the areas under permit are quite extensive. Some of the permits have expired and we do not need to concern ourselves with them. Others of them have, on their expiry, been negotiated under conditions similar to those covered in this bill. However, all existing exploration permits will be renegotiated to bring them under the regime enacted by this bill, because these old permits have certain disadvantageous elements.

● (1650)

In many instances, these disadvantageous elements arise mainly out of a requirement that a fixed area of the land for which the permit was granted be surrendered if a significant discovery was declared. That was rather arbitrarily imposed in some instances. In many cases, of course, there was no obligation on the explorer who had obtained a permit to do any significant amount of exploration or drilling. But under the new regime those activities may be accelerated, and I am sure everyone, including those who have spoken today, will agree that it is desirable to take measures to increase the activity on Canada lands. I think it would be acknowledged that this retroactive feature has not been called into question at all.

Incidentally, the number of permit holders to which this will apply is quite small. I understand, however, that there are significantly more companies expressing interest in Canada lands exploration because of the advantages. The main advantage is that under the new regime companies seeking a production licence are not obliged to give up an arbitrary portion of the land in certain cases. Moreover, there is the great incentive of the petroleum incentive payments that they will receive.

All these matters were considered, but it remains obscure as to whether any companies would wish to do other than come under this provision when applying for a production licence. However, we are in a vague area there; I cannot be more specific, and neither could the committee.

[Senator McIlraith.]

I can say that three companies did make representations that were dealt with by the committee. Under the circumstances and considering all the evidence before it, the committee decided, by a majority vote, not to adopt the recommendation to amend clause 28 of the bill put forward, I recall, by Senator Hayden. I see no reason to differ from that decision of the committee.

I would also point out that the second part of that amendment contained in the committee report tabled today would be manifestly unfair, because it does not recognize the advantages under the new regime, which are many. It should be recalled that the crown share provides companies with a 25 per cent portion of the costs of the development of whatever they have found. Moreover, they would not be eligible for the ex gratia payments they are now able to obtain. The second part of that recommendation could not, in any event, be tolerated, and I think, had it been understood more clearly, it would not have been accepted. In any event, I think there is little point in my pursuing this further, although it seems to be the major point at issue.

I want to say a word in appreciation of those committee members who performed diligent work throughout the sittings on this rather complex bill, both in the pre-study and in the development of the report on the bill itself.

Although I appreciate the arguments raised by honourable senators this afternoon, I have to let the matter go forward. I do not think there is more I can usefully say about it. I respectfully differ from them, of course, but I will leave it at that.

[*Translation*]

Senator Flynn: Honourable senators, just for the record, it is clear that if the committee had acted in perfect freedom, it would have recommended changes in section 28 as indicated in the report on—

● (1700)

[*English*]

Senator McIlraith: May I ask a question at this point?

Senator Flynn: Yes.

Senator McIlraith: Did I correctly understand the interpretation? Did the honourable senator say that the committee did not act in perfect freedom?

Senator Flynn: Yes.

Senator McIlraith: Then, before the honourable senator carries that argument any further, I would draw his attention to the fact that it was Senator Walker who moved that this bill go forward without amendment.

Senator Flynn: I understand that, and Senator Walker is perfectly free to move such a motion. I will repeat what I said.

[*Translation*]

If the committee had acted with perfect freedom, it would certainly have recommended changing the bill as indicated, especially where section 28 is concerned. This is one more instance where the government made it clear the bill was not

to be amended, which is why we have this report with only a very vague statement by the minister. It is the second time in a matter of days, because the same thing happened only last week. Unless it suits the present government, the Senate can never make any changes. In any case, last week we gave the government the means of doing away with this chamber. Of course, as long as we behave as we are doing now, we will probably manage to survive, but if we were to put up any resistance, I imagine that some day we would get the punishment we deserve.

Senator Frith: Honourable senators, in the committee's defence, if indeed that is what is called for, I want to point out that there are a number of ways to interpret the expression "in perfect freedom". I believe we have a good idea of the interpretation given to it by the Leader of the Opposition, because he even went so far as to define what he meant by "perfect freedom". However, others may have a different interpretation.

[*English*]

Hon. Willie Adams: Honourable senators, I do not believe that the people of the northern communities were sufficiently consulted with regard to Bill C-48. The House of Commons committee which reviewed this bill spent three days travelling in the north. In three days the committee went from Ottawa to Yellowknife, to Inuvik, up to Resolute Bay and Grise Fiord, down to Pond Inlet, and back to Frobisher Bay, and at no time during their travels did they consult with the people in these communities. They simply made stops at the communities and then returned to Ottawa.

Although Bill C-48 directly affects the communities on the Arctic Islands and on the government reserves, these communities are not recognized as the owners of the land. I refer to such communities as Resolute Bay, the community on Ellesmere Island which is a government weather station, and Alert, which is a Canadian Forces base. Last week I was in Rankin Inlet to attend a Northwest Territories constitutional conference. Many people came to me and said that they had not been asked to appear before the committee as witnesses. Therefore, I do not feel that I can support this legislation.

Motion agreed to and bill read third time and passed, on division.

• (1710)

CANADA ELECTIONS ACT

BILL TO AMEND—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Austin, seconded by the Honourable Senator Goldenberg, for the second reading of the Bill S-11, intituled: "An Act to amend the Canada Elections Act".—(*Honourable Senator Macquarrie*).

Hon. Heath Macquarrie: Honourable senators, before I ask for the disposition of this order, I should like to point out that this is not languishing on the Order Paper because of disinterest, but because it is basically what in the House of Commons would be called "a private member's public bill." The mover is no longer a private member, he having been called to the ministry, and I believe that modalities have to be sorted out.

Therefore, I would ask that this order be stood until February 10, 1982.

Order stands.

[*Translation*]

OFFICIAL LANGUAGES

CONSIDERATION OF SECOND REPORT OF SPECIAL JOINT COMMITTEE—ORDER STANDS

On the Order:

Consideration of the Second Report of the Special Joint Committee on Official Languages—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator Guay, on behalf of Senator Murray, has asked me to move the adoption of this report. Perhaps the motion can be moved, but I just want to read two paragraphs in order to show you why I feel adjournment is appropriate.

Honourable senators, before the report is adopted, I feel I should draw your attention to the report's two recommendations, because some senators may wish to comment on them. The recommendations are as follows: First:

Need for the Committee to Travel:

The Committee believes that, given the importance and terms of its mandate, it is essential that it go to regions of Canada to help make members of the public aware of their language rights. In addition, as suggested by the Commissioner of Official Languages, the Committee should seriously consider travelling to countries which have official languages policies in order to discuss their legislation with the authorities responsible for their implementation.

The second recommendation reads as follows:

Your Committee recommends that it be empowered to adjourn from place to place within Canada and abroad, accompanied by the necessary staff, and provided that the estimated expenses for such travel and the locations to be visited are defined in advance.

I have nothing against these recommendations, but they are quite far-reaching, and I believe it would be appropriate to move the adjournment of the debate until Senator Murray or Senator Guay is able to attend.

Some hon. Senators: Agreed.

Order stands.

[*English*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Committee on Internal Economy, Budgets and Administration respecting the printing of certain information in the *Minutes of the Proceedings of the Senate* and the *Debates of the Senate*, which was presented yesterday.

Hon. B. Alasdair Graham moved the adoption of the report.

He said: Honourable senators, as you know, the Standing Committee on Internal Economy, Budgets and Administration has been considering this very important matter for some time. The proposed recommendations were printed on page 1811 of the *Minutes of the Proceedings of the Senate* of yesterday.

There are five rather pertinent recommendations which, I am sure, every senator in the chamber has perused very carefully.

I would point out that the committee very carefully monitored the printing of the present session of Parliament during the period from April 14, 1980 to November 1981—a period which included 154 sittings.

If the Senate approves the committee recommendations, this would represent an approximate saving of over $62,000 for a comparable period and a comparable volume of printing.

As indicated in our report:

> Your Committee will continue to monitor the cost of printing Senate publications and may make further recommendations to reduce these costs if necessary.

Motion agreed to and report adopted.

The Senate adjourned until tomorrow at 10 a.m.

THE SENATE

Friday, December 18, 1981

The Senate met at 10 a.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Department of Supply and Services, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1981, pursuant to section 12 of the *Department of Supply and Services Act*, Chapter S-18, R.S.C., 1970.

Report of the Department of External Affairs for the year ended December 31, 1980, pursuant to section 6 of the *Department of External Affairs Act*, Chapter E-20, R.S.C., 1970.

Amended Capital Budget of the Farm Credit Corporation for the fiscal year ending March 31, 1982, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1981-3302, dated November 20, 1981, approving same.

[*Translation*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until Tuesday, February 2, 1982, at 8 o'clock in the evening.

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

Some Hon. Senators: Agreed.

Senator Frith: Honourable senators, I may point out that our plans are still the same as they were yesterday, namely, we want to come back on February 2 rather than January 25, when the sitting resumes in the other place, because we want to give our colleagues in the House of Commons a chance to prepare various items of business for us.

● (1005)

I merely wish to clarify something I said yesterday and draw your attention to the provisions of rule 14A which reads as follows:

> If, during any adjournment of the Senate, the Speaker is satisfied that the public interest requires that the Senate meet at a time earlier than that set forth in the motion for such adjournment, the Speaker may call such a meeting by sending a notice to each senator at the latest address of the senator filed with the Clerk of the Senate, informing the senator of the time of the meeting.

So, subject to what I have just said, we intend to resume sitting on Tuesday, February 2, at 8 o'clock in the evening, as usual.

Hon. Jacques Flynn (Leader of the Opposition): I could not agree more. I think that in quoting this rule, the Deputy Leader has demonstrated that we have a very elegant way of saying certain things, because in fact, not only the Speaker must be satisfied, it is above all the Leader of the Government or his deputy who must be satisfied that the Senate should return. In any event, it is very well put.

Perhaps, considering that we are to adjourn until February, we should be told what we are to expect later today and when the Senate may take its leave?

Senator Frith: Certainly, honourable senators. Today, we only have what is on the Orders of the Day and our usual business.

As far as bills are concerned, we have only the third reading of Bill C-46.

That is why—and I have already consulted the Honourable Leader of the Opposition—we intend to sit until eleven o'clock or 11:15, and resume at 1:30, with the possibility that we may receive the bill we discussed yesterday, which is, I believe, Bill C-87 concerning the National Energy Board. If the bill is here by 1:30, with all the amendments, once copies have been distributed to the honourable senators we shall try to get through three readings; however, we are not giving any guarantees. Royal Assent is scheduled for 2:30. If we cannot finish this business or if the bill is not in the Senate, Royal Assent will still take place at 2:30.

Senator Flynn: I have tried to get some information from the Opposition House Leader and it seems there is a possibility that the bill will be adopted before the house recesses for lunch. If that is the case, and if the bill is as straightforward as it is said to be—we have not yet had an opportunity to read it—the Deputy Leader can rest assured that we shall co-operate in order to pass it, although I do not think there will be any earthshaking consequences if the bill is not passed.

In fact, I think that as soon as we have exhausted the number of items on the Order Paper—though not the patience of the senators, since there are not many items—we shall be able to adjourn until 1:30, it being understood that Royal Assent will take place at 2:30.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

THE PRIME MINISTER

ANNOUNCEMENT OF PRESS CONFERENCE

Hon. Jacques Flynn (Leader of the Opposition): It has been announced that the Prime Minister will hold a press conference this afternoon. Can the Leader of the Government inform us what the conference will be about? Is it being held to announce a change in the budget or the Prime Minister's retirement, or the like? Will it be as interesting as all that? What a wonderful Christmas present it would be, if the Prime Minister were to announce his retirement!

• (1010)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I well appreciate the keen interest shown by the Leader of the Opposition in the press conference scheduled for this afternoon. However, it would be most unseemly for me to attempt to anticipate what the Prime Minister might say during his press conference. I urge the Leader of the Opposition, however, to watch his television set or to listen to his radio.

FOREIGN AFFAIRS

ROYAL COMMISSION ON CONDITIONS OF FOREIGN SERVICE—GOVERNMENT RESPONSE TO REPORT

Hon. Heath Macquarrie: Honourable senators, since we are going to be away for some time, I should like to revert to a question I directed to the Deputy Leader of the Government on Wednesday concerning the report of the McDougall Royal Commission. He said that he would endeavour to obtain more information. What I am looking for is the government's disposition in reference to this very important document. I note that the Secretary of State for External Affairs says that, in his experience, morale is very good. However, he said that he had not read the report, but would do so.

What will the government do about this? Will it be thoroughly studied? Will it be taken seriously, and when will that get under way?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, when that question was asked Senator Olson was in the chamber. I gave that undertaking to Senator Macquarrie, and he will remember that I felt that I could assure him that it would be seriously studied.

What I undertook to do was give him more information respecting the particular bodies that might study the report. However, I am unable to do so at the moment.

I mentioned that Senator Olson was in the chamber because he may have some information that I do not have. As far as I am informed to this moment, the report will be taken seriously and studied closely.

• (1015)

I agree with the honourable senator that it is an intriguing report, particularly in its manner of presentation with the columnar comparisons of problems and solutions. I am sure it is going to get a lot of attention from the government.

I would ask Senator Olson if he has anything to add, because he was here when that question was asked.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, no, I do not have anything to add to what has already been conveyed to Senator Macquarrie.

Hon. Jacques Flynn (Leader of the Opposition): That is a safe thing to say.

TRANSPORT

CN MARINE—ELIMINATION OF POSITIONS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question posed on December 9 by Senator Muir which concerns CN Marine and the elimination of some positions.

First of all, I can assure the honourable senator that the government does not intend to eliminate either CN Marine or CN, as both companies provide useful services to Canadians.

Stevedoring employment was artifically high in the period 1970-1974 because of a number of unusual circumstances. The amount of cargos transferred from railcars to trailers, containers and conventional vessels peaked at 139,000 tonnes during 1974. Truck traffic gained increasing prominence following 1974, while total general freight shipments to Newfoundland through North Sydney, declined slightly in the 1975-80 period. These events combined with improved technology, such as roloc procedures, have led to a gradual elimination of double handling and, subsequently, a reduction in the labour force required to handle cargo.

The Minister of Transport asked CN Marine to make no further employment reductions until April 1, 1982. The size of any future employment reductions after this date will be subject to normal labour management negotiations. As an added measure, my colleague the minister is currently supporting the establishment of a joint consultative committee between labour and management as a forum to consider employment reductions that may occur as a result of changes in freight handling techniques, such as containerization of rail traffic.

[*Translation*]

MEAT IMPORT BILL

THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-46, to regulate the importa-

tion into Canada of fresh, chilled and frozen meat and to amend the Export and Import Permits Act.

Hon. Jacques Flynn (Leader of the Opposition): For the record, I think it might be worth mentioning that Senator Hays has apparently given up his struggle to have this bill referred to committee.

Senator Frith: Honourable senators, I was just going to ask Senator Flynn whether there were any new developments since yesterday when he asked to let the order stand and thus give Senator Hays a chance to express other reasons for wanting to refer the bill to committee.

Senator Flynn: He could not find any.

Motion agreed to and bill read third time and passed.

[*English*]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I suggest that the Senate do now adjourn during pleasure to reassemble at the call of the bell at approximately 1.30 p.m.

The Senate adjourned during pleasure.

At 1.30 p.m. the sitting was resumed.

NATIONAL ENERGY BOARD ACT

BILL TO AMEND (NO. 2)—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-87, to amend the National Energy Board Act (No. 2).

Bill read first time.

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

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be read the second time now.

Motion agreed to.

SECOND READING

Hon. H. A. Olson (Minister of State for Economic Development) moved the second reading of Bill C-87, to amend the National Energy Board Act (No. 2).

He said: Honourable senators will recall that last Friday the House of Commons gave final reading to Bill C-60, to amend the National Energy Board Act, relating to the detailed routing of pipelines, conditions relating to construction, entry onto the right of way, acquisition of the right of way, and compensation for the use of the land. This bill is now awaiting royal assent.

Honourable senators will further recall that all parties agreed to swift passage of the bill, which originated in this house, and was known previously as Bill S-12.

Bill C-60 will require that a company which files a plan, profile and book of reference with the board must serve a notice on all landowners whose land is proposed to be acquired, and must publish a similar notice in a newspaper in the area where the land is involved. Landowners who have been served with notice, and any other landowner who believes that his land will be affected by the pipeline, will have 30 days to file a notice of objection with the National Energy Board.

If any notice is received, the board must conduct a hearing in the locale of the land affected, at which the landowners who have filed notice have a right to be heard. The terms of reference of this hearing include not only the best possible route for the pipeline but also the best method of acquiring the land and of constructing the pipeline. The board has power to address all of these concerns either by withholding its approval of the plan, profile, and book of reference, or by imposing terms and conditions on the approval.

There is a good deal of pipeline construction contemplated in the near future, and the board estimates that nearly 4,000 landowners will be affected by the bill in the first quarter of 1982. Even if only 3 per cent of them request public hearings, this could give rise to at least 120 cases in that first quarter of 1982. Just how many landowners will apply is unknown at this time, but the board must have the flexibility to deal with the situation.

Bill C-60 did not provide for any additional board members to conduct these hearings. Staff will also be required by the board to administer Bill C-60, but arrangements have already been made with the Treasury Board for the provision of such staff. However, under the National Energy Board Act, the board is restricted to nine permanent members with no provision for temporary members. These permanent members are needed to carry out the existing responsibilities of the board under the National Energy Board Act, the Petroleum Administration Act and the Northern Pipeline Act.

As honourable senators can imagine, there will be a great deal of activity in the energy field, and all nine board members are already committed to hearings throughout the twelve months of 1982 and, indeed, beyond. It is generally acknowledged that the board is a very hard-working regulatory agency. It will be quite impossible for the board to carry out its responsibilities under Bill C-60 without additional members. Hearings already scheduled for 1982 concern an Ontario Hydro transmission line across Lake Erie, the Arctic Pilot Project, TransCanada PipeLines' 1982 facilities, gas export hearings, and several rate applications.

• (1335)

In addition, of course, we know that the TQ & M Pipeline will require easement acquisitions, and also, at some time in 1983, the Norman Wells line will be going into the Mackenzie Valley and down into the existing gathering system for oil in northwestern Alberta.

Concurrence has been received from all parties in connection with the introduction of this bill in the house in anticipation that members will agree to give it swift passage so as to

permit Bill C-60 to be proclaimed at an early date. The sole purpose of the bill is to provide for the appointment of temporary members under terms and conditions to be prescribed by the Governor in Council, and for the temporary members to carry out such duties as may be assigned to them by the chairman of the board. Whether or not more permanent members are needed can be determined when experience has been gained in administering Bill C-60. Each of the temporary members will be governed by the same conflict of interest rules as are contained in the National Energy Board Act relating to board members.

You will note that there has been a change in the wording of the residence requirements of the board members who are presently required, "to reside in the city of Ottawa or within 25 miles thereof or within such other distance as the Governor in Council determines". It has been decided to change these requirements and relate them to the National Capital Region, based on the definition set out in the National Capital Act. This seems to reflect the appropriateness of the term "National Capital Region" as embracing an area in both Ontario and Quebec in referring to the federal Government of Canada.

As I pointed out at the beginning, honourable senators, the bill is basically very simple, and by providing for temporary board members it permits the bringing into operation of Bill C-60 at an early date. I hope that all members of this chamber will concur in this.

I should also advise honourable senators that it is the intention to proclaim the coming into force of this bill, if it is passed, on the same day as Bill C-60, is proclaimed.

As I said, the bill is very simple. It provides for some temporary board members. There is an amendment, and I think all honourable senators have a copy of it, limiting the number of temporary members to no more than six, as and when they are required.

It is my view that occasions may arise when the public interest would be better served if there were more than six temporary members. I am thinking, for example, of a situation in which the TQ & M Pipeline land acquisition activity was going on at the same time as that in connection with the Norman Wells pipeline, and those sections of the Alaska Highway pipeline running through the Yukon, the northeastern part of British Columbia, and the northern and central part of Alberta, and perhaps other pipelines as well. In those circumstances it would be necessary for someone in the capacity of a temporary board member to carry out the function of hearing the landowners' representations.

The amendment, however, was made in the other place limiting the number to six. I suppose we can try to get along with that throughout 1982, but I suggest to honourable senators that if there are several major projects going on at the same time, six temporary members, in my view, will be an insufficient number to meet the legitimate needs of the landowners across this country, if we think, for example of having one temporary board member for a massive project such as the one involving construction all the way from Quebec City, or eastern Quebec, to Halifax. It may be that such hearings would be unnecessarily delayed were we unable to assign more than one temporary member to them. The same will be true for certain other major projects. For now, however, what we are asking members of this chamber to approve is the addition of up to six temporary board members to carry out the provisions of Bill C-60.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, it may be that the minister is right when he says that this is a simple bill. However, I must say that I am not too happy with having to deal with it in the way and in the form in which it comes to us. We have copies of a bill with no number.

Senator Olson: It is Bill C-87.

Senator Flynn: Yes, we have to add the number. Furthermore, we have this amendment. I can adjust to the amendment with some ease. It would mean that the new subsection 3(6.1) would be inserted after line 13, to provide that there will be "not more than six temporary members . . . at any one time." Line 13 is easily distinguishable in the French version. However, we are not too sure where line 16 is in the English version.

• (1340)

In any event, I simply wanted to point out that we are called upon to deal with this in a very unsatisfactory way. However, if that is the only problem, I suppose that we can adapt to the situation, as we on this side have always done. I am not sure that we would have obtained the same co-operation if our roles had been reversed.

Senator Olson: There is no doubt about that.

Hon. Royce Frith (Deputy Leader of the Government): Oh, you certainly would.

Senator Flynn: I was hoping that Senator Frith and Senator Olson would intervene, as they have, because they were the least co-operative when we formed the government, and I remember very well that they were hard on us. I may say that I remember it with pleasure, because I did not lose any sleep over it.

I was listening to the debate in the House of Commons and, while it was not a long debate, the members took the opportunity to deal with the energy policy of the government. We could very well spend an hour or so here criticizing the bad aspects of some of the provisions of this National Energy Program, but we always keep to the relevant issues in the debate when we deal with a bill—and I am not speaking of the ministers when they reply to questions. Therefore, I am simply going to resume my seat and say, "Let it go!"

Hon. Azellus Denis: Honourable senators, I have only one question I would like to ask the minister. I know that this is a simple bill, but it is hardly a simple signature. I would like an explanation regarding the signature.

Senator Flynn: That is a very good question, Senator Denis.

Senator Olson: I think it is what it says it is—the signature of the Minister of Energy, Mines and Resources.

Senator Denis: It is the signature of the Minister of Energy, Mines and Resources.

Senator Flynn: What is the name?

Senator Olson: Marc Lalonde.

Hon. Arthur Tremblay: Honourable senators, if I may, I would like some clarification of clause 2 of this bill, which refers to section 4 of the existing legislation. It appears as though subsection 4(1) and 4(1.1) in substance say exactly the same thing. Why, then, are there two subsections?

Senator Olson: Honourable senators, the two subsections are certainly similar, but I think that subsection 4(1) deals with the legality of the Governor in Council's setting the remuneration for these services from time to time. That is not contained in the previous paragraph.

• (1345)

Senator Tremblay: May I read what it says?

Senator Flynn: Yes. That's a good idea.

Senator Tremblay: It states:

> 4. (1) Each member, other than a member appointed under subsection 3(6), shall be paid such remuneration for his services as the Governor in Council may from time to time determine.

Then the next subsection reads:

> (1.1) Each member appointed under subsection 3(6) shall be paid such remuneration for his services as the Governor in Council may from time to time determine.

I see no substantial difference between those two subsections. One would have seemed sufficient. It would have said everything. That is the reason I asked why there were two subsections.

Hon. George J. McIlraith: Do the two subsections not deal with two different groups? Subsection 4(1) deals with "Each member, other than a member appointed under subsection 3(6)," whereas subsection 4(1.1) specifies "Each member appointed under subsection 3(6)".

Senator Flynn: But what difference does that make? Why have two subsections?

Senator McIlraith: I do not know, but they do cover two different groups.

Senator Tremblay: I realize that, but in both cases it is left to the Governor in Council to make the determination, and he will do the same thing for both groups. Therefore, I see no reason for having the two subsections.

Senator Frith: I do not think that is right. With respect to the permanent members there is a minimum, while there is no minimum with respect to temporary members. That is the reason.

Senator Tremblay: It does not say that in the subsection.

Senator Frith: Well, I read it, so it must be there somewhere.

Senator Flynn: Perhaps we should refer the bill to committee to find out.

Senator Denis: May I direct your attention to the proposed subsection 3(7) under clause 1 of the bill? It says:

> Each member, other than a member appointed under subsection (6), shall, during his term of office—

Can the minister tell me if a member could perform the function before his term of office?

Senator Olson: Yes, I think so. This refers specifically to the days or weeks while he is there, but he would not necessarily have to be a member or have his residence there before his term of office.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. H. A. Olson (Minister of State for Economic Development): With leave of the Senate and notwithstanding rule 45(1)(*b*), I move that the bill be read the third time now.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

December 18, 1981

Sir,

I have the honour to inform you that the Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 18th day of December, 1981, at 2.45 p.m. for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
Jacques Noiseux
for
Edmond Joly de Lotbinière

The Honourable
The Speaker of the Senate,
Ottawa.

• (1350)

ELECTRICITY AND GAS INSPECTION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-11, relating to the inspection of electric and gas meters and supplies.

Bill read first time.

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

Hon. Royce Frith (Deputy Leader of the Government) moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORT OF COMMITTEE BUDGET TABLED

Leave having been given to revert to Reports of Committees:

Hon. B. Alasdair Graham, Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, tabled a report approving the supplementary budget of the Standing Senate Committee on Foreign Affairs.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

The Senate adjourned during pleasure.

• (1445)

ROYAL ASSENT

The Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the National Energy Board Act

An Act to regulate oil and gas interests in Canada lands and to amend the Oil and Gas Production and Conservation Act

An Act to regulate the importation into Canada of fresh, chilled and frozen meat and to amend the Export and Import Permits Act

An Act to amend the Small Businesses Loans Act (No. 2)

An Act to amend the National Energy Board Act (No. 2)

An Act to incorporate the Jules and Paul-Émile Léger Foundation.

The Honourable Lloyd Francis, Deputy Speaker of the House of Commons, then addressed the Honourable the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1982.

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

• (1500)

SEASON'S GREETINGS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on behalf of the Leader of the Government in the Senate, I wish all honourable senators, their families and friends a Christmas season full of joy, nourishment in every sense of the word, rest and good health. Of course, I also wish all honourable senators a happy and prosperous 1982.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): I very sincerely echo the good wishes just expressed by the Deputy Leader of the Government. For our part, we also wish you a Merry Christmas and a Happy New Year as well as a good rest, or a recess period—I am not too sure what it should be called—but a period of contemplation for us all.

I notice that the Minister of Finance will be delivering a speech this afternoon at four o'clock. I was wondering whether we ought to stay here to find out if this is going to be a mini-budget or a new budget, or exactly what is going to happen.

I presume there is no need for us to stay here because we will be able to debate all these new measures, whatever they may be, in due time when we get back.

Before the Deputy Leader of the Government moves the adjournment of the Senate until February 2, perhaps he might tell us whether the government has decided to open a new session or whether we will continue this one so as to beat the record set a few years ago when the session lasted for nearly three years. I suggest that all honourable senators would be interested to know just what are the views of the government in that respect.

Be that as it may, I must say that I will miss you individually but certainly not collectively! In any event, my best wishes are with you until February 2.

[*English*]

Senator Frith: Honourable senators, dealing with the first matter raised by the Leader of the Opposition, I am sure that if the budget—or the speech that is supposed to have something to do with the budget—falls within the provisions of Rule 14A(1) so as to persuade the Speaker that it would be in the public interest to call us back immediately, we will hear bells ring on our way to the airport or on the way to take other modes of transportation. I doubt that that will take place.

On the second matter raised regarding the possibility of having prorogation and a new session commence sometime after Parliament reassembles, I can say that that is under serious consideration by the government, but as far as I know now, no date has been decided upon. Perhaps the Minister of State for Economic Development might wish to add something, but those are my instructions and my information now—"instructions" in the solicitor and client legal sense.

Senator Flynn: You have to be careful.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am not going to add a great deal to the plan of proceeding with this session or going to another one, but while I am on my feet perhaps I could take the opportunity to sincerely wish a joyous season to all honourable senators, their families and friends. I also wish all honourable senators a prosperous 1982, which my department, of course, views with a great deal of optimism all the time.

Senator Flynn: You have no choice.

Senator Olson: As far as this session is concerned, there are, of course, a number of bills, such as the budget bills and other bills dealing with energy agreements, left on the Order Paper.

I would suggest gently to my honourable friend, the Leader of the Opposition, that he use his great influence—and I know he has that—to persuade his colleagues to expedite passage of those bills, not only through this house, but through the other house. That would lead us quickly to a new session. We are not attempting in any way to break records, but we do have some heavy obligations, and I know that he is ready to give us a commitment to help us discharge those obligations in the most expeditious manner.

● (1505)

Senator Flynn: We have always done that.

Hon. William J. Petten: Honourable senators, as you know, I am a man of very few words.

An Hon. Senator: That's the best news we've heard this week.

Senator Petten: I should like to thank all honourable senators on both sides of the house for the co-operation shown this session, and to wish one and all a very Merry Christmas and a prosperous New Year.

Senator Flynn: Honourable senators, I should like to add that our wishes extend also to the Clerks, all personnel of the Senate and the reporters and editors of *Hansard*.

Senator Frith: Yes, indeed, honourable senators, I believe that we should make it very clear that our good wishes extend to those on the *Hansard* staff, the pages and all the excellent support staff who make life for a Canadian senator that much more enjoyable.

The Hon. the Speaker: Honourable senators, before putting the motion for adjournment, I should like to join with the Deputy Leader of the Government and the Leader of the Opposition in extending my non-partisan Season's Greetings. I invite you to my quarters after the sitting, and I will try to substantiate what I have just said.

The Senate adjourned until Tuesday, February 2, 1982, at 8 p.m.

THE SENATE

Tuesday, February 2, 1982

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

Prayers.

[*Translation*]

THE LATE HON. PAUL DESRUISSEAUX

NOTICE OF DEATH

The Hon. the Speaker: Honourable senators, it is with great sadness that I must inform you of the death of our former colleague, Senator Paul Desruisseaux, who died at two o'clock this morning in Sherbrooke.

There will be no speech to honour Senator Desruisseaux, because this was done when he retired from the Senate, but I believe that we can endorse what was said on that occasion.

The funeral will take place Friday afternoon in Sherbrooke. My secretary will be able to give you further information if necessary.

[*English*]

CLERK OF THE SENATE

APPOINTMENT OF CHARLES LUSSIER, ESQUIRE

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that a commission under the Great Seal has been granted to Charles Lussier, Esquire, appointing him Clerk of the Senate and Clerk of the Parliaments.

The commission was read by the Clerk Assistant.

● (2000)

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that by the usage of Parliament the Clerk of the Senate is required to take the oath of office before the Honourable the Speaker of the Senate.

The oath of office was administered by His Honour the Speaker.

[*Translation*]

COMMISSION ISSUED TO CHARLES LUSSIER, ESQUIRE

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that a commission under the Great Seal has been issued to Charles Lussier, Esquire, duly appointing him a Commissioner to administer the oath of allegiance to members of the Senate and receive their declarations of qualification.

Hon. Martial Asselin: Honourable senators, I rise on a point of order.

Mr. Speaker, I think it should be pointed out that the Royal Proclamation by which Mr. Lussier was appointed as Clerk of the Senate should have been read in French as well, since French and English are the two official languages of this country, and it is often said that French is not used often enough in the Senate. I therefore register my protest and I want to make it clear that the Royal Proclamation should have been read in both official languages.

The Hon. the Speaker: Honourable senators, I have been informed that the French version was accidentally destroyed and there was no time to have it reprinted.

Hon. Jacques Flynn (Leader of the Opposition): Could we have some further clarification?

● (2010)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on your behalf it is my privilege to welcome the new Clerk of the Senate and Clerk of the Parliaments, Mr. Charles Lussier.

Mr. Lussier has practised law in the province of Quebec and has lectured at the Faculty of Law, University of Paris, and at the University of Ottawa where he taught a master's degree course in civil law.

Honourable senators, our new Clerk brings to this chamber a distinguished background in public service. Mr. Lussier served as Assistant Deputy Minister (Citizenship) in the Department of Citizenship and Immigration; as a special adviser on matters relating to the continental shelf and international negotiations with France and the United States; as Assistant Under-Secretary of State; and as a Commissioner of the Public Service Commission of Canada. Most recently he served as the Director of the Canada Council.

Mr. Lussier, your extensive background in public life, your training in law, as well as your wide administrative experience, qualify you admirably for the duties which you have now assumed. In welcoming you to the Senate, I know that you will receive the co-operation of senators on both sides of this house.

Hon. Senators: Hear, hear.

Senator Perrault: Your advice and assistance will be sought equally by supporters of the government and the opposition. I know that your conduct will be impartial, thorough and in keeping with the great traditions of your high office. We wish you the very best as you begin your new duties, and we assure you of our full co-operation in your discharge of them.

[*Translation*]

Mr. Lussier, on behalf of all my colleagues, allow me to welcome you to the Senate.

[*English*]

RESIGNATION OF ROBERT FORTIER, ESQUIRE, Q.C.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, having welcomed the new Clerk, I would now like to say a few words about Mr. Robert Fortier who resigned as Clerk of the Senate at the end of December.

• (2015)

Mr. Fortier was the distinguished and able Clerk of the Senate for 13 years. He served Speakers, leaders and senators, regardless of party, with integrity, judgment and consummate skill. His hard work, thoroughness and dedication earned him the confidence and respect of all members of this chamber. We are saddened by his resignation. We shall miss him greatly, and we wish him well in his future endeavours.

Mr. Fortier has had a distinguished career in the service of his country. To him and to Mrs. Fortier we extend our wishes for a long and happy period of retirement which we hope they will enjoy with their family.

Honourable senators, Mr. Fortier, in his years of service to the Senate, has earned our gratitude and appreciation. Following a series of precedents, seconded by the Leader of the Opposition, the Honourable Senator Flynn, I move, with leave of the Senate and notwithstanding rule 45(1)(h):

> That the Senate desires to record its deep appreciation of the long and distinguished service rendered by Robert Fortier, Esquire, as Clerk of the Senate and Clerk of the Parliaments; and
>
> That in acknowledgment of the dignity, dedication and profound learning with which he has graced the office, he be designated an Honorary Officer of this House with an entree to the Senate and a seat at the Table on occasions of ceremony.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Mr. Speaker, honourable senators, I wholeheartedly second the motion of the Leader of the Government with respect to our Clerk who has just retired, namely, Mr. Robert Fortier. I had been in the Senate for six years when Mr. Fortier was appointed to take on his very important duties, and during the thirteen years he has been with the Senate, our relations have been most satisfactory. He came here with over thirty years' experience, including twenty-seven spent in the public service. He started out practising law in Hull. He was admitted to the bar a year before I was, I believe, so we are contemporaries. This decision to retire is a wise one, and I wonder if I should not do the same—

Some Hon. Senators: Oh no!

Senator Flynn: However, my courage fails me and I must say this is partly due to the attitude of the Liberal majority in this chamber! I am following the example of Simeon, and I shall wait until things collapse before I take my leave.

Senator Riel: We can wait!

Senator Flynn: As far as Mr. Robert Fortier, Q.C., is concerned, I believe we have every reason to appreciate the competence he has shown in exercising his duties. He has been a very effective administrator as the Clerk of the Senate. We have appreciated his discretion, which is absolutely essential since the Clerk's duties involve relations with both sides of the Senate and occasionally with a more or less independent group—I am referring to Senator Molson's independent party. We have also appreciated his cordiality. I think we all have reason to appreciate the excellent relationship we have had with Mr. Fortier. The Leader of the Government has described his admirable career. Mr. Fortier started in the public service in 1942, some forty years ago. He has had a truly enviable career and once more, I feel that he was very wise to decide to retire at this time.

Mr. Fortier has acted in accordance with the best traditions of the Clerks of the Senate. Here I am thinking especially of Mr. John McNeil, who was also Clerk of the Senate for thirteen years.

On behalf of the official opposition, I wish to express our agreement with the words spoken by the Leader of Government, offer our best wishes to Mr. Fortier and send our cordial greetings to his wife.

Having seconded the motion, I should now like to welcome our new Clerk, but, as Senator Asselin remarked, I am speaking in French only to compensate for the fact that the new Clerk's commission was read only in English. I am sure that most of my colleagues can now understand my French and translate it readily. I do not think there is any problem here. In any case, I have noticed that everyone seems to catch the finer points of my speeches, when there are any—and I hope there are!

Charles Lussier is, of course, a lawyer. That was to be expected. I knew him when he was actually practising law. The first time we met, he was defending a case before an arbitration board, of which I was a member. I must say that his eloquence was remarkable. We later met just before he left for Paris to become director of the Canadian students' residence. Later he was the Province of Quebec's delegate to Paris, so we can say that our new Clerk has been considerably exposed to French influences.

Mr. Lussier subsequently returned to Canada and had a variety of duties here in Ottawa. Most recently he was Director of the Canada Council. He is a man of great charm and his experience has been extremely varied. We can expect him to put that experience, as well as his many talents, to good use in the performance of his duties as Clerk of the Senate. He may have to spend some time becoming familiar with parliamentary procedure, since that is not something that is learned overnight. In any case, he can count on the co-operation of the opposition, just as I trust the opposition will be able to count on his. I wish him every success in his new duties.

He need not worry as far as I am concerned. My bark is worse than my bite, which many Liberal senators will be able

to confirm. I may be somewhat sharp at first—I resemble our speaker in that respect—but no cause for alarm!

We wish to offer our new Clerk our best wishes and the assurance that all bodes well for the future.

• (2020)

[*English*]

Motion agreed to.

PRIVILEGE

STATEMENT BY SENATOR GODREY

Hon. John M. Godfrey: Honourable senators, I rise on a question of privilege. In the *Senate Bulletin*, distributed by the Information Service of the Senate, I noticed today a clipping from the Halifax *Chronicle-Herald* which referred to remarks made by Senator Donahoe in an interview with the Editor-in-chief. The remarks with which I am concerned deal with the constitutional resolution. Concerning Senator Donahoe the report states:

> What bothered him most about the vote on the resolution in the Senate, ... was the number of members who spoke against the proposal, but decided to vote for it out of party loyalty. He particularly cited Senator John Godfrey (L-Rosedale) whom he quoted as saying he "would hold his nose while voting for it."

Hon. G. I. Smith: Well chosen.

Senator Godfrey: I hardly need to remind my fellow senators that in my last speech on the final resolution I said, as reported at page 3159 of *Debates of the Senate*:

> One of my reasons for speaking today is to register my delight at the final outcome and to announce that, unlike the last resolution, I will not have to hold my nose when I vote for this one.

Senator Donahoe has told me that he said what is in that article.

Hon. Martial Asselin: Then you withdraw what you said before?

Senator Godfrey: Senator Donahoe said that he was referring to the speech I gave in March, and honourable senators will remember that the resolution before us at that time was not voted upon. I would like to quote from the speech that I made on that occasion.

Hon. Jacques Flynn (Leader of the Opposition): What is the question of privilege?

Senator Godfrey: The question of privilege is with regard to the reference in the news article by Senator Donahoe to the effect that I voted for the resolution out of a sense of party loyalty. That, of course, is not factually correct.

Senator Flynn: Don't worry, you are not the only one.

Senator Godfrey: On that occasion in March, I said:

> I do not recognize, and never have, any obligation on any Liberal senator to follow any so-called Liberal whip.

[Senator Flynn.]

On that subject, I would like to quote Senator Dandurand, when he became government leader in the Senate in 1922, and I remind honourable senators that he remained Liberal leader in the Senate for 20 years:

> I shun party discipline and the party whip. I invite criticism of the measures of the government, criticism from the right as well as from the left; I feel it is the responsibility of each senator to try to improve the legislation that comes before us.

I ended that speech by saying:

> As between no Charter of Rights in the Constitution and no patriation with an amending formula and an entrenched Charter of Rights together with patriation of the B.N.A. Act with an amending formula, I have finally come to the conclusion, in spite of my strong reservations about the process, that patriating the Constitution is all important, is long overdue, and should be done now, even though it includes a Charter of Rights which is completely entrenched, which I do not really think is necessary at this time.

And I then concluded by saying that I would hold my nose and vote for the resolution.

Some Hon. Senators: Order.

Senator Smith: Once is enough, John.

Senator Flynn: What is the question of privilege?

Senator Godfrey: The question of privilege relates to the fact that I was wrongly quoted.

I would also point out that I objected to the process because I thought that the matter should be taken before the Supreme Court of Canada before it went to Westminster, and that the Charter of Rights should include a "notwithstanding" clause, and, of course, both of these objections were subsequently met.

Senator Flynn: Okay, we all know that.

Senator Godfrey: I object to Senator Donahoe's statement to the effect that I voted because of party loyalty when I expressly stated in my speech that I did not.

Hon. Richard A. Donahoe: Honourable senators, I would like to say a word on the question of privilege raised by Senator Godfrey in view of the fact that my name has been mentioned. I did, in fact, give the interview referred to by the Editor-in-chief of the Halifax *Chronicle-Herald*, and I did say the words to which the honourable senator has referred. I want to say, first and foremost, that if I touched the honourable senator's raw spot, or if I offended him in any way, it was entirely without intention. My intention was to be strictly factual.

If the honourable senator takes objection to my having said that he voted as he did because of the actions of the whip of the Liberal party, I am here to say that I do not know exactly who spoke to the honourable senator, but I am delighted that the whip has been absolved and to accept the word of the honourable senator that the whip never spoke to him.

• (2030)

In spite of the laughter from my colleagues on the opposite side, I want to say that I was being factual. We were voting on a resolution, which resolution, if carried, was to have the effect of putting before the British Parliament a bill which, in effect, would become the Constitution of Canada. That is the resolution on which my honourable friend spoke. Here, honourable senators, are the words he used. They are to be found at page 2011 of the *Debates of the Senate* for March 11, 1981:

> Let us get this first step over with, so that we can get on with amending the Constitution at home with respect to other important matters—

Not that the matters that we were going to have amended in England were not important, but there were others that would be better dealt with in Canada. Why they were not all dealt with in Canada he failed to explain.

> —such as the division of powers. I am, therefore, going to hold my nose and vote for this resolution.

Some Hon. Senators: Shame!

Senator Donahoe: Honourable senators, I leave it to you to determine whether there is any merit to the point of privilege or not.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): With respect to the question of privilege, I think that Senator Godfrey is mistaken. Indeed, if we were to raise an objection every time we are misquoted we would never see the end of it. That reminds me of the ruling of the Superior Court in Montreal about the Quebec federal members of Parliament who had objected to being branded as traitors by the Société Saint-Jean-Baptiste for having supported the constitutional resolution. Chief Justice Deschênes expressed the opinion that, after all, it was a common expression. Personally, I think they went a little bit too far when they used the word "traitors". Had I been in Senator Donahoe's shoes, I would have used the word "followers". As to those who complained, we might say that they are "crybabies".

The Hon. the Speaker: If honourable senators are satisfied that the facts have been set straight with respect to the question of privilege, we will proceed immediately with the message received from the House of Commons. Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker: Therefore, I will not have to rule on the question of privilege.

[*English*]

PEST CONTROL PRODUCTS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-45, to amend the Pest Control Products Act.

Bill read first time.

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

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 44(1)(f), that the bill be placed on the Orders of the Day for second reading at the next sitting.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I want to put it on the record that we give leave because the bill concerns pest control. It is urgent.

The Hon. the Speaker: With this proviso, is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

CANADA-GERMANY TAX AGREEMENT BILL, 1982

FIRST READING

Hon. Raymond J. Perrault (Leader of the Government) presented Bill S-24, to implement an agreement between Canada and the Federal Republic of Germany for the avoidance of double taxation with respect to taxes on income and certain other taxes.

Bill read first time.

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

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Thursday next, February 4, 1982.

Motion agreed to.

THE HONOURABLE MAURICE LAMONTAGNE, P.C.

FELICITATIONS ON RETURN TO CHAMBER

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I take this opportunity to welcome to the chamber Senator Lamontagne after his ordeal. It is good to see him back in such buoyant good health.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): I would not want the Leader of the Government to be the only one to welcome Senator Lamontagne. We, on this side of the house, are also very happy to see him back. Indeed, I have already had the opportunity to tell him so personally. I am very glad to see him among us and to know that he will continue to make his usual useful contributions.

Senator Asselin: You will not be his whipping boy today.

QUESTION PERIOD

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

CONFERENCE OF FIRST MINISTER—REQUEST FOR PROGRESS REPORT

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, can the Leader of the Government give us a progress report about the first ministers' meeting on the economic problems of Canada?

Hon. Martial Asselin: There are no economic problems in Canada.

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I understand that the discussions have proceeded in a co-operative and amicable spirit, although not without certain differences of opinion on a number of matters. Good progress is being made.

FOREIGN AFFAIRS

POLAND—SHIPMENTS OF CANADIAN WHEAT

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I think there are one or two more mundane matters that might be raised at this moment to bring us down from the sublime heights of the Dominion-Provincial Conference to the sale of wheat to Poland.

I should like to ask the Minister of State for the Canadian Wheat Board whether he could advise me of the state of the government's commitments for the shipment of wheat to Poland. I particularly want to know what the line of credit is that has been extended and how much of that line has been used. Consequent on that answer, I may have another question.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I shall have to take as notice that part of the question regarding how much of the line of credit has been used. I do not have those facts before me.

The agreement for the sale of wheat to Poland for this year amounted to something between one and one-and-a-half million tonnes. My understanding is that arrangements have been made to provide shipments against the contract or that total amount of grain, and that sales to date and sales for about half of the year represent approximately half of the quantity involved. In other words, the sale and the shipments are being staged throughout the whole year so that our commitments or contracts are being met. As to precisely how much credit has been involved to date, I would have to take that part of the question as notice.

• (2040)

Senator Roblin: I am quite happy to have the minister do that. I can inform him that a spokesman for the Department of External Affairs gave a figure of $1 billion as to the amount of the Canadian line of credit that has been made available to Poland. When the minister is looking into the amount of money that has already been drawn against the line of credit, I wonder if he could also answer one or two other questions for me. First of all, has the original term for repayment been renegotiated or rescheduled, and, if so, what are the changes? I ask this because we know that the Polish debts have been massively rescheduled in view of their inability to pay.

The second question I would like to ask him is as to whether or not the Government of Canada is giving any consideration to terminating the line of credit on the amount already drawn down, and, if not, does he intend to increase it in the future, because I think we are all very much interested in the movement of wheat to Poland and the financial terms involved?

Senator Argue: I can reply in a general way to some of the points raised by the Honourable Senator Roblin. I know of no consideration presently being given to an extension or to an expansion of the amount of credit to which the honourable senator refers.

A couple of months ago I announced on behalf of the government that an extension of approximately $500 million of credit to Poland was being made at that time. If my memory serves me correctly, that was in addition to a then outstanding credit of $750 million, which brought the credit up to $1.25 billion.

Regarding Poland's meeting its credit terms, I understand that up until the end of last December all of the interest due, which was on the immediate part of the credit that was drawn, had been paid. I also understand that no part of those interest payments is in default, so, as the Canadian Wheat Board goes forward and delivers wheat against the total commitment for the year, payments in fact are received by the board. I think the government has acted very adequately and very generously in providing such large lines of credit to Poland. There have been those who have proclaimed in the press that Canada should cut off shipments of food to Poland. The position of the government, and my own position, is that it would be a disservice to Poland and to the Polish people in these difficult times to have any thought of cutting off shipments of food. Therefore, I think Canada has been acting in a very responsible manner.

As I said earlier, I do not have at hand details and other particulars, but I would be happy to provide them to the honourable senator.

Senator Roblin: I presume the honourable senator made a slip of the tongue when he said he thought any change in the policy would be a disservice to the Government of Poland. I am sure he meant to say that it would be a disservice to the people of Poland. I do want the situation clarified because the Polish government defaulted at the end of December in the United States on American bank loans which are guaranteed by the American government. That government anted up $73 million of interest due by the Poles to the American banks to cover the American guarantees, and those transactions make me wonder indeed if Poland's obligations to us may be under some pressure of that kind. Therefore, I would be glad to know exactly what the situation is.

Senator Argue: I shall be happy to provide that information. I am glad the honourable senator interpreted correctly what I was implying about the need to send food to support the people of Poland and not the Government of Poland.

Hon. Stanley Haidasz: Honourable senators, I have a supplementary question. May I ask the minister whether the Canadian Wheat Board has earmarked a definite amount of grain that can be sold to Poland in 1982?

Senator Argue: It is being sold to Poland and is on the way to that country. It is in the range of 1 million to 1.5 million tonnes, and it is going forward on the rough basis that in the first half of the year half of the amount will be shipped. It is not all being shipped immediately and it is not all being delayed until the fall, but it is being shipped on a regular basis spread out over the year. I would think that since people have to eat every day of the year this is probably the best possible method to use in providing that food for Poland.

Senator Roblin: While we are on the same subject, I should like to ask the minister to get more information concerning the assessment that government officials make of the financial stability of the Polish regime at the moment, with a view to forming some estimate as to if and when we can expect to be paid back. What are the risks involved, as the government sees them?

Senator Argue: I will get that information. Obviously, it is a credit advance that has attached to it a very substantial element of risk. That, I think, is perfectly obvious. The fact is that interest payments have been made in spite of Poland's difficulties.

Hon. Jacques Flynn (Leader of the Opposition): What about the repayment of the principal sum? Are they also on time?

Senator Argue: I will provide that information.

CANADA DEVELOPMENT CORPORATION

RESPONSIBILITY OF HON. JACK AUSTIN, P.C.

Hon. Nathan Nurgitz: Honourable senators, I have a question for Senator Austin. I am referring to a press release announcing that he is responsible for the Canada Development Corporation, which indicated that this change is designed to provide greater ministerial attention to CDC. Could Senator Austin inform the chamber as to why greater ministerial attention is required?

Hon. Jack Austin (Minister of State): Honourable senators, I thank Senator Nurgitz for his question about the Canada Development Corporation. It is the view of the government that the CDC, in which it holds some 48.6 per cent equity interest and some $322 million of investment in 1972 dollars, is an important asset of the Government of Canada, and that the government should thoroughly understand the nature of its investment as of 1982 and establish, if possible, a relationship with the board of directors and management which can serve to obviate criticism sometimes by the financial community that the government may indeed be seeking to interfere directly with the duties and responsibilities of the board of directors and management.

I might also add that the Canada Development Corporation has its headquarters in the city of Vancouver, and I have the pleasure of representing British Columbia, along with Senator Perrault, in the cabinet. When the CDC was established, the purpose of the federal government was to have that corporation be one of the leading edges of the federal presence in the development of resources and industries in western Canada. That is an interest I will continue to explore.

Senator Nurgitz: I have a supplementary question. Would Senator Austin not agree that ministerial attention would result in some form of direction coming from the government to the board of directors?

Senator Austin: While the Government of Canada is the principal shareholder of the Canada Development Corporation, it is not the controlling shareholder in its practice or intention. I have no intention whatever of directing the board of directors. However, as a representative of the principal shareholder, I do wish to establish with the board of directors and its chairman, and with the president and chief executive officer and managers, a correct and proper relationship between myself and themselves with respect to the corporation. I look forward to their co-operation. During the past two weeks I have had a meeting with the president and some members of management, and a telephone conversation with the Chairman of the board. I think these were excellent preliminary discussions concerning the future relationship.

• (2050)

Senator Nurgitz: Honourable senators, I have two brief supplementaries. I know that the minister has held his appointment only since January 12, but has he yet had an opportunity to consider the statement made by the CDC president, Mr. Anthony Hampson, in a speech delivered in Toronto in December, to the effect that a clear public statement of government intention was required? I would like to know if that clear government statement is forthcoming.

Senator Austin: Mr. Hampson and I discussed the problem of communication between the government and the board of directors of CDC. We are now considering how to state that relationship. Those discussions will continue for a while, and I will be pleased to report to the Senate as soon as I am able to do so.

Senator Nurgitz: Honourable senators, as a final supplementary, it is my understanding that in 1980 a review of CDC's performance was undertaken by the Department of Finance and the Department of Industry, Trade and Commerce. Can the minister inform the chamber, first, if that review has been completed; and, secondly, if so, whether it will be tabled?

Senator Austin: Honourable senators, I have not yet had an opportunity to study any of the earlier files in either the Department of Finance or the Department of Industry, Trade

and Commerce, but I can assure the honourable senator that I shall be looking at those files in the near future.

GRAIN

STATUS OF CROWSNEST RATES

Hon. R. James Balfour: Honourable senators, is it still the position of the minister and the government that no change or renegotiation is contemplated with regard to the Crow rate?

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): Honourable senators, I am certain that the honourable senator, with other honourable senators, has read the newspapers. It is my impression that an announcement is likely to be made in the not too distant future of possible positions with regard to statutory rates, railway expansion in the west, and the matter of meeting with western farm organizations with a view to discussing this important topic.

Senator Balfour: Honourable senators, as a supplementary, in the event that the Crow rate is substantially altered or changed, or that the government's position is fundamentally changed, can we anticipate the resignation of the minister?

Senator Argue: Honourable senators, I would not anticipate that too much. The Prime Minister stated repeatedly that the government did not intend to change the statutory rate unless and until there was a consensus in western Canada in favour of change.

The honourable senator will, I am sure, realize that major farm organizations in western Canada, on behalf of their membership, passed motions at recent conventions asking the government to state its position, to provide certain moneys and guarantees to the railways; and in the event that the government took particular action, they wished to discuss the whole question of sharing railway freight rate costs for grain with the railway companies and the government.

Hon. Herbert O. Sparrow: Honourable senators, is the minister saying that he believes there is a general consensus of farm organizations that there should be a change in the Crow rate?

Senator Argue: Honourable senators, I am not trying to avoid the question, but the motions that have been passed at recent conventions of farm organizations, such as WAC and commodity groups—that is, excluding the National Farmers Union, the Western Cow-Calf Association, and the Saskatchewan Municipal Hail, but including the great prairie pools, the Saskatchewan Federation of Agriculture, Unifarm, the Manitoba Farm Bureau and others—indicate that they have all said precisely what I have said, namely, that under certain circumstances and with certain guarantees they are prepared to discuss with the government the question of sharing the cost of transporting grain among the railways, the government and the producers.

[Senator Austin.]

FOREIGN AFFAIRS

EL SALVADOR—ATTITUDE OF CANADIAN GOVERNMENT

Hon. Heath Macquarrie: Honourable senators, I should like to direct a question to the Leader of the Government, believing as I do in going right to the top. It will give him the opportunity to provide me with something from his answer book which, quite appropriately, I am sure he has with him. My question concerns the El Salvador situation which has worsened sadly since we last met and on which, regrettably, the Government of Canada is blowing as uncertain a trumpet as it has done in respect of Poland.

In light of the serious violence reported from El Salvador, largely attributed to the government forces, in light of representations made by a subcommittee on external affairs in the other place, in light of the findings of a three-member mission from Oxfam, and in light of the protests of the Canadian Council of Churches and of the Canadian Catholic Bishops which want a change in Canada's attitude toward the holding of elections in El Salvador, can the Leader of the Government advise if, at this time, the government is giving consideration to altering its attitude and moving closer to the view of Mexico and France that the chaotic conditions in El Salvador are such that an election is a preposterous suggestion? Can the Leader of the Government also say whether this country, with its attitude against the introduction of military equipment to areas of tension, has advised the Government of the United States that the sending of vast stores of arms to the Government of El Salvador is not in the interests of peace?

Some Hon. Senators: Hear, hear.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the information sought by the honourable senator is not available in complete form this evening. However, I wish to say a few words on the subject which may be of interest to honourable senators. The information which I am unable to bring to the chamber will be sought and a further reply will be provided.

With regard to the election in El Salvador, as honourable senators know, the Government of El Salvador has officially invited Canada, along with other countries with which it has diplomatic relations, to send observers to monitor the elections to be held on March 28. The invitation was received on January 8 this year. We have sought clarification from the Salvadorean government on a number of issues, including the terms of reference for observers, size and composition of the observer group, its freedom of movement and security, and so on. The Canadian government will decide its reply to the invitation once it has that clarification.

Honourable senators, with regard to the other questions, it would be appropriate, in view of recent events, for a statement on El Salvador to be prepared by the Secretary of State for External Affairs for presentation to the Senate. Therefore, the larger question will be answered later.

EMPLOYMENT AND IMMIGRATION

ADMISSION TO CANADA OF REV. IAN PAISLEY AND ALLEGED IRA MEMBERS

Hon. Peter A. Stollery: Honourable senators, over the Christmas recess, as I am sure all honourable senators are aware, the Reverend Ian Paisley visited Toronto and, apparently, his visit caused some trouble. Also, apparently, two IRA terrorists visited Toronto and were subsequently arrested when trying to cross the border into the United States. I presume the information I seek is not available at the moment. I would like to be made more aware of the kind of advice given by the security section of the Department of Immigration to the Minister of Immigration which would lead him to allow into Canada a man who is probably the world's most imfamous surrogate terrorist, namely, the Reverend Ian Paisley, along with two apparent IRA terrorists, who, as I say, were subsequently arrested while attempting to enter the United States from Canada. I would also like to bring to the attention of the Leader of the Government in the Senate the fact that the Americans have a lobby that is more in favour of the IRA than is the case in Canada.

• (2100)

I would be very interested, honourable senators, I repeat, to learn what information was supplied to the Government of Canada that would lead it to allow these three individuals into this country.

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Joseph-Philippe Guay: Honourable senators, there have been many instances of Senate committees making valuable suggestions which the government ought to take into consideration. Comments have even been made pertaining to the usefulness of the Senate as a whole. With regard to many of the people who make such comments, I am often very much afraid that they do not know exactly what the Senate is doing, so that they are unaware of the positive recommendations that Senate committees make from time to time.

Many such recommendations have been made by members of the Senate with a view to safeguarding the interests of the province of Manitoba. Many of these proposals have been made by members of the opposition. I refer, at the moment, in particular, to Senator Roblin and his remarks concerning the Garrison Dam project and the steps that ought to be taken to safeguard the fresh water in that locality, and the fish that inhabit it.

We have always been assured in this regard, "We will take the question as notice. We will give the appropriate answer." It seems to me, honourable senators, however, that we are always about three or four steps behind on this matter.

My question tonight is: Ought not the Government of Canada to take positive action to assure not only the Senate but also the people of Manitoba that they will make recommendations through the Secretary of State for External Affairs to the International Joint Commission with a view to seeing that steps are taken which will ensure that the Garrison project will not proceed on a step-by-step basis and eventually become a reality. We do not want this to happen in our province.

I have in my hand a cutting from the Winnipeg *Free Press* dated January 30. The first paragraph of this article is as follows:

> A U.S. court decision permitting work to resume on the Garrison diversion project in North Dakota has heightened fears that foreign fish and bacteria ultimately will enter Manitoba waters.

Honourable senators, we request the assurance that this will not take place. The representations that have been made, spelling out our concern, ought to be taken into consideration. Therefore, I am asking my leader once again to take this matter very seriously and to make representations in the particular areas that I have referred to, so that appropriate answers may be found to this problem, and so that we who represent Manitoba in this chamber can go back to our province and tell our people that this matter will be finalized once and for all, and that the Garrison problem will no longer be facing us every second month of the year.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the concerns of Senator Guay, Senator Roblin and other representatives of Manitoba, I feel certain, are shared by senators from all parts of Canada, since this is a matter that affects an important area of our nation.

I can provide an additional, rather brief, chronology of events in recent days.

On January 22 an announcement came from the office of the Secretary of State for External Affairs, which stated that in November the United States Congress rejected the Burdick amendment, which would have given instructions to proceed with the Garrison project despite a court order banning further construction.

We expressed pleasure at this outcome, which followed vigorous efforts by our embassy, and personal representations by our ambassador and the Premier of Manitoba to ensure that members of Congress were fully aware of Canada's concerns. We were successful at that time, since Canada's active opposition was among the reasons cited for rejecting the amendment. We pledged at that time, honourable senators, that we would continue to express Canada's firm opposition to any aspect of the Garrison project which could endanger Canadian interests.

There seems to be a substantial court battle and political battle under way in the United States. Of course, controversy has surrounded this project from its very inception. The court battle is continuing, however. On January 29 the United States Circuit Court of Appeals agreed to stay an injunction blocking further construction on Garrison. The injunction was

stayed pending a final decision by the court on the Department of the Interior's appeal.

The court's action will allow further construction and releases approximately $9 million previously appropriated for Garrison. While these funds will permit a limited start-up, they were appropriated on condition that they not be used for features potentially affecting Canada.

Reports indicate that construction may begin this spring on the West Oakes irrigation test area in the James River basin. This would not affect waters flowing into Canada.

I would like to remind honourable senators that in a diplomatic note of February 5, 1974, the United States gave formal assurances that it will honour its obligations under the Boundary Waters Treaty not to pollute Canadian waters, and that no construction potentially affecting these waters will be undertaken until it is clear that these obligations will be met. United States authorities have regularly reiterated these assurances, most recently during bilateral consultations in October 1981. We have been in contact with them over this latest development to emphasize our continued opposition to any aspects of the Garrison project which could potentially affect Canadian interests.

Certainly the remarks of Senator Guay this evening, and his expressions of concern, will be communicated to the appropriate ministers. An assurance can be given that Canada is very concerned about this, and that everything possible is being done to protect Canadian interests.

Senator Guay: I would like to say that I appreciate the leader's comments. I am fully aware of the consequences of the report that was made in 1968, insofar as it concerns keeping the waters of the Red River clean. There have been other reports, such as the one in 1974.

What we do request here in this house, as well as in the other place, is some assurance beyond what Senator Perrault has said. We want the government to come out with a definite answer one of these days, giving the assurance that this will not be allowed. It has come out in court that the work will be continued, and we are not satisfied that enough representations have been made.

• (2110)

We are, in fact, fully aware that the International Joint Commission has not really made any move in this respect over the last six months or so. If there have been any recommendations by the International Joint Commission over the past few months, I would like to be informed of them by the Leader of the Government in the Senate. As far as I am concerned, the Commission has not even been sitting. The people of Manitoba want to know what we are doing. We in this chamber are not satisfied with the answers we have received because we cannot, in turn, answer the questions put to us.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, perhaps the Leader of the Government would agree that it might be a good idea for Senator Guay to pursue this matter in the Liberal caucus tomorrow.

[Senator Perrault.]

Senator Perrault: Honourable senators, Senator Guay, Senator Molgat, Senator Everett and other outstanding Liberal senators from Manitoba have been pursuing this matter assiduously, for many months; indeed, for years. I feel certain that they are well on the way to victory.

Senator Flynn: That is because they don't get a satisfactory answer here in the Senate. It might be more useful and practical to pursue this matter in caucus.

CANADA DEVELOPMENT CORPORATION

RESPONSIBILITY OF HON. JACK AUSTIN, P.C.

Hon. G. I. Smith: Honourable senators, I should like to address a question to the Minister of State, whose responsibilities have recently been increased by—

An Hon. Senator: Leaps and bounds!

Senator Smith: —being given some responsibility for the Canada Development Corporation. I heard what he said, and I have not heard a more disturbing statement regarding that corporation since it was first incorporated. I heard him say—and if I am mistaken we can refer to the record to verify this—that he had been assigned the responsibility for liaison with the President of the Canada Development Corporation so that the interests of the chief shareholder, the Government of Canada, could be more adequately represented and, presumably—though this is my inference and not his—implemented by the board of directors of that company.

It is my recollection, honourable senators, that at the time this company was incorporated it was the government's statement that it should be a company which paid particular attention to persuading the private investors of Canada to invest in it. The minister himself said, only a short time ago, that the "principal shareholder," as he called it, the Government of Canada, has only approximately 48 per cent ownership of the company. It follows that the private investors of Canada must have the balance, which would be approximately 52 per cent. Who will represent the interests of the private investors of Canada in this corporation if the minister is going to ensure that the interests of the Government of Canada are more vigorously and intimately conveyed to the president of that corporation than has heretofore been the case?

Hon. Jack Austin (Minister of State): Honourable senators, I am happy to repeat what I said earlier—

Hon. Jacques Flynn (Leader of the Opposition): No, no; clarify!

Senator Smith: We heard what you said earlier.

Senator Austin: I have to be allowed to speak for a moment or two, Senator Flynn.

Senator Flynn: Provided that you say something else. We heard what you said earlier.

Senator Austin: In answer to your question, Senator Smith, as I said previously in answer to a question by Senator Nurgitz, the government is the principal shareholder of the

Canada Development Corporation. I have been asked by the Prime Minister to examine the relationship between the principal shareholder, the board of directors, the president and the management of the company. I have been asked to discuss those questions with the board of directors, the chairman of the board, the president and the management, and to report back on the means by which a better relationship between the government, as principal shareholder, and the corporation can be effected.

I know that Senator Smith is aware, as is Senator Nurgitz, that from time to time Mr. Tony Hampson, the president, and Mr. Frederick Sellers, the chairman of the board, have indicated their feeling that, possibly, some interference by the government in the responsibilities of the board of directors has been more than theoretical. I have been asked by the Prime Minister to report back, after examining these questions with the corporation, in the hope that a most amicable relationship can continue.

I want to state very clearly that the Canada Development Corporation is and always has been run by its board of directors. There is no instance in which the Government of Canada has sought to intervene in the judgment and responsibility of the board of directors of that corporation.

Senator Smith: Honourable senators, I certainly hope that is true. I am inclined to accept it as the truth. I do not suggest that I would doubt the intent of the minister in answering any question, but he could be mistaken as to the facts as easily as could some of the rest of us. However, the very fact that he has been delegated to see that there is a better relationship between the Government of Canada and the board of directors of this company indicates to me that the Government of Canada wishes to interfere and to run that company. Otherwise, since it seems to be doing rather well, would not the Government of Canada and the minister be well advised to stand at a distance and leave these able gentlemen alone to run their affairs?

Senator Austin: I believe that Senator Smith, being as knowledgeable a person as he is with regard to business matters, will understand that the Government of Canada has a trust on behalf of the taxpayers and the citizens of this country to ensure that public funds are well used, though I am not indicating that public funds have not been well used in the Canada Development Corporation. In fact, I assured Mr. Hampson, the president, that I believed that the Canada Development Corporation was a great credit to him, to his management and the board of directors, as well as to its initial shareholder, the Government of Canada. However, after 10 years of investing in the Canada Development Corporation, any shareholder anywhere would query the purposes of the investment, and that is a normal question.

Quite frankly, I believe that I am taking a classic approach. Furthermore, I believe that Mr. Hampson also thinks I am taking a classic approach in saying that there are three matters to be examined. The first, qua the investor, has to do with the security of the assets and the opportunity for their growth. The second concerns the relationship between the principal shareholder and the board of directors, its president and management. The third has to do with the question of the investment in terms of the future. I believe those are normal questions, and do not in any way indicate that the government has the intention of interfering with the board of directors and with the management in its conduct of business. The government has not done so in the past and does not intend to do so in the future.

Senator Smith: I thank the honourable gentleman for his comment. I must say, however, that as so often happens, the more vigorously he makes such comments, the more they disturb me. When he refers to the duties assigned to him by this government as being "classic duties" I am inclined to think that, in the mind of this government, it is a classic duty that its ministers should interfere in everything. Consequently, I would like to be very well assured in two or three months' time, or whenever the minister ceases interfering by way of his liaison, to know exactly what he has done so as to compare it with what happened before.

Senator Austin: I am prepared to be judged by the future.

Senator Smith: You will be judged by somebody else, not by the future.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I must share in some of the concern expressed on this side of the chamber about the minister's actual function with respect to the Canada Development Corporation. I recall, when the corporation was set up, that the announced policy of the government was that over time it would dispose of its predominant position in that company; that it would reduce its position to a relatively modest level. On several occasions I have asked whether that policy has been abandoned and, if so, what the new policy is. I never received an answer, however. Perhaps, now that the minister has a specific responsibility, he can oblige me in this respect.

Honourable senators, I am troubled not only by the points raised by Senator Smith, but by the comments of the minister himself. He said that he would be dealing with the directors, the chairman, the president and the management. My friend is an experienced corporate person. He understands how corporations work. Indeed, he understands that when one goes through the board of directors to the management, one is really going behind the board of directors in that respect. When he says "management", I presume that he is not talking merely of Mr. Hampson or Mr. Sellers, whom he has mentioned previously by name, in addition to the management. I would like to know who is this management he intends to talk to. Are they members of the board of directors or not?

The other matter that rather bothers me is that I was under the impression that the government appointed some of the directors. If so, are not the people who are familiar with the operations of the company over a period of time those who should be asked to give some consideration to these matters? If the minister does not intend to interfere, what is he doing there at all?

Hon. Jacques Flynn (Leader of the Opposition): He's just a dummy.

● (2120)

Senator Austin: Honourable senators, Senator Roblin knows that Parliament created the Canada Development Corporation and that it made a minister of the Crown responsible for its shareholdings. Therefore, it is necessary for the minister to represent that investment in that corporation. I come to that responsibility by transfer from the Minister of Finance, as outlined in the government announcement. As the minister, I am responsible for the shares and for improving relations between the principal shareholder and the board of directors of that corporation.

Senator Flynn: How will you do that—simply by smiling or saying that you will improve the relations?

Senator Austin: When I refer to the chairman and the board of directors, I am, of course, referring to the people whose responsibility it is to run the corporation for all its shareholders, and there are 50,000 individual Canadian shareholders in the Canada Development Corporation. My discussions with the president and management are an entirely different matter. At the invitation of the president, Mr. Hampson, I have already had the benefit of a discussion with some of his management about the strategies of the corporation and the way in which it works.

In no way am I suggesting that I will operate to interfere with the way in which that corporation does its business. I am suggesting that because of certain comments, such as those referred to by Senator Nurgitz and comments made by Mr. Hampson and Mr. Sellers regarding their concerns about the overall nature of the government role in this corporation, I believe I should examine such concerns with these gentlemen. With the consent of these gentlemen, I have begun that process, and I shall carry it through.

Senator Roblin: Honourable senators, I would point out to the minister that, as a rule, it is the directors of a company who represent all the shareholders, and that it is a little irregular to find that one shareholder, no matter how important he may be, is able to go behind the board of directors and apparently to deal over, around or through them. Why cannot these shareholders who are ordinary Canadians be consulted in this matter, because they really own more of the corporation than does the government which my honourable friend represents. These people are being left out in the cold. Apparently, it is the policies of the government that will influence this corporation.

My honourable friend laughs, but that is the way in which the public which holds the majority of the shares looks at the matter. I want to know whether my honourable friend will share his discussions with the directors in due course with the other shareholders of the company. It seems to me that in all this business of protecting the public interest the government has overlooked the fact that there is a private interest which is a far more important interest in terms of the percentage of ownership than the public one. It seems to me that these people are being left out in the cold by the government policy which allows a minister to come in and eventually tell the company what he likes and does not like. Certainly, if the minister is not going to indicate what he likes or what he does not like, then he is wasting his time.

Senator Austin: Honourable senators, Senator Roblin has very considerable corporate experience, and I find myself a bit troubled by the way in which he categorizes his questions. Frankly, I see nothing of substance in his concern that somehow I will go behind the board of directors or the chairman. I have said that I will consult with the chairman and the board and, of course, I will do so with the permission of the chairman, and, when it comes to management, with the permission of the president. I made that clear in my previous answer. With regard to his concern about access to these gentlemen by investors, there is nothing I am doing that would prevent any private investor from dealing with the president, the chairman of the board or the members of the board of directors.

Senator Roblin: Now, I have heard everything.

Senator Austin: I am doing nothing to prevent the access of these investors to the officials, and, also, there are financial advisers who constantly study the CDC on behalf of all investors, so I am totally mystified by the thrust of Senator Roblin's question.

Senator Flynn: What was the question?

Senator Benidickson: It was not a question; it was a statement.

Senator Austin: I would like to say to honourable senators opposite that I would consider it irregular indeed if they did not pursue questions with regard to the relationship of the government to the CDC, but to set up phoney categories which I describe as "wife-beating categories" and ask questions like; "Have you stopped beating your wife?", is not conducive to a rational explanation of the issue.

Senator Roblin: Honourable senators, what other shareholder of a company can go to the chairman and the president and say, "I want your consent to talk to your management" and receive an affirmative answer? I suggest, nobody. And to say that the private shareholders are on the same basis as the government in this situation is a ridiculous comment.

Senator Austin: Honourable senators, in no way am I interfering with anybody in going to the officials of the company, and I leave the matter to the board of directors, the independence of whom the honourable senator defends, to make those decisions. They are not my decisions.

Senator Smith: I wonder if the honourable gentleman is going to treat the management and the directors of that company to some of the foggy nonsense he has just been treating us to? If he is, then, of course, he is harmless and I do not care. But if he is going there, as I think he is, to tell them what to do and how to do it, when he does not know himself and the government does not know either, then I am concerned.

LIBERAL PARTY OF CANADA

MEMBERSHIP OF ECONOMIC POLICY ADVISORY COMMITTEE

Hon. Lowell Murray: Honourable senators, I would ask the Minister of State whether he is a member of the committee of ministers and advisers presently developing new economic policy initiatives for the government under the chairmanship of Mr. James Coutts?

Hon. G. I. Smith: Who is he?

Hon. Jack Austin (Minister of State): Honourable senators, without accepting the information, categories, designations or criteria of Senator Murray's question, Mr. Coutts chairs a committee which—

Hon. Duff Roblin (Deputy Leader of the Opposition): Then he is on the payroll again?

Senator Austin: —is a Liberal Party committee, and of which I am a member, but I am not prepared to discuss Liberal Party business as such in this chamber.

Senator Smith: No, I can understand that, and the less said, the better.

Senator Murray: Honourable senators, far from this committee being a Liberal Party committee and dealing with Liberal Party business, the people of Canada have had an opportunity to see the members of that committee disporting themselves in the Prime Minister's conference room and in other rooms in these buildings, and the people of Canada have the very clear impression that this is a committee made up largely of senior ministers and advisers who are on the government payroll, and it would seem that nothing is more appropriate than that questions should be put and answered about this important committee which is apparently developing new economic policy initiatives for the government. I ask the minister, however, who assigned him and the members of this committee?

Senator Austin: Honourable senators, I was asked by a member of the Liberal Party executive to attend such a Liberal Party committee meeting, and I was delighted to help. The Liberal Party is very anxious to increase its credibility and support in western Canada, and I am very anxious to participate in any activity that would move in this particular direction.

Senator Smith: Does the honourable senator seriously think that his participation would increase the credibility of the Liberal Party in any way?

Senator Murray: Would the minister confirm that the Minister of Finance is not a member of this committee?

Senator Austin: Honourable senators, I have said that I am not prepared to discuss the business of a Liberal Party committee in this chamber.

Senator Smith: Yes, you are very discreet.

CANADA-UNITED STATES RELATIONS

INTERNATIONAL JOINT COMMISSION—MEMBERSHIP

Hon. Heath Macquarrie: Honourable senators, I fear I must leave the "misty flats" of Liberal partisanship for the high road of internationalism with a question that is prompted by Senator Guay's question regarding the Garrison Dam project. I would like to ask the Leader of the Government in the Senate, or the Leader of the Senate in the government, whether the final selection has been made of the third Canadian member of the International Joint Commission, which has gone on for month after weary month with three Americans and two Canadians? In these days of very exacerbated relations between the two countries, can the minister tell me whether the appointment has been made and, if so, who is the appointee?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I understand that excellent progress is being made in the pursuit of excellence.

Hon. Jacques Flynn (Leader of the Opposition): Then you must be going outside the party.

THE ECONOMY

INFLATION—INTEREST RATES

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate. It has been stated repeatedly by the Minister of Finance that the reason for maintaining high interest rates is to fight inflation. It was recently stated that the rate of inflation during the month of December was 9.8 per cent, if I recall correctly. In view of this positive development, is the Leader of the Government in a position to indicate whether interest rates will be lowered in the near future?

• (2130)

Hon. Jacques Flynn (Leader of the Opposition): That is a good question.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, if there were a magic wand to wave and interest rates could be reduced, inflation controlled and full employment achieved, I am sure the Minister of Finance would wave that wand with all the vigour at his command. However, he did make this statement recently:

> There's no fast track that I know of for the economy, where things all come together in a satisfactory pattern. You can't have inflation imbedded so deeply as we've had it and expect it to clear overnight. Let me tell you that unless we get it under control, we're not going to overcome unemployment.
>
> I'm not concerned about inflation (just for myself). I am concerned about inflation because I believe firmly that the reason we have increasing unemployment is because we've had a hell of a lot of inflation.

He went on to say that because inflation and interest rates are so inextricably bound together it is inflation that is dis-

couraging investment and not government policy. It is only in the realm of opposition fantasy that all of these economic problems can be resolved instantaneously.

Senator Flynn: Hot air!

Senator Perrault: The opposition spokesmen who, at one time had the responsibility for government—mercifully for a brief period of time—were the leading proponents on this continent of high interest rates as a method of controlling inflation. It is only in the opposition fantasy land that you achieve full employment simultaneously with reduced inflation and reduced interest rates.

What was the estimate given the other day on one of our national programs? Approximately 80 per cent of the economic problems afflicting Canada are generated outside our borders.

Hon. G. I. Smith: That's what you say.

Senator Perrault: So much for simplistic solutions offered by the opposition.

Mr. MacEachen went on to say:

> How can you expect to have full confidence in the outcome of investments and how do you expect people to undertake them with readiness in such an inflationary environment?
>
> Presumably, people who undertake investments are influenced very deeply by expectations. What we've been attempting to do with the budget is to establish some basis for changing these expectations, namely, that we are serious about inflation—

I would be pleased to provide members of the opposition with a copy of this speech given by the distinguished Minister of Finance.

Hon. Martial Asselin: Who wrote the speech?

Senator Perrault: The distinguished Minister of Finance, the Honourable Allan MacEachen.

Senator Smith: What is so distinguished about him?

Senator Perrault: Members of the opposition, on every TV program and in every interview, seem to have some magic solution for the present economic problems. If they will send those magic solutions to us in a plain brown envelope, we will put them into effect.

Senator Asselin: What paper did you get that from?

THE BUDGET

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some delayed answers to questions.

Hon. Jacques Flynn (Leader of the Opposition): We did not expect any.

Senator Perrault: During the recess we have been working assiduously to try to bring some of these replies to the chamber. I will not impose on the chamber some of the lengthy replies, but may I review with you the essence of them?

On November 18, 1981, Senator Roblin asked a question concerning the Established Programs Financing Arrangements. I have a rather long reply to that question, the final paragraph of which reads as follows:

> As a result of the budget proposals, total federal transfers to the provinces will continue to increase at an average annual rate of 11.6 per cent.

So much for the myth that there will be drastic slashes.

Hon. G. I. Smith: Of course there will be drastic slashes.

Senator Perrault: The paragraph continues:

> (This takes into account provincial cash entitlements, the EPF tax transfer as well as associated equalization.) In 1981-82, these transfers are estimated at $11,477 million, increasing to $19,862 million by 1986-87.

However, honourable senators, may I propose that the complete reply be incorporated into the record of today's proceedings? Honourable senators may wish to ask further questions on it, although they may be completely satisfied with the reply.

Hon. Duff Roblin (Deputy Leader of the Opposition): Before I give my consent to his proposal, may I ask my honourable friend whether his statement deals with the fact that when the budget was originally delivered the Minister of Finance said that the provinces would be getting about $1.6 billion less than they otherwise would with his scheme; that later on he was able to raise that estimate to some $2.25 billion; and that recently he has made a final admission that it is well over $4 billion, between $4 billion and $5 billion? I ask my honourable friend which of these various figures we are to take as being correct, and whether it is likely that we will get a fourth estimate.

Senator Perrault: Honourable senators, of course the entire question is under discussion at the first ministers' meetings which are taking place in this city.

May I suggest that we put on the record the minister's response to Senator Roblin's question of November 18? After the meetings have concluded this week, perhaps in the light of information brought forward from those meetings the entire situation can be clarified to the honourable senator's satisfaction.

Senator Roblin: I would be satisfied with that, but my honourable friend left me with the impression that the statement made by some of us—to the effect that the provinces would be much worse off under the new MacEachen plan than they were before—was not correct. If that is what he said and that is what he meant, then I think that the answer will be entirely unsatisfactory.

Senator Perrault: Honourable senators, I think that there may be a difference in perception regarding what involves being "better off" or being "worse off." If certain cost-sharing programs continued their upward escalation, following the trend of the past five or six years, there would be a substantial payment by the federal government to these provincial pro-

grams. As I think I stated in an earlier Question Period, the rate of increase is being slowed. If one can describe that as a loss to the provinces, a slowing of the rate of increase, that does not represent a decline in constant dollars in the support for those programs.

Senator Roblin: I know that we do not want to get into a debate on this subject now, but I merely point out to my honourable friend that the reason for the rise in the past few years, that he refers to as being excessive, is because the cost of running the schools, the hospitals and social welfare systems has been rising to force it up. If you bring in an arbitrary ceiling on that and say that you don't care, that you are only going to contribute so much, then obviously the service will decline because the costs continue to rise, or the local taxpayers will pay. That is really the argument.

Senator Perrault: Honourable senators, in the circumstances, I will read the entire reply:

> The question raised by the Honourable Duff Roblin addresses two aspects of the federal budget proposals tabled on November 12, 1981. First, the effect of the termination of compensation for the 1972 revenue guarantee on the Established Programs Financing Arrangements; and second, the net impact of the federal budget proposals on provincial revenues for established programs.
>
> With regard to EPF, the federal government proposes to terminate compensation for the 1972 revenue guarantee. This program was originally introduced to provide a five-year transition period to allow provinces to adjust to income tax reforms introduced in 1972. Subsequently, during the 1977 negotiations on the fiscal arrangements, the federal government agreed to transfer to the provinces one additional point of personal income tax and the cash equivalent of a second point, in order to settle the question of the revenue guarantee and other outstanding issues involved in those negotiations.
>
> In fact, the revenue guarantee compensation was never intended to finance health care or post-secondary education, nor have provinces treated it as such in computing federal contributions towards these programs. Removal of the revenue guarantee for the 1982-83 to 1986-87 arrangements represents a fiscal adjustment that does not lower the level of federal support for these basic social programs.
>
> There would be one other modification to EPF under the federal proposals: Beginning April 1, 1982, federal contributions to all provinces would be equal per capita resulting in an average saving to the federal government of $75 million a year.

● (2140)

> As a result of the budget proposals, total federal transfers to the provinces will continue to increase at an average annual rate of 11.6 per cent.

I emphasize the word "increase".

Senator Smith: Oh, go on with you.

Senator Perrault:

> (This takes into account provincial cash entitlements, the EPF tax transfer as well as associated equalization.) In 1981-82, these transfers are estimated at $11,477 million, increasing to $19,862 million by 1986-87.

Honourable senators, there is the statement—

Senator Smith: There is the statement and we don't believe it.

Hon. Royce Frith (Deputy Leader of the Government): That is the truth, and it is too bad if you don't believe it.

Senator Perrault: Honourable Senator Smith is the doubting Thomas in the Senate. He is always asking for proof beyond the bounds of reason.

Senator Smith: All I ask is some proof.

THE ECONOMY

NATIONAL DEBT—STATEMENT BY AUDITOR GENERAL

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Asselin on November 18, 1981, concerning the government's response to the Auditor General's report. There is a very long reply here. May I suggest to Senator Asselin that we incorporate this long reply into the record of today's proceedings. The reply runs to approximately 12 pages, which represents the degree of research which has gone into answering this inquiry.

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

Hon. Senators: Agreed.

(*For text of answer see appendix.*)

THE BUDGET

MODIFICATIONS OF PROVISIONS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Nurgitz on November 19, 1981 concerning inequities arising through time differences in the announcement of the budget. I shall try to paraphrase the question because it is longer than the reply.

Senator Nurgitz said that he was sure the Leader of the Government would not want people in his province to have an advantage over people in the other provinces. For example, he stated that the forward averaging annuities, in effect, are wiped out for a young athlete who lives in the maritimes, Quebec or Ontario, simply because of the time zones.

Traditionally, budget measures become effective the day after their announcement in the House of Commons. Clearly, this lack of prior notice is intended to ensure that taxpayers are not able to arrange their affairs in such a manner so as to defeat the purpose of the budget provisions. The other alternative, having the measures effective prior to or on the date of their announcement, would be retroactive, and is considered to be too harsh a treatment for taxpayers across the country who

legitimately arranged their affairs within the existing rules. The budget speech is generally read by the Minister of Finance at 8.00 p.m., being after the normal closing time of the stock exchanges and financial businesses in the western provinces. The government considers this to be the most viable approach.

TRANSPORT

VIA RAIL—THE *OCEAN* AND THE *ATLANTIC*—PASSENGERS, REVENUE AND EXPENSES

Question No. 46 on the Order Paper—**By Hon. Edgar Fournier**

1. With regard to VIA trains number 14 and 15, the *Ocean*, and for the period July 1, 1980 to December 31, 1980 (a) what was the number of passengers carried; (b) what was the revenue to VIA; and (c) what were the operating expenses involved?

2. With regard to VIA trains number 11 and 12, the *Atlantic*, and for the period July 1, 1980 to December 31, 1980 (a) what was the number of passengers carried; (b) what was the revenue to VIA; and (c) what were the operating expenses involved?

Reply by the Minister of Transport

The management of VIA Rail Canada Inc. advises as follows: The answers provided are for the full year 1980.

1. (a) 304,000

(b) 9.1 million dollars.

(c) 32.5 million dollars.

2. (a) 286,000

(b) 8.7 million dollars.

(c) 29.7 million dollars.

LABOUR RELATIONS

MOTION TO APPOINT SPECIAL SENATE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Deschatelets, P.C., seconded by the Honourable Senator McIlraith, P.C.,:

That a special committee of the Senate, to be composed of seven members, be appointed to inquire into and report upon

(a) any matter relating to labour relations in Canada with particular reference to problems concerning the free collective bargaining process and the constructive settlement of disputes; and

(b) any proposals for a more orderly and less disruptive exercise of the right to strike;

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

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time, and to print such papers and evidence from day to day as may be ordered by the Committee—(*Honourable Senator Frith*).

Hon. Jean-Paul Deschatelets: Honourable senators, may I suggest that this order stand until February 23, and if at that time no honourable senator wishes to speak to this matter we might discuss the way to dispose of this motion.

Hon. Royce Frith (Deputy Leader of the Government): I agree with Senator Deschatelets.

Order stands.

NORTH ATLANTIC ASSEMBLY

TWENTY-SEVENTH ANNUAL SESSION, MUNICH, WEST GERMANY—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Bonnell calling the attention of the Senate to the Twenty-seventh Annual Session of the North Atlantic Assembly, held at Munich, Federal Republic of Germany, from 11th to 16th October, 1981, and in particular to the discussions and proceedings of the Session and the participation therein of the delegation from Canada.—(*Honourable Senator Hastings*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I believe I have the authority of Senator Hastings to say that he is content that that order be considered debated unless there is any other senator who wishes to speak to it.

[*Translation*]

Hon. Fernand E. Leblanc: Honourable senators, I went to Munich as a member of the Canadian delegation and I might wish next week to take part in the debate on Order No. 14.

Senator Frith: In that case, I ask that the order stand in the name of Senator Leblanc.

Some Hon. Members: Agreed.

Order stands.

[*English*]

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 3543*)

THE ECONOMY

NATIONAL DEBT—STATEMENT BY AUDITOR GENERAL

(*Answer to question asked by Senator Asselin on November 18, 1981.*)

The issues raised by the Auditor General, and referred to in Senator Asselin's question, were dealt with fully by the Comptroller General, Mr. Harry Rogers, when he appeared before the House of Commons Standing Committee on Public Accounts on November 17, 1981 and again on November 19, 1981.

It should be noted that, in reporting on the financial statements of the Government of Canada for the year ended March 31, 1981, the Auditor General stated that in his opinion the financial statements presented information in accordance with the stated accounting policies of the Government of Canada, and that the accounting policies, except for specified accounting changes identified by the Government, were consistent with those of the preceding year.

As stated in the Preface to the Government's financial statements, the Government's accounting policies reflect the fact that the financial statements have been

> "designed primarily to provide an accounting of the financial resources appropriated by Parliament. The fundamental requirement to report compliance with legislative authority results in the presentation of financial information in a manner significantly different from that found in the private sector."

It is further noted in that preface, with respect to the Statement of Assets and Liabilities, that

> "Since this statement is based on the Government's accounting policies, it does not parallel the conventional balance sheet presented in the private sector. More particularly, fixed assets having been accounted for as expenditures, are recorded at the nominal value of $1, and revenues not yet received, such as uncollected taxes, are not recorded as financial claims. . . . it should be noted that the difference between the reported assets and liabilities is simply the aggregate of budgetary surpluses and deficits determined in accordance with the accounting policies of the Government; in no way does this difference reflect the Government's net worth."

The policies with respect to the reporting of the financial assets and liabilities are consistent with the Report of the Study of the Accounts of Canada endorsed by the then Auditor General and the Public Accounts Committee in 1976.

The Auditor General's concerns are not with the application of current accounting policies but with changes in these policies which he judges to be desirable. The Auditor General has estimated that if the Government were to change its stated accounting policies to deal with his concerns the net effect would be to reduce the level of reported assets by $3.4 billion and increase the level of reported liabilities by approximately $5.6 billion. The net effect of reducing reported assets and the increasing reported liabilities would be to augment the level of the accumulated deficit from the $81.3 billion as reported in the financial statements as of March 31, 1981 by approximately $9 billion. It is noteworthy that this amount represents an increase that would have occurred over time with only a fraction impacting on the reported surplus or deficit in any given fiscal year.

The basis for the existing policies, with respect to the specific assets and liability items which were the subject of the Auditor General's reservations, is explained in Mr. Rogers statement which is appended (see pp. 6-7 as regards the level of reported assets, and pp. 3-5 as regards the level of reported liabilities). The existing financial statements disclose, through notes, the terms and conditions of the loans to developing countries and advances and subscriptions to the capital of international development associations, which are the subject of the Auditor General's concern as regards the reported level of assets. The notes also list certain financial liabilities which are not included, and which are the subject of the reservation with respect to the level of reported liabilities.

It is accepted that alternate accounting policies with respect to coverage and to valuation of assets and liabilities could be adopted. However, the specific reservations made by the Auditor General do not, in the Government's view, provide a balanced picture of the impact of adopting a broader approach with respect to assets and liabilities. In his statement to the Public Accounts Committee, the Comptroller General identified close to $30 billion in assets which could be considered for inclusion under different approaches to accounting policy; this figure did not include the value of lands, buildings and works owned directly by the government.

It is thus the Government's position that the current financial statements, including the notes thereto, provide a true and fair view of the financial position of Canada on the established basis. There is full disclosure, through the preface and notes to the financial statements, of the accounting policies followed and of special items such as the terms and conditions of loans to developing countries. It would be premature to modify existing accounting policies pending the development of generally accepted government reporting standards which are currently under study in conjunction with the Canadian Institute of Chartered Accountants. Finally, it should be recognized that the adjustments suggested by the Auditor General do not provide a balanced picture of the overall implications of adopt-

ing a broader approach to the inclusion and valuation of government assets and liabilities should such an approach eventually be judged to be desirable.

GOVERNMENT'S RESPONSE TO THE RESERVATIONS OF THE AUDITOR GENERAL

Mr. Chairman, Members of the Public Accounts Committee:

In reviewing the two reservations made by the Auditor General in his Opinion, I would like to underline the fact that he agrees that the Government's financial statements have been prepared in accordance with the stated accounting policies. Accordingly, his reservations relate not to the application of the policies themselves but rather to the absence of generally accepted accounting principles for governments. In the case of the Federal Government, its accounting policies are primarily based on concepts found in legislation.

In the Preface to the financial statements, it is stated that the statements have been "designed primarily to provide an accounting of the financial resources appropriated by Parliament. The fundamental requirement to report compliance with legislative authority results in the presentation of financial information in a manner significantly different from that found in the private sector. The accrual basis of accounting used in the private sector best reflects the costs incurred to earn revenues; the policies followed by the Government under which revenue is on the cash basis and the use of appropriations is on generally the accrual basis, best accomodate reporting to Parliament".

I am pleased to inform you that numerous and significant changes have been made in the financial statements in recent years to improve firstly, accounting for the resources appropriated by Parliament and, secondly reporting of financial information to Parliament.

The financial statements now include allowances for the valuation of the recorded assets of the Government to show more accurately the amounts expected to be collected or recovered from financial claims. The valuation of recorded assets is necessary to recognize in the current year expected future losses. The liabilities of the Government now include accounts payable at the year-end to provide better accounting on the use of appropriation authorities on which Parliament has imposed annual ceilings. This has the effect of recognizing, as charges to appropriations, debts incurred prior to the end of the year for work performed, goods received, services rendered or resulting from contractual arrangements. In earlier years not all these debts were recorded in the year in which they applied.

The notes to the financial statements now include disclosure of the terms and conditions of loans to developing countries and advances and subscriptions to the capital of international development associations. In addition there is disclosure of insurance programs operated by agent Crown corporations and improved disclosure of the financial position of agent Crown corporations to show all of the assets and liabilities of such corporations which are not consolidated with those of the Government.

You will note from the above that the underlying objective of all these changes is to improve progressively the Government's accounting policies, within existing legislation, and its reporting to Parliament. As part of our continuous research in these matters we constantly and closely monitor the developments and practices of other governments and the private sector.

This may be an appropriate moment to mention that the Office of the Comptroller General has recently initiated a project on the preparation of new summary financial statements for the Government of Canada. This is a project of paramount importance which will develop and assess alternative accounting policies which might be used in the preparation of new and different summary financial statements.

UNRECORDED LIABILITIES

Mister Chairman, I would now like to explain the Government's position on unrecorded liabilities.

As a result of the accounting policies of the Government, the Auditor General has highlighted examples of items which in his view should be classified as liabilities and recorded in the financial statements. Those identified and quantified by the Auditor General amount to $5.6 billion. The Government has expressed its view to the Auditor General that his Opinion does not present a balanced picture in that there are numerous items which have the nature of assets which also have not been recorded on the Statement of Assets and Liabilities. The following are worthy of noting:

	Billions
Accounts receivable relating to tax and non-tax revenue (Section 32, Vol. II)	$ 1.7
Market Value of Canada's gold reserves (20,882,-353 ounces at $608.49 per ounce) as at March 31, 1981	$12.7
Equipment and stores valued by the Auditor General at March 31, 1980	$15.0

These examples, which do not include the value of lands, buildings and works, have been identified to ensure that the Auditor General's views of unrecorded liabilities are not taken in isolation from the accounting treatment given to transactions relating to the assets listed above. Notes 1(vi) and (vii) to the audited financial statements clearly identify our policies regarding assets and liabilities, a practice which is completely consistent with the Report of the Study of the Accounts of Canada and the Government's modified cash basis of accounting.

You may recall that the Study of the Accounts of Canada was undertaken in 1975 by representatives of the Department of Finance, the Receiver General's Office and of the Treasury Board Secretariat to study the principles, practices and purposes underlying the accounts of Canada. After considering the many recommendations contained in the Report of the Study of the Accounts of Canada, the Public Accounts Committee in its Report to the House dated March 9, 1976 stated "After careful examination and having been assured by the Auditor General that the measures being proposed are sound and in accordance with current accounting standards, your

Committee endorses the 41 recommendations contained in the Study of the Accounts of Canada". The Report to the House also recommended "that the Treasury Board should implement these recommendations as soon as technically possible to do so".

Mister Charman, I would now like to deal specifically with the three items included in the reservation on unrecorded liabilities, the first one being accounts payable on statutory appropriations.

Accounts Payable Relating to Statutory Appropriations

For the year ending March 31, 1980 the Government introduced a new policy on the recording of accounts payable at the year-end. This policy was introduced to provide better reporting on the use of appropriation authorities on which Parliament has imposed annual ceilings. The policy does not apply to statutory appropriations because parliamentary control is normally on the specific amounts which can be paid to qualifying recipients. The Study of the Accounts of Canada recognized this situation in one of its recommendations, (number 24). The Report stated in part "Little would be gained in setting up accounts payable for statutory appropriations, particularly those which have the nature of transfer payments". It is noteworthy that the items identified by the Auditor General all relate to transfer payments authorized by statutory appropriations.

Employee Termination Benefits

The Government does not record employee termination benefits as liabilities since they have the nature of contingent liabilities rather than direct liabilities. Termination benefits paid in the year are included in expenditures while projected termination benefits, that is those payable in the year following the Public Accounts' year, are included as part of Salaries and Wages in the Estimates.

Present Value of Indexed Pensions for Persons Now Retired

Unlike the principal pension plan accounts which are operated by the Government as employer, as well as trustee, on a fully-funded basis, the Supplementary Retirement Benefits Account, the account providing indexation payments, is operated on a mainly pays-as-you-go financing basis. The present accounting basis best reflects Parliament's direction to finance the indexing payments in this way.

By way of recognition of the possible value of the indexing benefits which have been granted to pensioners, there was a note in the 1981 Public Accounts of Canada, which cited a $4.2 billion present value for the supplementary benefits granted up to March 31, 1981. This figure is a reflection of actuarial projections which in turn reflect a number of assumptions with regard to future inflation, interest rates and other variable factors.

In the opinion of the Auditor General, the estimated value of future benefit payments should not only be noted but should be "booked" as a liability of the Government of Canada. Such an accounting practice is difficult to justify given that the Supplementary Retirement Benefits Act stipulates indexing benefits are to be financed on a mainly pay-as-you-go basis. Such accounting might be appropriate only if Parliament were to agree to an alternative financing method that would alter the actuarial status of the pension indexing program.

SPECIAL ASSISTANCE LOANS AND SUBSCRIPTIONS TO THE SPECIAL DEVELOPMENT FUNDS OF INTERNATIONAL FINANCIAL INSTITUTIONS

Mister Chairman, I would now like to explain the Government's position on special assistance loans and subscriptions to the special development funds of international financial institutions.

As stated in the notes to the financial statements, assets are recorded at cost, that is the amount of money actually paid, and are then subject to valuation to reflect estimated losses on realization.

The Auditor General agrees that this course of action has been followed for the loans and subscriptions in question. However he is suggesting that a different basis of valuation should have been used, one which recognizes as an expenditure of the current year the present value of future benefits. These future benefits represent the difference between the prevailing market rates and the interest actually charged under the terms of the loans and subscriptions. The Auditor General has stated that were this present value basis to be adopted, there would be no effect on the accumulated deficit over the entire term of the loans.

The Government has taken the position that any interest on the public debt relating to the provision of such loans and subscriptions is best recognized in the year in which it is incurred. This is consistent with the treatment accorded all expenditures. It is also consistent with the purpose of the financial statements which is to provide an accounting of the financial resources appropriated by Parliament.

The Study of the Accounts of Canada also supports this position as highlighted in the following quotation:

> "A number of loans and advances have been made at interest rates which were lower than those paid by the government at that time. In other cases, the loans may have reflected interest rates at the time they were made, but such historical rates bear little relationship to current debt costs. It is not recommended that these loans be discounted to their present value at current interest costs because this would be anticipating future debt costs which are often unpredictable and which may or may not be incurred depending upon the government's overall financial requirements at that time. Furthermore, to do so, consistency would require the Government's own debt to be revalued at current interest rates. Neither of these exercises would produce particularly useful information since the government does not allocate interest costs to most programs and generally accounts for its debt costs as they accrue or are paid."

The Auditor General has underlined the fact that benefits are conferred to the recipients from the low interest rates, the grace period and the extended repayment schedule. The Government agrees. However, it is felt that the purposes of the financial statements are best met by recognizing the benefits in the accounts only when the related expenditures are incurred. The annual deficit of the Government already

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includes the annual cost of the loans and subscriptions. The interest foregone reduces revenues while expenditures include interest on the public debt.

To provide complete disclosure of these loans and subscriptions a note is included in the audited financial statements. This is consistent with a recommendation of the Public Accounts Committee included in the Report to the House dated February 21, 1979 which recommended that the terms of the loans and subscriptions be disclosed in the audited financial statements.

CONCLUSION

Mister Chairman, in concluding I would like to underline again that the Opinion expressed by the Auditor General clearly states that the Government's financial statements have been prepared in accordance with the stated accounting policies included in Note 1 to the financial statements. Accordingly his reservations relate not to the application of the policies themselves but rather to his preference that they be prepared according to policies yet to be developed and considered. Perhaps I should explain this statement. In 1976, the Canadian Institute of Chartered Accountants (CICA) created a Study Group to catalogue existing practices in legislative accounting, reporting and auditing. In 1980, the Study Group issued its report and concluded that there is a need for generally accepted reporting standards for federal and provincial governments to achieve consistency in financial reporting.

The Study Group also concluded that the CICA should take the initiative in encouraging the establishment of a body to work toward the development of generally accepted government reporting standards. Let me assure you that I support the work of the CICA in this endeavour. Mr. Jacques Léger, the Deputy Comptroller General of the Policy Development Branch of my Office, who is a Chartered Accountant, is a member of the CICA's Government Accounting and Auditing Committee.

Mister Chairman, until proposals for such standards are developed and considered I believe that it is premature to modify our accounting policies in anticipation of them. Until then, I strongly believe that the reservations of the Auditor General expressed in his Opinion can best be accommodated by notes to the financial statements or other forms of disclosure elsewhere in the Public Accounts.

THE SENATE

Wednesday, February 3, 1982

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

Prayers.

FISHERIES AND OCEANS

DISTRIBUTION OF INFORMATION TO SENATORS

On the tabling of:

Report of operations under the *Fisheries Development Act* for the fiscal year ended March 31, 1980, pursuant to section 10 of the said Act, Chapter F-21, R.S.C., 1970.

Hon. Jack Marshall: Honourable senators, may I ask a question as a result of the tabling of that document? It has appeared over the years that the mailing lists of the Department of Fisheries and Oceans do not include many senators. Would the leader check with the Department of Fisheries and Oceans to find out whether senators are on the mailing lists, particularly those senators who come from areas or districts where fishing is an important part of the economy? It is my experience that a lot of the information that I used to get as a member of Parliament is not coming to me now.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I shall be pleased to comply with Senator Marshall's request. In addition, I suggest that those senators who specifically wish to have their names placed on mailing lists of the Department of Fisheries and Oceans should make that known to that department as soon as possible. I certainly welcome Senator Marshall's suggestion.

QUESTION PERIOD

[*English*]

THE ECONOMY

PRESENT STATE—POSSIBILITY OF NEW BUDGET

Hon. Lowell Murray: Honourable senators, may I ask the Minister of State for Economic Development a question I raised on two previous occasions—I believe on November 17 and December 1 last? In the minister's judgment, is Canada now in an economic recession?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, according to the definition that the honourable senator wished to use at that time, there have been two occasions when there was a decline that fitted that particular definition.

Senator Murray: Honourable senators, that being the case, is the government giving consideration to the presentation of a new budget that would attack the problems of recession?

Senator Olson: Honourable senators, no, the government is not giving consideration to presenting a new budget, because a number of proposals that are in the present budget, which is now before Parliament, deal with one of the underlying causes of our economic difficulty, namely, higher than acceptable inflation.

CANADIAN NATIONAL RAILWAYS

REPLACEMENT OF RETIRING PRESIDENT

Hon. G. I. Smith: Honourable senators, may I direct a question to the Leader of the Government? My question arises as a result of the recent announcement concerning the retirement of Dr. Bandeen as President of Canadian National Railways. Is the government expecting a recommendation in the near future from the directors of Canadian National Railways respecting a replacement for that eminent gentleman?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the government, of course, regrets the resignation of Dr. Bandeen from the post he has occupied with such distinction. The question will be taken as notice, and information will be presented to the Senate with respect to the recruitment of his replacement.

Senator Smith: Honourable senators, as a supplementary, will the government take some care to see that Dr. Bandeen's replacement comes from within the ranks of the CNR as of now rather than from an outside source?

Senator Perrault: Honourable senators, Dr. Bandeen's resignation becomes effective on March 31, so there is adequate time to appoint someone before he departs to follow other interests. The honourable senator's proposal that a replacement be sought from within the ranks of the Canadian National Railways system will certainly be given serious consideration.

INTERNATIONAL TRADE

SALE OF CANDU REACTORS TO MEXICO

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I address a question to the Minister of State? I do not know what his new title is. It embodies economic development and regional development. His wings have been spread a little farther, and we shall watch the new developments with some interest.

• (1410)

I think perhaps I could ask him today about the statement that was made recently on the policies of the government with respect to the financing of Candu sales to Mexico. It is alleged that it is a policy of the government to provide a preferred rate of interest to Mexico to enable that project to proceed. Is that supposition a correct one, and, if it is correct, what are the details of the government's policy in respect of this matter?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, what is clear is that if Canada is going to sell Candu reactors, or, indeed, any other such major item, we have to deal with competition in the international market.

The honourable senator's next question was: What are the further details of this policy of the government? I do not think it would be in the interests of our negotiations, honourable senators, for us to let our competitors know what the so-called preferred rate of interest may be. In a lot of international dealings at present, even though all other things are equal, or even superior—I refer to the quality of the workmanship, the material, and so on—it is a fact of life that negotiations centre very largely around the cost of financing. However, I think some progress has been made recently by all of the countries involved in this kind of so-called concessional financing towards making sure that they are not hurting each other more than they really need to, for we know what kind of a mug's game that can be.

Canada has been in the forefront of trying to introduce more common sense, if that is the right expression, into the matter of how far we should go with regard to concessional financing.

Senator Roblin: I appreciate the problem the honourable senator sketches. I fear, however, that the Mexicans will quite likely tell other people what concessional rate has been offered to them, since they are in a bargaining position. It is a little sad that we are not in a similar bargaining position when it comes to purchasing Mexican oil.

What really attracted my attention to this matter was the inference that the subsidized element of interest would be supplied not only by the Export Development Corporation, which is a well established principle at the present time, but also out of general funds. I am wondering whether this represents a new departure in respect of government concessional financing policy. I appreciate what the minister says about getting in line with the United States, which, I suggest, seems to be pushing quite hard now to get rid of this concessional interest rate business, or, at least, to limit it.

ENERGY

EXPORTATION OF ELECTRICITY—POSSIBILITY OF GOVERNMENT ASSISTANCE

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, a statement has been made that the government is giving consideration to financial assistance for the development of a second nuclear plant in New Brunswick for the purpose of exporting electricity to the United States. I leave that question to be dealt with on its merits when it arises, but I would ask the minister whether he has given any consideration to the export of electrical energy from other sources in the country. For example, in Manitoba, on the Nelson River, there is a very large hydroelectric development which is looking for markets in the United States. If financial assistance is to be given in the case of a nuclear plant in New Brunswick, then I suggest that the minister will be asked to provide similar consideration for plants such as the one in Manitoba, and, indeed, in Quebec. I wonder if the minister would tell me whether any consideration has been given to financial assistance in the case of Manitoba, or any other province, in its search for markets in the United States.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, we are clearly interested in the further development of energy resources all over the country, and that includes Manitoba, whose major energy resource, of course, is a substantial amount of potential unused hydroelectric power. I think, however, that we have to recognize that there are other negotiations also under way respecting a grid system throughout western Canada that could be rather substantially supplied from that source of power.

• (1415)

As you know, there is a new government in Manitoba which, I believe, is taking all of these things into consideration. I expect that before long that government will inform not only us but also the other provinces that the previous government was carrying on negotiations respecting that matter.

To add a further element of the use of that power, there were one or two other mega-projects—for example, Alcan—that had also reached the discussion stage, possibly even the negotiation stage, although I am not trying to draw a line between the two, for a fairly significant block of that power.

I believe that at the present time the Government of Manitoba is thinking about those matters rather intensely and will make some decision with respect to them. At present I am not at liberty to discuss them because I, as a member of the government, have not had any formal presentation made to me, nor do I know whether any other member of the government has received such a presentation. During the last couple of days, however, I have had an opportunity to discuss a number of economic development matters as they pertain to Manitoba with the new Minister of Economic Development of that province. Therefore, I know that the members of that government have it under active consideration.

Senator Roblin: Honourable senators, I agree with a good deal of what the minister has said. I realize that the new Government of Manitoba will need a little time to consider all of the alternatives. It is my opinion that there is sufficient power available in the Nelson River to take care of all of the obligations and possibilities that the minister has mentioned and, at the same time, to leave some room for export.

My principal point, however, is that it appears that the government is in the process of establishing a policy of subsi-

dizing the export of electrical power from, in the case in point, New Brunswick. I want the government to give some consideration to extending the same financial assistance to other people who may be exporting power to the United States. While the provincial government of Manitoba has perhaps not yet approached the minister, I believe that if it knew there was a policy that would fit Manitoba as well as New Brunswick, it wouldn't be too long before the representatives of the provincial government would be talking to the minister about it. Therefore, I ask him to give some consideration to that possibility, and to let me know whether a statement can be made on the matter.

Senator Olson: Honourable senators, I can tell my honourable friend opposite that this government has a policy of being, wherever possible, equally fair to all regions of this country.

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear.

Senator Roblin: That is what I want to hear. Thank you.

EXPORT DEVELOPMENT CORPORATION

CONCESSIONAL FINANCING—NEGATIVE SPREAD ON LOANS

Hon. Lowell Murray: Honourable senators, I was interested in the minister's comments about concessional financing. I wonder whether he could obtain for us a summary of the so-called negative spread on loans granted by the Export Development Corporation over the past two years.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am not exactly sure of what is meant by "negative spread." Yes, I realize that there is one simplistic explanation, but there is another one which is closer to reality and which is a little more complicated; that is, the problem of having made loans at a certain rate only to find, prior to the completion, that the rate has changed. This is often the case and it would be an extremely complicated procedure to provide such a summary. I will, however, give an undertaking to take a look at that.

I believe there is another factor that my honourable friend may want to take into account as well, and that is that there are two types of loans. One is on the export development corporate account and the other is on the Export Development Corporation of Canada account. Usually there is a specific reason for the use of the Canada account, such as our international commitments to certain countries around the world, depending on the kind of project involved. I will take all of these factors into consideration and try to provide an answer, although I cannot guarantee providing the numbers in exactly the way I understood would be required by the question. Perhaps after I have read the question carefully I will understand it better.

Senator Murray: I do not want to complicate either the minister's life or my own unnecessarily. Let me tell him that I am looking for a statement of the difference between the cost of the money to the corporation and the rate at which the money is being loaned.

● (1420)

Senator Olson: Honourable senators, in most cases there has been no loss, but there are a few cases where there have been some losses.

RUSSIAN NATURAL GAS DEVELOPMENT PROJECTS—LOAN TO LAVALIN INC.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, while the minister is providing information about the Export Development Corporation, I wonder if he would let me know whether the Export Development Corporation is planning to lend money for a project in the Soviet Union at a concessional rate of 10 per cent as opposed to a buying rate of 16 per cent, the effect of which will cost the country approximately $200 million in the form of an interest subsidy over the term of the loan. Would my honourable friend tell me whether my previous statement reflects a loan that is now under consideration by the Export Development Corporation, or whether this is some arrangement that was completed in the past? Also, can he inform me, considering the present-day circumstances, what the government's policy is on future loans to the Soviet Union?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, with respect to changes in policy regarding loans with the Soviet Union in light of recent circumstances, I shall check with the Secretary of State for External Affairs. I shall also check to determine whether the loan which the honourable senator has described is under consideration. I do not wish to get into a position of either confirming or denying what seems to me to be some reporter's speculation. I do not believe there is any reporter who knows for certain whether the Export Development Corporation is negotiating a loan at 10 per cent or at any other rate of interest, although they certainly have the right to, and, indeed, they do, speculate on such matters. I shall look into the matter. Perhaps it would be helpful if the honourable senator would give me the name of the project which is supposed to be under consideration.

Senator Roblin: Yes, I can do that. The loan is allegedly to be made to Lavalin Inc., which has been negotiating for some time with respect to natural gas development projects in the southern part of the Soviet Union. It may well be that this whole proposition was arranged long before there was any problem with respect to the Soviet government, and I accept that. However, I would like to know whether or not the facts are correct and, more particularly, what the government policy will be in the future.

[*Translation*]

FOREIGN AFFAIRS

POLAND—ATTITUDE OF CANADIAN GOVERNMENT

Hon. Martial Asselin: Honourable senators, my question is directed to the Leader of the Government in the Senate.

Perhaps also for the benefit of my honourable colleagues and of all Canadians who are still dumbfounded by what was

said, I should like to know exactly what the Canadian government's position is on Poland.

During the holidays, a number of apparently contradictory statements were made, either by the Prime Minister or by the Secretary of State for External Affairs, and these contradictions or statements have caused a great deal of concern in the minds of the Polish minorities in this country and of all Canadians in general.

For instance, the Prime Minister reportedly said that having martial law in Poland was better than being invaded by the Soviet Union. The Prime Minister was also quoted as having said that Solidarity had gone too far, that the situation had to be brought under control, and meanwhile, thousands of Poles were being thrown in jail because they publicly disagreed with the imposition of martial law. Later, however, it seems that on the occasion of the American day for Poland, the Prime Minister of Canada had practically withdrawn his previous statements on Poland and that he spoke enthusiastically about freedom for the workers. All of this has confused Canadians. I should hate to think that the Prime Minister is rejoicing at the arbitrary arrests and denial of freedom—

Hon. Azellus Denis: Get on with your question.

Senator Asselin: —suffered by the Poles during the months of December and January.

With leave, I should like to point out to Senator Denis that he never asks questions, he never has. I have been in this chamber since 1972, and I can recall very few instances where I have seen Senator Denis fulfil his responsibilities as a senator. So I suggest, Senator Denis, that you let those who want to work get on with it.

Senator Denis: Lies, as usual.

Senator Asselin: If you want to go on like that, please do, but you are going to suffer the consequences.

Senator Denis: Lies, as usual.

Senator Asselin: My question is as follows: Can the Leader of the Government in the Senate inform us what the Canadian government's position is on the crisis in Poland? Is it still in favour of martial law as it is applied in that country? Will the Prime Minister make a more detailed statement to provide clarification and assuage the concern of Canadians? I would appreciate it if the Leader of the Government in the Senate would inform us on this matter.

● (1425)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): The efforts being made in some quarters to portray the Right Honourable the Prime Minister as an apologist for the military regime in Poland are, to say the least, reprehensible.

Hon. G. I. Smith: That is what he said.

Senator Perrault: That suggestion by the official opposition, when they know better, does them no credit.

Senator Smith: We know what he said.

[Senator Asselin.]

Senator Perrault: During the Prime Minister's entire career and during his entire lifetime he has been a proponent of free speech and human freedoms. His record in Quebec before he entered politics clearly indicates that. His efforts to give Canada a Charter of Rights indicates that he is an avid, fervent and strong proponent of freedom under the law for as many Canadians as possible.

The Bible says: "By their works you shall know them." Canada need make no apology for its record with respect to Poland or any other nation suffering persecution, where the rights of the people are not enjoyed in the same way as they are in this nation. It can be said that from Canada's perspective there are no substantial indications that Poland is moving toward national reconciliation, although this was urged by the Prime Minister in November. Martial law has not been lifted, many Poles remain in detention, and dialogue with the union and the church has not been resumed.

The session of the Polish parliament which opened on January 25 offers an important opportunity for the government to make meaningful progress in these areas. It is hoped that the Polish parliament will take full account of international public opinion and concern in their deliberations, and that they will adopt measures to permit the resumption of the process of social reconstruction.

As far as Canada is concerned, we are not anxious to take economic or political measures against Poland. At the same time, we are concerned about the continuing violation of human rights and the failure to honour commitments under the Helsinki Final Act. This has been said several times by the Prime Minister, but still the question is being asked: Where does Canada stand?

Canada's overall efforts have been generous. In relation to the number of people in this nation, Canada has done more than any other nation in the world to help the Polish people during the crisis. In 1981, over 6,500 Poles were accepted for admittance to Canada through the annual refugee plan, family reunification and special measures within Canada which, incidentally, are still in effect.

Under the 1982 annual refugee plan a substantial proportion of the level of 6,000 self-exiles from Eastern Europe will go to Poles in Austria. The Minister of Employment and Immigration has also encouraged private sponsorship.

In the current situation, we do not believe that any further increases are warranted. Any further action should be part of the international resettlement effort, rather than just a few countries as at present.

We continue to closely monitor the situation in consultation with the UNHCR and other western countries.

This does not relate directly to the honourable senator's questions, but the following are efforts which Canada supports.

The Thirty-eighth Session of the United Nations Human Rights Commission began February 1 in Geneva and will meet until March 12. On February 2 the Canadian representative, Ambassador Yvon Beaulne, who is known to many of us, as

Chairman of the Western European and Others Group introduced on behalf of Australia, Canada, Denmark, the F.R.G., France, Italy, Japan, the Netherlands, the U.K., and the U.S.A. a draft decision concerning the human rights situation in Poland. That action, of course, is fully supported by the Right Honourable the Prime Minister. He is in the forefront of the effort to help the Poles in a responsible and sane way.

• (1430)

The draft decision shows concern about the human rights situation in Poland and requests the commission to consider, as a matter of priority, the question of human rights in Poland under the agenda item which covers the question of the violation of human rights worldwide.

A very interesting letter appeared in one of the leading Canadian newspapers the other day. I have a copy of that letter before me. May I read an excerpt from it? It is signed by Alexander Kadulski, who states that he is a former Polish naval officer and an underground freedom fighter against Hitler and then a freedom fighter against Stalin. He says:

> I am not afraid of fighting, but with years came the realization that Poles are being used once again as pawns in the struggle of the superpowers.

He goes on to say—

Senator Asselin: Who said that?

Senator Perrault: Well, I will provide you with a copy of the letter, honourable senators.

Hon. C. William Doody: Who is this Kadulski?

Senator Perrault: This is what he said. Listen to this:

> Without saying much, Trudeau did much more for Poland than Reagan did. Per capita, Canada gave three times more economic aid to Poland (mostly grain on medium- and long-term credit) than the U.S.

He quotes the U.S. source of that statement.

> Canada also agreed to accept seven times more Polish refugees from Austria than the Reagan administration. The day Reagan decides to match the Canadian record, the Polish refugee problem in Austria will be solved.

That is what Mr. Kadulski said—this former Polish freedom fighter against Hitler and Stalin. This is a rather interesting observation by this former Polish combatant in light of the recent criticism of the Prime Minister.

[*Translation*]

Senator Asselin: I have a supplementary. I fail to see why the Leader of the Government should blame the opposition for asking questions. Often it gives the ministers sitting opposite a chance to clarify certain situations. They should be thankful. I am now going to ask a supplementary question. The leader claims that the opposition is splitting hairs in order to bring the government into disrepute. Perhaps he could answer this question: Is it true that in a statement after the proclamation of martial law in Poland, the Prime Minister of Canada said that it was necessary, that Solidarity had gone too far with its claims, and that he preferred martial law to a Soviet invasion of Poland?

Is it true the Prime Minister of Canada made such a statement? That is why representatives of Polish groups from Toronto and from across Canada came to see the Prime Minister to ask him to revise his statements on the situation in Poland.

Is it true the Prime Minister of Canada said this after the imposition of martial law in Poland?

[*English*]

Senator Perrault: I do not resent—

An Hon. Senator: Yes or no!

Hon. Richard A. Donahoe: True or false.

Senator Perrault: —the fact that the honourable senator asks questions on the subject of Poland. Indeed, it enables the truth to be put on the record.

An Hon. Senator: Did he say it or not?

Senator Perrault: The Prime Minister's position has been that the solution to the Polish problem should be one for the Polish people themselves, without the intervention of outside forces or any other interest contrary to the interests of the Polish people. I think this view can be accepted by all of us, regardless of party. He stated recently that he does not approve of the imposition of military rule, but it may be under certain circumstances—

Senator Asselin: Did he say that?

Senator Perrault: Well, let us bring the full statement to the Senate.

Senator Asselin: Did he say that?

Senator Perrault: Let us have the facts and not attempts by the opposition to interpret what the Prime Minister is supposed to have said. But he has never supported military government.

Senator Asselin: He has not?

Senator Perrault: It can be said, at least, that no other country, including the Soviet Union, has intervened directly with military force. His Holiness the Pope stated that he hoped that the day would never arise when one Pole would take up arms against another Pole in a civil war. No one wants to see the blood-bath of a civil war in Poland. But I seem to recall that when the Prime Minister suggested that thankfully a civil war had not broken out in Poland, he was criticized in some quarters for having expressed that view.

However, I shall be pleased to bring to the Senate his most recent statement on the situation and place it on the permanent record of the Senate and thereby let the Prime Minister speak for himself.

I hope that the process will bring to an end a line of questioning about Canada's Polish policy which many consider to be unfair and destructive—an opposition campaign which has departed from the long-held view that there should be a

bi-partisan policy approach to most major international matters.

[*Translation*]

Senator Asselin: I have a supplementary. Honourable senators will recall that when we were in power, whenever the then Prime Minister, Mr. Clark, made a statement, people said: Clark goofs again. As for the statement made by Mr. Trudeau regarding the political situation in Poland, I feel it is the worst blunder of his entire political career, if he actually made such a statement.

We have had Clark's goofs and now perhaps we should also refer to Trudeau's blunders.

I am aware, of course, of the replies given by the Leader of the Government, but, so that we can judge the content of the statements made by Mr. Trudeau and the Secretary of State for External Affairs, could the Leader of the Government shortly table in the Senate all their speeches made on the political situation in Poland after the imposition of martial law? Could the leader table the statements made by the Prime Minister and by the Secretary of State for External Affairs? We would then be able to judge whether I am right or whether the government leader's version of events is correct. Could the Leader of the Government comply with this request?

[*English*]

Senator Perrault: Honourable senators, I think it would be of real service to the Senate and to the nation to have placed on the record the Prime Minister's statements on this subject. All Canadians should be proud of the Canadian record and the record of their Prime Minister with respect to Poland and its plight.

Hon. Jack Marshall: Only 30 per cent of them.

Senator Perrault: The Canadian record of helpful intervention in crises of this kind is one in which all Canadians should take pride. Consider the post-war international crises which have plagued the world—for instance, Hungary and Czechoslovakia and the various problems in the Middle East. Canada has been in the forefront of nations attempting to help refugees to bind up their wounds and in providing food and financial aid as well as peacekeeping forces.

Senator Asselin: That is something else.

Senator Smith: What question are you answering now?

Senator Perrault: And again, in the case of Poland and its great people, no government in the world has been more forthcoming than has been the Canadian government led by a great and humanitarian Prime Minister. I would be most pleased to put his statements on record in the Senate.

VETERANS AFFAIRS

WAR VETERANS ALLOWANCE BOARD—DECISION RE SERVICE IN CARIBBEAN

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate. It is very likely that he will have to take the question as notice and make a speech. It has to do with the decision by the chairman of the War Veterans Allowance Board which now qualifies veterans who served in dangerous waters in the Caribbean for War Veterans Allowance. This would help many Newfoundlanders and others who have served in Newfoundland. Since that decision has come down there has been a lack of information as to who will qualify now. Could we find out if the minister is considering amending the act, or has he produced an order in council to indicate to the many Newfoundlanders, particularly, who might qualify for War Veterans Allowance, which would help them for the rest of their lives?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

Hon. G. I. Smith: No speech!

Senator Marshall: Could the minister also find out if any consideration is being given to qualifying those war veterans who did not qualify before because of the fact that, through no fault of their own, they did not serve overseas but were kept back in Canada because they were required as instructors and for other reasons? Could he also find out what consideration is being given to those veterans?

Senator Perrault: Honourable senators, I will be pleased to do so.

FISHERIES AND OCEANS

REQUEST FOR REPRESENTATION OF FISHERMEN ON EAST COAST FISHERIES TASK FORCE

Hon. Robert Muir: Honourable senators, I should like to pose a question to the Leader of the Government in the Senate. In fact, I would like to go on a fishing expedition with him, fishing for information and action. The federal task force on the problems of the east coast fisheries is now comprised of a government representative and a business representative. A group of Cape Breton fishermen have formally petitioned the Prime Minister asking that the task force be broadened to include a representative from the fishermen. I see the leader nodding his head, so I am sure he is well aware of the subject matter.

• (1440)

This is not only the opinion of fishermen in Cape Breton but of many fishermen along the Atlantic coast, many of whom are in dire circumstances because of the problems confronting the fishing industry. Can the Leader of the Government advise us if the Prime Minister has replied to that request, and if it is the government's intention that fishermen be given representation together with government and industry?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice. Certainly in the past the government has been open to participation by fishermen on either coast in deliberations of this kind.

Senator Muir: Honourable senators, I thank the Leader of the Government for his reply, limited as it was. I appreciate his words of encouragement and I look forward to the government's doing something to create a proper balance.

Since there will be on the task force the former Deputy Clerk of the Privy Council, Michael Kirby, who will represent the government, and Peter John Nicholson, the former Vice President of H. B. Nickerson & Sons Limited, which controls the seafood conglomerate, National Sea Products Limited, does the Leader of the Government not consider it only fair that those connected with the offshore and inshore fishing industry be represented on the task force in order to have a proper balance? This is no reflection on the two gentlemen I have mentioned.

The Leader of the Government has been waxing philosophical today, with his reference to the Bible. I do not know if he was referring to the Revised Standard Version, the Douay version or the King James version, but the Good Book also says: "The poor always ye have with you." Does that quotation apply to the fishermen?

Senator Perrault: Honourable senators, we hope that when they let down the nets in any sea they will have a bountiful catch. That is the object of the policy of the Department of Fisheries and Oceans, on both the Pacific and Atlantic coasts where there are serious problems. I know that the honourable senator is not underestimating the problem on either coast, and certainly his views will be brought to the attention of the Minister of Fisheries and Oceans. The honourable senator has brought forward some recommendations that I know will be considered sympathetically.

FOREIGN AFFAIRS

EL SALVADOR—ATTITUDE OF CANADIAN GOVERNMENT

Hon. Heath Macquarrie: Honourable senators, I should like to direct a question to the Leader of the Government. Some nasty people say that politicians function in a bibulous atmosphere, but today it is in a biblical atmosphere. I was thinking of the Bible when he was replying to the question of my colleague, Senator Asselin, about the Prime Minister's statement. I recall how difficult it was for the poor Israelites to make bricks without straw. But he did labour strenuously. I should like to ask the Leader of the Government a question concerning the grave situation in El Salvador, which is fraught with danger and which unfortunately reveals every day a terrible assault upon life and liberty.

I noted some indication of a change in attitude on the part of the government, as revealed by the utterances of the Secretary of State for External Affairs in the last 48 hours—and I am not so narrow-minded as to refrain from welcoming even a last minute conversion to a better approach. I would not want to be in the position of the present Prime Minister of this country who a couple of years ago sought to make outrageous political capital against the Clark government on the issue of the Iranian hostages. I believe we must transcend that sort of thing.

Can the Leader of the Government indicate whether he will soon bring to the Senate a statement on the situation in El Salvador; whether he would consider participating in the inquiry that is still open; or whether he might consider something similar to what he may well recall occurred in the other place, namely, a statement on Motions, so that this serious issue can be canvassed by this serious assembly?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, yesterday I gave a commitment that I would obtain information on the subject of El Salvador. This morning I met personally with the Secretary of State for External Affairs and I have been provided with a statement which may be of interest to Senator Macquarrie and others.

Canada does not agree with or accept the position of certain other governments on elections in El Salvador. The Secretary of State for External Affairs stated yesterday in the other place that if we are speaking in the ideal, we would want to see much better conditions for elections in El Salvador. In fact, through our initiative, we tried to change the conditions that prevail in that country. We were turned down by the rebel forces very clearly in their response, and somewhat more ambiguously by the government, which said that the rebels would not accept it, so it would not work.

In any event, we did not succeed in changing the course of events in that country. We are seriously considering whether, in the circumstances, we should participate in any way in the election campaign in that country through observers or in any other fashion.

Senator Macquarrie may be aware that there is overwhelming opposition to the positions of Mexico and France on this matter by many countries in central and Latin America who view this as gross interference in their affairs. I have been advised that the positions of Mexico and France were rejected by the Organization of American States by a very heavy vote.

Canada prefers to be guided by the kind of information we receive from those countries and regions such as Venezuela, which was recently visited by the Secretary of State for External Affairs.

Turning to the question of arms exports to El Salvador, Canada has been firm in its stance of opposing the sending of arms from any source to either party involved in the dispute. The Secretary of State for External Affairs has repeated this position, both inside and outside Parliament. Yesterday he stated that Canada would again indicate this position to the United States.

Senator Macquarrie: Honourable senators, I should like to thank the minister for his partial reply to some serious questions. I take it that the reference to "certain other governments" in the first sentence would refer to the United States. As I am sure he knows, as many thoughtful Canadians know, the basic problem in all of this is that with the ebullience of the present U.S. Secretary of State there is a widespread feeling that on many of these issues—to be biblical again—while the voice is the voice of MacGuigan, the hand is the hand of Haig, and there are dangers in that situation.

I take it that the Canadian government has conveyed to the United States—or if it has not already done so, will convey to the United States—our view with reference to the massive shipment of arms. I believe that is something that should be welcomed, for a country which has gone out of its way to appoint an ambassador of disarmament. I would hope that in a future statement the minister will give us not just comments about Mexico not knowing as much as Venezuela on this, which is a debatable point, but a fuller statement on what the Canadian government thinks of this. But I thank him for his interim reply.

THE ENVIRONMENT

EAST COAST—*KURDISTAN* OIL SPILL—RECOVERY OF CLEAN-UP COSTS

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government concerning the long outstanding amount owed the Coast Guard by the owners of the oil tanker *Kurdistan,* which was responsible for an oil spill between Cape Breton and Newfoundland. The effects of that spill are still evident. What action is the government taking to recover the amount of $6.9 million which was paid for cleaning up that oil spill, or most of it? Can the Leader of the Government report on this matter?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that question will be taken as notice.

EMPLOYMENT AND IMMIGRATION

ADMISSION TO CANADA OF REV. IAN PAISLEY AND ALLEGED IRA MEMBERS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some information concerning the question asked yesterday about the visit to Canada of the Reverend Ian Paisley and others. The question was to the effect: Why did the government allow Ian Paisley to visit Canada?

Citizens of the United Kingdom do not require visas or special permission to visit Canada. Under existing regulations the only grounds upon which entry can be denied is if there is a reasonable expectation of involvement in criminal activity or other activity contrary to the peace, order and good government of Canada.

Our High Commission in London discussed the visit with Mr. Paisley before his departure from Britain, and Mr. Paisley gave satisfactory assurances that he had no intention of contravening any Canadian laws, or of acting in any manner unbefitting a visitor to this country.

● (1450)

While the government certainly does not share Mr. Paisley's views, we have never made a practice of trying to exclude visitors whose views are unpopular. It should be noted that a representative of the political wing of the IRA, whose views are at the opposite extreme from those of Mr. Paisley, also visited Canada at the same time.

Senator Stollery also asked yesterday about Messrs. Danny Morrison and Owen Carron, who were in Canada allegedly to counter the visit of Ian Paisley, and who attempted to enter the United States illegally and were turned back at the border.

Messrs. Morrison and Carron were allowed back into Canada on deportation from the U.S.A. because of a reciprocal agreement we have with that country. In any event, as U.K. citizens they do not need visas and have not contravened any Canadian regulations that might have permitted their automatic exclusion. Immigration officials have allowed them entry until February 8, but it is expected that they will be leaving earlier than that.

THE CONSTITUTION

AGREEMENT BETWEEN GOVERNMENT OF CANADA AND NINE PROVINCIAL GOVERNMENTS CONCERNING CHARTER OF RIGHTS AND FREEDOMS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Neiman on November 19, 1981 concerning whether or not the application of the sunset provision in the Charter of Rights and Freedoms is to be applied retroactively to previous legislation containing a *non obstante* clause.

Honourable senators, the short answer to that question is no. The Charter of Rights has nothing to do with existing provisions in legislation. Previous legislation could, of course, be challenged in the courts. If such legislation were found to contravene the provisions contained in the Charter of Rights, it would have to be passed again pursuant to the provisions contained in the charter.

The other point to be made is that some provisions of the Charter of Rights will not come into effect for three years after patriation. Therefore, no challenges to existing laws could be made before that time.

CANADIAN CHARTER OF RIGHTS AND FREEDOMS—PROTECTION OF FETUS—TELEGRAM FROM CARDINAL CARTER TO PRIME MINISTER

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Haidasz on November 26, 1981 concerning the letter of the Right Honourable the Prime Minister to Cardinal Carter.

I am pleased to provide the Prime Minister's response to Cardinal Carter's telegram of November 23, 1981. This consists of a three-page text which, I suggest, should be incorporated in the record of today's proceedings.

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

Hon. Senators: Agreed.

(*The letter follows:*)

Dear Cardinal Carter:

This is in response to your letter of November 23, 1981 and your telex of November 25, 1981 regarding the possibility of amending the Charter of Rights and Freedoms. You suggest that an amendment is required to provide assurance that the Charter will not infringe on the rights of the unborn or at least to ensure that Parliament will continue to legislate on this matter.

On November 27, 1981, shortly after I received your letter and your telex, the Honourable David Crombie proposed that the following clause be added to the Charter: "Nothing in this Charter affects the authority of Parliament to legislate in respect of abortion". Mr. Crombie noted that the amendment would make it clear that Parliament's freedom to legislate on this matter is unimpaired. He also mentioned that for those who have doubts about the matter being in the Constitution, this will lay to rest their fears.

I responded to Mr. Crombie's motion. I noted that the Minister of Justice had explained on several occasions that the Charter is absolutely neutral on the issue of abortion. According to the interpretation of senior officials and agents of the Department of Justice and according to the Minister himself, under the new Constitution, Parliament will retain the right to amend the Criminal Code, which is the statute affecting the issue of abortion. These are the same opinions we examined when we met last February and which we discussed in our exchange of letters last Spring. At that time, you wrote to me that although you would have preferred specific protection for the unborn you were satisfied that Parliament would retain its authority to legislate on the matter.

Since the November 2, 1981 Conference of First Ministers, Parliament's authority has been strengthened by the addition of the notwithstanding clause to the Charter. Should a court decide at some future date that sections 7 or 15 do establish a right to abortion on demand, Parliament will continue to legislate on the matter by overriding the court's decision and the specific Charter right as interpreted by the court.

I also mentioned in my comments regarding Mr. Crombie's amendment that this new clause could be harmful. There is a danger that by specifically preserving Parliament's power in this area the courts could draw the implication that Parliament's power is somehow diminished in other areas not named in the clause, such as the question of capital punishment or euthanasia.

Our new Constitution has now been approved by Parliament. For many of us this was a bittersweet victory. While I know you support the entrenchment of rights and freedoms, I realize that you are disappointed that the right to life for the unborn was not included in the Charter. I too am disappointed in the final draft of the Charter of Rights and Freedoms. I have had to delete certain rights during this past year to gain provincial agreement and in order to achieve a consensus, I had to agree to a notwithstanding clause which would apply to rights as basic as the Fundamental Freedoms. I am sorry it has not turned out better for all of us, but I do not regret what I have done.

Believe me, dear Cardinal Carter,
Yours sincerely,
P. E. Trudeau

AUDITOR GENERAL

REPORT TO HOUSE OF COMMONS—ALLEGED IMPROPER PAYMENT TO CANADIAN NATIONAL RAILWAYS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on December 9, 1981 a question was asked by Senator Smith concerning the Auditor General's report.

With respect to the $53 million overpayment to the CNR referred to in the Auditor General's report, discussions are presently under way between Transport Canada and CN officials to effect the recovery of the amount in question.

Senator Smith also referred to the recovery of income tax benefits to CN. Concerning the Auditor General's observation regarding income tax benefits, Canadian National's tax returns, which included the allowances and claims referred to, were made in accordance with the standards and criteria of generally accepted accounting principles established by the Canadian Institute of Chartered Accountants and the Department of National Revenue.

FOREIGN AFFAIRS

POLAND—IMPLICATIONS OF IMPOSITION OF MARTIAL LAW

Hon. Raymond J. Perrault (Leader of the Government): Finally, honourable senators, I refer to the question put by Senator Roblin on December 16, 1981 concerning the Polish debt.

Poland's hard currency debt is approximately $27 billion U.S. A multilateral agreement in which Canada participated was concluded in April 1981 to reschedule part of Poland's debt to western governments falling due in 1981. As a result of recent developments in Poland, NATO foreign ministers and other western official creditors have decided that negotiations with Poland on any rescheduling of payments due in 1982 would not take place for the time being.

The Canadian government's debt exposure to Poland consists of loans under our bilateral long-term grain agreement which expires at the end of 1982 and loans by the Export Development Corporation in connection with projects involving Canadian companies. The over-all Canadian government exposure is approximately $1 billion. Thus far, Poland has been making payments under the terms of the 1981 rescheduling agreement, and it is expected that these will continue. Polish officials have indicated to creditors that they intend to meet their financial obligations but there may be some delays.

With respect to loans by Canadian chartered banks, it is not the policy of these banks to reveal the amount of their loans to individual countries. The house will be aware from statements

by some bank officials that most have begun to set aside reserves on a contingency basis against possible losses from their loans to Poland. The size of Canadian banks' debt exposure to Poland does not pose a danger to the Canadian banking system.

Along with other NATO countries, the Canadian government will suspend for the time being debt rescheduling negotiations with Poland for 1982 and will continue to monitor the debt question very closely. We will also be consulting closely with other government creditors.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, there is one other point I mentioned that the minister may have dealt with by implication. Perhaps he can tell me. There is no present intention of extending any further lines of credit to Poland, is there? I take it that is what is implied in his statement.

Senator Perrault: Yes, honourable senators. It is my understanding that this is the case. Lines of credit are being held at their present levels.

PEST CONTROL PRODUCTS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-45, to amend the Pest Control Products Act.

He said: Honourable senators, the bill before us, Bill C-45, is very short, and I will read it all. It states:

> Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:
>
> 1. Section 2 of the *Pest Control Products Act* is amended by adding thereto the following subsection:
>
> "(2) This Act is binding on Her Majesty in right of Canada or a province and any agent thereof."

Honourable senators, it will immediately be apparent that while the bill before us amends the Pest Control Products Act it does not in fact deal with the substance of that act but with a legal problem in its application. It has been decided by the Government of Canada and by the governments of the provinces, as I understand it, that it would be valuable to lay to rest any question as to that legal matter.

The point is this, honourable senators. The Pest Control Products Act provides the Government of Canada with the authority to regulate all pesticide products used in this country. Up to now the act has been administered with the active co-operation of the governments of all of the provinces.

What, therefore, is the problem? The problem arises out of the legal principle that no statute binds Her Majesty in right of Canada, or in right of any province, unless Her Majesty in right of the Crown, whether federal or provincial, is specifically mentioned in the statute or is bound by necessary implication.

Honourable senators who may find this somewhat esoteric point worthy of further explanation I refer to a recent exhaustive study of this principle in the case of *Her Majesty in right of the Province of Alberta v. Canadian Transport Commission,* (1978) 1 Supreme Court Reports.

That case concerned the purchase of an airline by the Government of Alberta. The question at issue was whether the transfer of the shares to that provincial government was subject to review by the Canadian Transport Commission, and subject to regulations made by that commission under section 14 of the Aeronautics Act.

● (1500)

The Government of Alberta took the position that it was not bound to obtain the approval of the Canadian Transport Commission because the act did not specifically state that it was to bind Her Majesty in right of the Province of Alberta. In that case, the old common law principle of necessary implication was mentioned. Section 16 of the Interpretation Act was also discussed. That section provides that:

> No enactment is binding on Her Majesty or affects Her Majesty or Her Majesty's rights or prerogatives in any manner, except only as therein mentioned or referred to.

Therefore, honourable senators, because in practice the act is intended to apply and has always been treated as applying to agencies of the federal government and agencies of the provincial governments, all of which co-operate in the control of pesticide products, there should be no doubt about its legal application.

Clause 1 of the bill before us today lays to rest any such questions, and complies clearly with section 16 of the Interpretation Act by adding to section 2 of the Pest Control Products Act the following subsection:

> (2) This Act is binding on Her Majesty in right of Canada or a province and any agent thereof.

That is the whole point of this bill, honourable senators. All agencies of the federal government and of the provincial governments are to be bound by this act, which has as its purpose the control of potentially dangerous materials.

Honourable senators, I am authorized to assure you that the provincial governments and provincial agencies concerned with the Pest Control Products Act support this amendment. Under those circumstances, and since the point is essentially a technical, legal one—though somewhat esoteric, it is not that complicated—it is my respectful submission to you that, while we should debate this bill and entertain any questions to be asked or observations to be made, no purpose would be served by referring it to a committee. The relevant committee is the Standing Senate Committee on Legal and Constitutional Affairs, but there is not a great deal to study, beyond what has been brought forward to us today, namely, the common law principle of necessary implication and section 16 of the Interpretation Act. Those are the only objects of the amendment before us, and I would ask honourable senators to approve this bill on second reading.

On motion of Senator Macdonald, debate adjourned.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, we expect to deal with two bills tomorrow. One is Bill C-11, which has to do with the inspection of electric and gas meters and supplies. Though it is a fairly lengthy bill, I do not think it is too complicated. Of course, those are famous last words, especially with so-called "simple" bills. We will then deal with Bill S-24, which has to do with implementing an agreement between Canada and the Federal Republic of Germany for the avoidance of double taxation.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, February 4, 1982

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

Prayers.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

> That the name of the Honourable Senator Frith be added to the list of senators serving on the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to.

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday next, February 9, 1982, at 8 o'clock in the evening.

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

Hon. Senators: Agreed.

QUESTION PERIOD

[*English*]

FOREIGN AFFAIRS

POLAND—ATTITUDE OF CANADIAN GOVERNMENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have further information on the subject of Poland that may be of interest to you. It has just come to hand and deals specifically with political and economic measures against Poland and the U.S.S.R.

Concerning measures against either Poland or the U.S.S.R., cabinet is in the process of examining a number of options open to it. In addition, our consultations with our allies are continuing. The NATO meeting on February 3 was part of that process.

We have told our allies that we are prepared, in concert with them, to implement measures to demonstrate to the Polish and Soviet authorities that it is in their interest to allow the process of national renewal in Poland to go forward.

Those measures could include limits on academic, scientific and cultural exchanges, delays in important consultations and negotiations, and restrictions on the movement of Polish diplomats in reciprocity for the continuing restrictions on the Canadian representatives in Warsaw.

In addition, we intend to speak to both the Polish and Soviet authorities about our concerns over the situation in Poland, particularly the continuing abuse of fundamental human rights.

THE BUDGET

INCOME TAX ACT—CLOSING OF LOOPHOLES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have an answer to a question raised by Senator Leblanc on November 17, 1981 on the subject of the budget and tax shelters.

Since the date on which this question was raised by the honourable senator, the Minister of Finance has proposed modifications to the rules relating to restricted interest expense to encourage investment in Canadian corporations by employees.

Where an employer makes a loan to employees and shareholders to purchase stocks, the imputed taxable benefit will be treated as an interest expense of the individual and will be deductible against any investment income that he includes in his taxable income in the year.

For interest on funds borrowed to acquire shares of all Canadian corporations, a special deduction is now provided for up to $10,000 of interest expense against non-investment income. This $10,000 exemption is designed to encourage equity investment by Canadians.

• (1410)

Special rules are proposed to encourage investment by employees in the shares of their employers where such employers are qualifying private corporations. Generally speaking, a qualifying corporation means a corporation that carries on an active business. It is proposed that interest paid or imputed as a taxable benefit in a year will not fall within the restricted interest rules where it is in respect of loans used by an individual to acquire shares in qualifying private corporations of which the individual is an employee, provided that the interest expense does not exceed his income, including any remuneration from the corporation for the year. The result is that most employees receiving a low-cost loan to purchase shares of his employer, where the employer is a qualifying

private corporation, will not be affected by this budget proposal.

Regarding the transitional rule, in addition, a two-year transitional period will be provided to give taxpayers time to reorganize their financial affairs. For 1982, any restricted interest expense may be deductible from up to two-thirds of the amount of the taxpayer's income. For 1983, one-third of the taxpayer's income may be offset by restricted interest.

In summary, this means that most taxpayers will not be affected by this measure. Honourable senators, I am pleased to put this information before you.

TRANSPORT

NEWFOUNDLAND—TRANS-CANADA HIGHWAY—FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Marshall on December 3, 1981, concerning the progress of negotiations on the Newfoundland section of the Trans-Canada Highway.

Hon. Jack Marshall: We heard all about that one.

Senator Perrault: On January 30, the Government of Canada and the Government of Newfoundland signed an agreement under which sections of Newfoundland's Trans-Canada Highway will be upgraded over the next three years. Honourable senators, this is another glowing example of federal-provincial co-operation. We look forward to other agreements in the days to come.

The agreement, which totals $48 million, will also upgrade highways 432, 433 and 434 in the northern peninsula.

Senator Marshall: That is my old district.

Senator Perrault: Transport Minister Jean-Luc Pepin, Premier Brian Peckford, Ron Dawe, the provincial Minister of Transportation, and Revenue Minister William Rompkey signed the agreement for the second phase of the Canada-Newfoundland highway strengthening improvement program, to begin April 1, 1982.

In the second phase of this program the majority of the road construction will be carried out on the Trans-Canada Highway where projects worth $40 million will be implemented. The remaining $8 million will be spent to improve highways 432, 433 and 434. During this second phase total costs will be shared on a 75 per cent federal and 25 per cent provincial basis. Honourable senators, this is surely a generous sharing of the costs by the federal government.

During the initial phase of this program, highway upgrading projects with a total cost of $60 million were implemented on the Trans-Canada Highway exclusively. Those costs were shared on a 50-50 basis.

The projected cash flow for this program will be $15.2 million during the fiscal year 1982-83, $20.72 million in 1983-84, and $12.08 million in 1984-85.

Honourable senators—and I address my remarks particularly to the senators from Newfoundland—there is an appended document listing in rather specific terms the miles involved, the length of the paving and the estimated expenditures. This document may be of interest to honourable senators, should they wish to communicate this information to their constituents in Newfoundland. I would be pleased to have this document incorporated in the record. Is it agreed?

Hon. Senators: Agreed.

Senator Perrault: We want the people to be fully apprised of the facts.

(*For text of document see appendix, p. 3561.*)

[*Later*:]

Hon. Frederick W. Rowe: Honourable senators, the matter I am about to raise is perhaps not very important except to the people who live in the area. With regard to the delayed answer dealing with Newfoundland, I believe I heard the Leader of the Government use the term "northern peninsula." Just for the record, there is no geographical area in Newfoundland known as the "northern peninsula"; the correct name is the Great Northern Peninsula.

Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Government): Is there, then, a "lesser northern peninsula"?

Hon. Duff Roblin (Deputy Leader of the Opposition): No, the word is "distinguished."

Senator Perrault: Honourable senators, I yield to the proven, demonstrated and renowned historical expertise of the Honourable Senator Rowe. I meant to say "the Great Northern Peninsula."

Senator Roblin: That's better.

AUDITOR GENERAL

AVAILABILITY OF OFFICIAL DOCUMENTS—GOVERNMENT POLICY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Charbonneau on December 9, 1981 concerning an alleged policy of keeping documents secret from the Auditor General.

I have been in touch with the office of the Auditor General on this matter. They assure me that, although there was some foot-dragging on the part of some public servants—

Hon. Jacques Flynn (Leader of the Opposition): Ha, surprise!

Senator Perrault: —the Auditor General was able to obtain the documentation he required. I have been advised that nowhere in chapter 1 of the Auditor General's report does the Auditor General say he was denied information.

On the part of the government, there is most certainly no policy of keeping documents secret from the Auditor General.

In fact, the contrary is true. This government is interested in improving efficiency and cost accountability in the public sector. That is why the Auditor General and the Privy Council office are presently working to resolve the issue.

• (1415)

ACCESS TO INFORMATION

STATUS OF LEGISLATION

Hon. Jacques Flynn (Leader of the Opposition): What about the Access to Information Bill? How is it proceeding in the other place?

Hon. Raymond J. Perrault (Leader of the Government): It is receiving the painstaking attention of the government ministers at the present time.

Senator Flynn: "Painstaking" is the right word.

Hon. Duff Roblin (Deputy Leader of the Opposition): I suppose they are getting ready to withdraw it.

Hon. Royce Frith (Deputy Leader of the Government): We are having trouble with the provinces.

Senator Perrault: Honourable senators, we are attempting to achieve, as close as possible, perfection in the drafting of this measure.

Senator Flynn: You have a long way to go.

FOREIGN AFFAIRS

EL SALVADOR—ATTITUDE OF CANADIAN GOVERNMENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have an answer to Senator Macquarrie's question of February 2 on El Salvador. With respect to Canada's observation of the forthcoming elections in El Salvador, we are currently considering our position.

Hon. Jacques Flynn (Leader of the Opposition): What else is new?

Hon. Royce Frith (Deputy Leader of the Government): Senator Macquarrie's questions are always very meaty.

Senator Perrault: Canada, like a number of other countries, received an invitation to send representatives to El Salvador to observe the forthcoming elections. However, it appears that it is not El Salvador's intention to have an organized international monitoring group with a specified mandate such as, for example, there was in Zimbabwe. We are, therefore, now considering what role Canada could usefully play in these different circumstances.

Hon. Duff Roblin (Deputy Leader of the Opposition): Jolly good.

ISRAEL—ANNEXATION OF GOLAN HEIGHTS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have one final statement from the Secretary of State for External Affairs. The subject is the United Nations General Assembly emergency debate on the Golan Heights. Canada is strongly opposed to the Israeli unilateral move to annex the Golan Heights as being contrary to international law and detrimental to the peace process. While no draft text has yet been tabled in the General Assembly emergency debate now taking place in New York, one is expected soon.

Canada is deeply disturbed by indications that a draft resolution might be presented which *inter alia* will contend that Israel is no longer fit for membership in the United Nations and thus lay the grounds for a possible move to prevent Israeli participation in the General Assembly.

Canada would be most concerned by a move to inhibit Israel's right, or, indeed, that of any other state, to participate in the United Nations and its agencies. Canada firmly supports the principle of universality of participation in the United Nations. Canada's permanent delegation to the United Nations has been instructed to make our concerns known to other members.

As the situation is still evolving, it would not be appropriate to speculate on what specific action Canada might consider should Israel's right to participate in the General Assembly be denied.

GRAIN

STATUS OF CROWSNEST RATES

Hon. James Balfour: Honourable senators, now that Senator Argue has entered the chamber, I would like to put a question to him. If I understood the minister correctly on Tuesday evening, he indicated a willingness on the part of the government to discuss changes to the Crow rates. Is my understanding correct, or does the minister's position remain as that which he expressed to the delegates of the Saskatchewan Wheat Pool last November when he implored them to—and I quote—"Come to the defence of the Crow; don't let anyone take it away from you." What precisely is the minister's position?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, as a member of the government in good standing—

Hon. Jacques Flynn (Leader of the Opposition): For the time being.

Hon. Royce Frith (Deputy Leader of the Government): Which is in good standing—the government or the honourable senator?

Hon. Richard Donahoe: Honourable senators, I rise on a point of order. I am afraid the honourable senator made a mistake when he said "a member of the government in good standing." What he should have said is "a member in good standing of the government."

• (1420)

Senator Argue: Honourable senators, as a member in good standing of a government in good standing, I can say that the

policy of the government with respect to the Crow rate will be announced in due course, and when it is announced, I will make a statement on the particular proposals and on my position.

Senator Flynn: You will support it one way or the other.

Senator Balfour: Honourable senators, I have a supplementary question for the minister. If he is signalling a change in the position of the government, can he indicate whether this change of position is shared by the leader of the Liberal Party in Saskatchewan, Mr. Goodale?

Senator Argue: Honourable senators, I may be responsible for something, but I am not responsible for the position of the Liberal Party in Saskatchewan. I believe the honourable senator knows as much about his position as I do because he reads the same newspapers.

Hon. Lowell Murray: By way of supplementary, I have a two-part question for the minister. First of all, has there been any change in his position, as just mentioned by Senator Balfour, and, secondly, would he confirm that it is the intention of the government to make an announcement on the Crow rate policy in Winnipeg in a couple of days?

Senator Argue: Honourable senators, I do not know that a decision has been taken. I do not know that a decision has been taken to make an announcement on Monday in Winnipeg. I do not know whether that is a fact, or whether it is not.

My position on the Crow rate is the same as my position on many other subjects: I do all I can every day of the year to help the grain farmers in western Canada.

Some Hon. Senators: Hear, hear.

Senator Murray: The minister, then, will have seen reports in the media to the effect—or will have heard of reports in the media to the effect—that an announcement on this matter will be made on Monday next in Winnipeg. I must say that I find it absolutely incredible that the Minister of State for the Canadian Wheat Board would not know whether that is the case, and has not attempted to confirm those reports with his colleagues.

Senator Flynn: I am not surprised.

Senator Argue: I know exactly what is going on, and precisely what is going on, almost hourly on the subject that the honourable gentleman has raised. I do not get any of my information from him.

Senator Murray: I am seeking information.

Senator Argue: As far as I know, unless it has been made in the past few minutes, a decision has not been made which would result in a press conference being held in Winnipeg. However, the week is not over and a decision could still be made that could result in such a press conference. That is all I am saying.

Senator Flynn: They don't consult you?

Senator Argue: They don't consult you.

Senator Flynn: If I were in your place, I would agree.

CANADA-GERMANY TAX AGREEMENT BILL, 1982

SECOND READING—DEBATE ADJOURNED

Hon. Fernand-E. Leblanc moved the second reading of Bill S-24, to implement an agreement between Canada and the Federal Republic of Germany for the avoidance of double taxation with respect to taxes on income and certain other taxes.

He said: The purpose of this bill is to implement an agreement between Canada and Germany for the avoidance of double taxation with respect to taxes on income and certain other taxes. In addition, the bill provides that the Governor in Council may, subject to a resolution of Parliament, give effect by Order in Council to any supplementary agreement.

● (1425)

At the time of tax reform, Canada had tax treaties in force with 16 countries including Germany (signed in 1956). The number is now 32 and it is expected that many other countries will be added to that list.

As in the case of similar tax treaty legislation approved by Parliament in the past, the bill contains clauses which deal with supplementary agreements. They are clauses 5 and 6 of the bill. These clauses are designed to ensure that the tax treaty can be kept up to date as a result of changes in the tax system of Canada and Germany. The mechanism provided for under this bill is similar to that agreed to previously.

The tax treaty under review follows the general pattern of the treaties concluded with other countries after tax reform. It also follows, to a large extent, the format and language of the Model Double Taxation Convention prepared by the Committee of Fiscal Affairs of the Organization for Economic Cooperation and Development (OECD).

The treaty generally provides that dividends can be taxed in the country of source at a maximum rate of 15 per cent. A general rate of 15 per cent is also provided for in the case of interest originating in one country and paid to a resident of the other country. Certain types of interest—for example, interest paid to the Export Development Corporation—are exempted in the source country. With respect to royalties, the treaty with Germany provides for a general rate of 10 per cent.

[*Translation*]

Other aspects dealt with in such treaties include:

Capital gains: The provisions of the agreement dealing with capital gains are in line with Canadian policy, ensuring that the source country retains its taxation rights in the case of sale of immovable property, business assets or shares in real estate companies.

Non-discrimination: The agreement prevents discrimination on grounds of nationality. It ensures that nationals of one country will receive the same treatment as those of the other country, all circumstances being equal. However, it would not prevent a country from granting tax incentives, such as small business deductions, on the sole basis of the taxpayer's residence.

Regarding teachers, the agreement does not provide for any special treatment for foreign teachers in Canada.

Pensions: Canada has retained the right to tax pensions paid to residents of the Federal Republic of Germany. However, pensions paid to veterans and welfare payments in the country of residence are to be tax-exempt.

Relief from double taxation: In Canada, relief from double taxation is provided by crediting income tax paid in the other country against Canadian income tax payable, subject to limitations provided under each country's legislation. Dividends received by a Canadian business from its foreign affiliate are tax-exempt in Canada if they are received out of the exempt surplus of the affiliate.

On the whole, the terms of the agreement provide equitable solutions to various problems concerning double taxation that exist between Canada and the Federal Republic of Germany, which country is anxious to see the implementation of this bilateral tax agreement. Consequently, I shall, if I may, recommend that this house give due consideration to the bill that is now before it.

[*English*]

On motion of Senator Phillips, debate adjourned.

• (1430)

ELECTRICITY AND GAS INSPECTION BILL

SECOND READING—DEBATE ADJOURNED

Hon. Peter Bosa moved the second reading of Bill C-11, relating to the inspection of electric and gas meters and supplies.

He said: Honourable senators, Bill C-11 is a measure to replace the Electricity Inspection Act and the Gas Inspection Act. The bill was first introduced in 1978 by the Honourable Warren Allmand, but it did not proceed beyond first reading. It was then introduced by the Honourable Allan Lawrence in 1979 and died on the order paper when Parliament was dissolved in December of that year. The bill was again introduced in 1980 by the present Minister of Consumer and Corporate Affairs, the Honourable André Ouellet, and was passed by the House of Commons on December 18, 1981. This bill has now been before Parliament for four years and the department is anxious to have it approved.

Some Hon. Senators: Hear, hear.

Senator Bosa: The proposed consolidated Electricity and Gas Inspection Act is required to modernize and improve our present regulatory framework aimed at ensuring accurate energy measurement in Canada. It will be noted that the two acts now in force were last amended in the 1920s, and circumstances and technology have changed significantly since that time.

The proposed legislation will increase the responsibility of concerned industry for accurate measurements by providing for the accreditation of qualified meter shops of electricity and gas utilities, as well as of manufacturers and related repair industries to verify and seal meters. Accreditation would be granted only to those meter shops which meet rigorous standards, the maintenance of which would be ensured by a continuing program of auditing and surveillance by government inspectors.

The program of accreditation will facilitate the continuing verification of ever-increasing numbers of meters. At the same time, it will ensure that the increasing workload does not reduce the time spent by government inspectors directed toward ensuring necessary measurement accuracy in less well-equipped meter shops, dealing with the more complicated devices and maintaining the industrial metering installation program.

The Department of Consumer and Corporate Affairs will be maintaining the "dispute test" procedure under which buyers or sellers of electricity and gas can have a government inspector carry out an examination of meters whose accuracy is questioned. The dispute tests, and the regular surveillance of accredited meter shops, should ensure the continuation of the present high standards of accuracy of electricity and gas measurement enjoyed by Canadians.

The proposed consolidated act will also permit the extension of its provisions to cover measuring devices which may be required for new forms of energy or new means of distribution, an example of which could be the supply of steam to households from central powerhouses. The opportunity is also being taken to rationalize and strengthen the criminal offence provisions, and the consolidation of the two acts will remove the minor inconsistencies that now exist between the two separate acts.

In addition, it should be stated that the intent of the bill has widespread support and several public utilities have written to the minister urging its early passage.

In summary, the proposed law is consistent with the mandate of the Department of Consumer and Corporate Affairs, and I am confident that it will maintain a system whereby the consumption of electricity and gas is accurately metered in our country. I therefore urge that the bill receive the support of all honourable senators.

On motion of Senator Muir, debate adjourned.

The Senate adjourned until Tuesday, February 9, 1982, at 8 p.m.

APPENDIX

(*See p. 3557*)

TRANSPORT

CANADA-NEWFOUNDLAND HIGHWAY STRENGTHENING IMPROVEMENT PROGRAM
PROJECTS TO BE UNDERTAKEN DURING THE AGREEMENT

Highway No.	Section	Length Km	Type of Improvement	Estimated Expenditures ($)
1	St. John's city limits to Route 70	75.0	Fort Motel to Foxtrap Access Road (Route 61) (Km 15-Km 27)—grading and paving to provide additional lanes for a four-lane highway in Part I and construction of interchanges in Part II.	8,100,000
			O'Brien's Pond (Km 59-Km 60)—correction of existing grade.	350,000
			Intersection with Brigus Access Road (Km 63)—repair of an overpass.	100,000
1	St. John's city Limits to Route 70	75.0	Intersection with Roaches Lines (Km 65)—repairs of an overpass.	150,000
1	Clarenville-Terra Nova Park and Terra Nova Park to Route 320	68.6	Gambo Access Road to top of hill (Km 292-Km 296)—construction of climbing lanes, widening for slope protection and grade separation for Route 320.	4,000,000
1	Route 320 to Grand Falls	131.0	Bishop's Falls-Grand Falls—addition of climbing lanes—Km 409-Km 415	3,400,000
1	Route 420 to Corner Brook	87.0	Junction Brook Bridge (Km 626)—repairs to structure.	180,000
1	Route 420 to Corner Brook	87.0	Pasadena-Corner Brook Stream (Km 661-Km 684)—widening to provide climbing and passing lanes and repaving.	3,000,000
			Humber Mouth Overpass-Corner Brook Stream (Km 684-Km 693)—widening to provide climbing and passing lanes and repaving.	2,000,000
1	George's Lake to Crabbe's River	123.0	Southwest Brook Bridge (Km 749) repairs to structure.	200,000
			Carters Road to Flat Bay (Km 757-Km 772)—completion of grading project in phase I and paving.	3,690,000
			Flat Bay-Fishell's Brook (Km 772-Km 788)—grading and paving.	7,480,000
			Fishell's Brook-Middle Barachois (Km 788-Km 802)—paving to complete Phase I grading.	3,400,000

Highway No.	Section	Length Km	Type of Improvement	Estimated Expenditures ($)
1	Crabbe's River to Port aux Basques	105.0	Crabbe's River-North Branch (Km 809-Km 834)—widen shoulders, add shoulders and repairing.	3,500,000
			Sub-Total for segment	3,500,000
1	Various Sections		Bridge Repair Projects—repairs to various bridges.	450,000
432,433 & 434	Various Sections		Improve alignment and surface	8,000,000
			TOTAL	48,000,000

THE SENATE

Tuesday, February 9, 1982

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

Prayers.

BANKING, TRADE AND COMMERCE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the name of the Honourable Senator Barrow be substituted for that of the Honourable Senator Bosa on, and that the name of the Honourable Senator Riel be added to, the list of senators serving on the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

STANDING RULES AND ORDERS

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the name of the Honourable Senator Leblanc be added to the list of senators serving on the Standing Committee on Standing Rules and Orders.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

THE ECONOMY

UNEMPLOYMENT—GOVERNMENT POLICY

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government. As everybody knows, the press and newspaper editorials have been mentioning the fact that ten Quebec M.P.s, including two ministers, sent a letter to the Prime Minister, asking him to take some kind of action in order to bring some improvement in the disastrous job situation in Canada, now that over one million people are unemployed and 170,000 more will be added to the unemployment statistics for January.

In view of the Prime Minister's evasive reply in the House of Commons, can the Leader of the Government inform us whether the letter and the Prime Minister's reply should be seen as indicating an intention to shift away from the emphasis placed by the Prime Minister on fighting inflation during the federal-provincial conference? In other words, is the Prime Minister preparing for another about-face?

● (2005)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the government is seeking ways in which to mitigate the effects of inflation and the current recession which is not confined to Canada but which afflicts the world in general. The Prime Minister and the Minister of Finance have welcomed suggestions from every quarter in order to obtain those proposals which might be beneficial to the Canadian people.

Indeed, I would remind honourable senators that the Minister of Finance, in Toronto on January 25, said:

> This is not to minimize the importance of the very considerable resources which the government is devoting to job creation within the existing fiscal framework. Fiscal restraint does not and will not prohibit the government from taking targetted and specific measures to improve growth, productivity, and investment.

In a sense, the Minister of Finance was inviting members of Parliament and others to suggest ways in which the government's program could be made more effective, and some members of caucus have suggested targets and specific measures that should be taken.

Hon. Martial Asselin: That has already been done by the opposition.

Senator Perrault: The fact they have given so much thought to this problem and have expressed their—

Senator Asselin: It's a farce.

Senator Perrault: —concerns in this way will certainly be noted with interest and with care by the government and by the Minister of Finance. Indeed, the members who wrote that letter said:

> As members for Central and Eastern Montreal, we realize that any real and durable but long term improvement of the employment situation can only be achieved by controlling inflation.

So the members of that group are aware of the fact that the control of inflation—which threatens not only the present economy but, indeed, our whole political system, in its ultimate and cancerous form—is the number one target.

May I suggest that this is a time for Canadians of all political persuasions to advance their positive proposals to assist the country during its time of travail?

[*Translation*]

Senator Flynn: Could the government leader explain whether in quoting from the Minister of Finance's remarks on November 25 he was really asking for our suggestions? Why did those members from the other place feel compelled to make that letter public and indicate that in their view it was not simply a matter of long term remedy but immediate and short-term solutions that are needed. Were they talking through their hats?

• (2010)

[*English*]

Senator Perrault: Honourable senators, I can only say to the Leader of the Opposition that inherent in the entire concept of Liberalism is the idea of reform, change and improvement of the social condition.

Senator Flynn: That's fine.

Senator Perrault: Members who are concerned about the problems which afflict those who are less fortunate in our society deserve to be commended. Indeed, as reported in *House of Commons Debates* of February 8, 1982, at page 14749, the Prime Minister said:

> I referred to it [the letter] earlier when I indicated that the Minister of Finance, in his statement on January 25 in Toronto, had pointed out that a number of concrete programs would have to be considered, and the letter referred to by the hon. member provides an example of those programs. I can assure him that the Minister of Finance and the government will consider the letter's recommendations with an open mind.

Senator Flynn: But they had not had time to talk about it.

Senator Perrault: May I say that proposals from the other side of the house will be considered with an open mind. This is not the time to make political capital out of the country's economic distress.

Hon. G. I. Smith: Oh, sit down.

Senator Asselin: Again?

Hon. Senators: Oh, oh.

Senator Perrault: This is a time for members of the opposition to do more than just criticize; it is a time for Canadians, regardless of their political affiliation, to rally around and assist the nation.

Hon. Royce Frith (Deputy Leader of the Government): Well said.

Senator Flynn: Then, do I understand from what the Leader of the Government has said that the government would rather switch than fight?

Senator Perrault: It is not a matter of switching.

Senator Flynn: It would not be the first time.

Senator Perrault: It is a matter of listening.

Senator Frith: Hear, hear.

[Senator Perrault.]

Senator Perrault: It is a matter of accepting those ideas that will assist this nation and the people of this nation.

Senator Flynn: Have you changed your mind again?

Senator Perrault: We would cheerfully accept proposals from the Leader of the Opposition, but he has not been noted for his constructive proposals in the past and we should not expect too much from that source.

[*Translation*]

Hon. Martial Asselin: I have a supplementary question. How is it that ever since the budget was introduced, the official opposition and the New Democratic Party have been asking the government for the same measures as those mentioned in the letter from the 10 honourable members? Why would the government refuse to listen to the opposition but would listen to the 10 honourable members from his party?

• (2015)

[*English*]

Senator Perrault: Senator Asselin, who has had vast experience in Parliament, suggests, incredibly, that he is unaware of the substantial job-creation program which has already been initiated by this government.

Senator Flynn: That is hot air. That is not the question. Reply to the question.

Senator Perrault: If the honourable senator would care to schedule a debate on employment creation in this nation, we, on this side, would welcome it. Then the facts could be laid before the Senate and the Canadian people.

Senator Flynn: Why don't you reply to the question? You cannot.

Senator Smith: Do you have an answer?

Senator Perrault: Throughout the entire process, the opposition has been most notable for its ability to criticize—but not constructively.

We hear unceasing demands that interest rates be reduced, with no expression of support for the other measures which would have to be taken in order to support that kind of policy. We hear blatant contradictions of the Conservative policy when they were in power and were faced with economic reality.

Senator Flynn: What about your policies? What did you do then?

Senator Perrault: Honourable senators, I repeat the invitation: If members of the opposition have stumbled across a method or a formula which will ease the difficulties facing many Canadians today, we would welcome that information.

An Hon. Senator: Get rid of the government.

[*Translation*]

Senator Asselin: I have a supplementary. Obviously, the letter the members sent asking for quick action to turn around the economy, especially in the Montreal area, has been good for a giggle! One wonders whether this is another advertising

gimmick, showing that the government listens to its own members who ask for solutions to economic problems but ignores the opposition.

However, the real joke to Quebecers is the fact that the letter was signed by two ministers who are supposed to adhere to cabinet policy and who accepted the budget—

Senator Flynn: Blindly!

Senator Asselin: Blindly, as the Leader of the Opposition says. Now how can these members publicly dissociate themselves from the policies of the Liberal Party, the party in power, without handing in their resignation? What does the Liberal Party make of ministerial solidarity?

[*English*]

Senator Perrault: Honourable senators, those ten honourable members in the other place are not dissociating themselves from the budget. They say that the thrust of the budget is correct, but they are prepared to support—as are many other members of Parliament—additional measures to alleviate the plight of the unemployed in this country. Is there anything dishonourable about this offer by those members?

Senator Asselin: They have to resign.

Senator Perrault: Would that there were more vocal members from all parties with suggestions as to how to improve economic conditions in this country.

Honourable senators talk in terms of changes to the budget which have taken place. There has never been a budget presented to the Canadian people which has not been subjected to variation, change, modification and amendment.

Senator Flynn: Not in substance.

Senator Perrault: Senator Asselin, with his experience in Parliament, knows this to be a fact. Invariably, every budget which has been brought before Parliament since 1867 has seen a number of modifications before the next budget came along.

Senator Frith: Except the one in 1979!

Senator Perrault: The deputy leader reminds all of us that in 1979 the period of Conservative government was so mercifully brief that there was not time for radical budget surgery.

Senator Asselin: You will recall, honourable senators, that when Walter Gordon was Minister of Finance he changed his budget so often that he had to resign. However, the present Minister of Finance is making changes to the budget every day, yet he does not resign.

Senator Perrault: Honourable senators, are we to take it from Senator Asselin's remarks that in his view flexibility in government is a sin, a fault, or undesirable?

• (2020)

Flexibility is the essence of the Liberal Party. I do not want to become unduly partisan at any point in this chamber, but flexibility is a desirable attribute of a government truly concerned about the people of this country.

[*Translation*]

Senator Asselin: Is the present government, with regard to cabinet solidarity, now prepared to let ministers express dissenting views publicly while remaining ministers of the Crown? Or has it recently dreamed up a new concept of what cabinet responsibility and solidarity stand for?

Senator Guay: It is to make suggestions!

[*English*]

Senator Perrault: Honourable senators, that question is very much a rhetorical one. I have only had the opportunity to read the letter and have not had the opportunity to discuss their views with the authors, but I do know how supportive these members and ministers have been during the development of programs to help the unemployed. I have seen them in action in caucus—some in the cabinet and all in Parliament. They have not gone against the budget—

Senator Asselin: They did.

Senator Perrault: —indeed, they have emphasized that additional employment measures would find their support.

Senator Asselin: They did.

Senator Flynn: Would the honourable Leader of the Government tell me whether he has ever dared to make public any suggestions of that kind? If he thinks that that is the way a minister should behave, then why does he not behave that way himself?

Senator Perrault: Honourable senators, it is not for me to stand in judgment on the performance of other parliamentarians.

Senator Flynn: If you find it correct to do that, why did you not do it?

Senator Perrault: Honourable senators, I have advanced many proposals in my time in the service of Parliament.

Senator Flynn: Not in public.

Senator Perrault: The honourable senator is very aware of that.

Senator Flynn: You never had the courage to do that.

[*Translation*]

Senator Asselin: A last supplementary. Can the Leader of the Government tell us whether the Prime Minister knew beforehand that such a letter signed by ten members would be sent to him?

[*English*]

Senator Perrault: I can only suggest to the honourable senator that he contact the Prime Minister and ask him that question himself.

GRAIN

CROWSNEST RATES—STATEMENT OF GOVERNMENT POLICY

Hon. R. James Balfour: Honourable senators, in light of the dramatic announcement made yesterday with respect to the

Crow rate, is the Leader of the Government in a position to indicate the whereabouts of the Minister of State for the Canadian Wheat Board, or is that a matter of national security?

An Hon. Senator: He is eating crow.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Argue deeply regrets his inability to be in attendance in the chamber this evening.

Hon. G. I. Smith: Did he send you a letter?

Senator Perrault: He is speaking to a prominent group from the farming community this evening in Almonte.

Hon. Jacques Flynn (Leader of the Opposition): Was that accidental?

Senator Perrault: That is because of a long-standing commitment. Earlier this afternoon some senators asked why Senator Argue was not in Winnipeg yesterday for the announcement by the Minister of Transport. This is most unfair to Senator Argue. He had a long-standing commitment yesterday to speak to the High Noon Optimist Club in Regina.

Senator Smith: Is that the best you can do?

Senator Perrault: He regarded it appropriate and important that he speak for the government in his own province of Saskatchewan on this very important initiative.

The Honourable Senator Argue has provided me, however, with a statement on the western transportation initiative announced yesterday, and I would be pleased to read it at this time.

Hon. Richard A. Donahoe: Would the Leader of the Government in the Senate be kind enough to repeat the name of the club to which Senator Argue was speaking? Unfortunately, I am becoming a little hard of hearing and did not catch it clearly, but it sounded to me like a club which the senator might have joined. I thought I heard the word "optimist". It is clear he must be the optimist if anybody believes that he would rather be here than there.

Senator Perrault: Honourable senators, the Liberals of western Canada are always optimists.

Senator Donahoe: Both of them!

Senator Flynn: They have no choice.

Senator Smith: How did you know?

Senator Perrault: He spoke to a meeting of the Optimists. It was important that he be in Saskatchewan for the transportation announcement. He did not avoid his responsibility. As the minister from Saskatchewan he was in his own province, where he should have been.

Honourable senators, this is what Senator Argue states:

> As I said yesterday in Regina and this morning on *Canada AM*, this initiative to improve the railway system in Western Canada will be welcomed by westerners, indeed, by all Canadians. The whole economy will benefit from the opportunities that will be fulfilled as a result.

[Senator Balfour.]

> Exports of the products of our fields, our forests, and our mines will increase. Jobs will be created across Canada.

Senator Flynn: Oh yeah!

Senator Perrault: The statement continues:

> The Government has appointed Professor Clay Gilson of the University of Manitoba to act on its behalf in negotiations with the railways on this vital matter. He is charged with the responsibility of reviewing their investment plans, their revenue projections and their cost estimates. In this he will be seeking to protect the Treasury from unnecessary additional costs and so will be utilizing the work of Mr. Snavely for reference only.
>
> In his discussions with the railways, Professor Gilson will be seeking firm commitments on their investment programs; changes to freight rates on agricultural products that will promote diversification and processing; and guarantees concerning performance and service for various commodities.
>
> The announcement made yesterday also contained the response of the government to the consensus that has developed in Western Canada amongst farmers and farm organizations at the rate they pay plus the subsidies paid by the government no longer covered the costs of moving their grain to port. The Statutory Rate has been of great benefit to the West. We have been able to settle the land and develop it—

Hon. Martial Asselin: This is Question Period.

Senator Perrault:

> —largely because of the advantageous rate. But it has been eroded by inflation and farmers and their organizations have indicated that they are willing to consider paying more to ship their grain if they can be assured of service and performance.
>
> The major farm groups have responded—

Senator Asselin: Dispense! Dispense!

Senator Perrault:

> —favourably to the government's proposal that discussions take place and to the various commitments that we have made. They have also welcomed the appointment of Professor Gilson as our representative in discussions with them.

Senator Flynn: Oh, come on!

Senator Perrault: In conclusion Senator Argue says this—

Senator Flynn: It's about time.

Senator Perrault: Honourable senators, this is an important statement by an honourable senator who is as deeply committed to promoting the welfare of the farming community in this country as any other person in Canada—

Hon. Lowell Murray: He should resign.

Senator Perrault: —and surely his views deserve to be made known.

He further states:

> The government has committed itself to a significant new contribution—one that will cover the so-called gap after we have negotiated exactly what that "gap" is. We are now asking the farmers and the railways to consider—

Senator Asselin: Why is he not here to say this himself?

Senator Perrault:

> —the form and extent of their contributions. These must be fair and they must also take into account the capacity of each to absorb cost increases.

The government has committed itself to enshrining the results of this comprehensive and shared approach in statute—

An Hon. Senator: Speech!

Senator Perrault:

> —so that I believe that in the end the grain producers of western Canada will be able to say that the new statute provides them with as good a deal as the statute that it replaces. I believe that this is the government's intention and it is certainly mine.
>
> The government has committed itself to a continuation of the branchline rehabilitation program and to the immediate acquisition of an additional 1,280 hopper cars.
>
> And if I may repeat, the government is committed to securing guarantees of service and performance and reductions in the freight rates on other agricultural commodities and their products.
>
> The process of negotiation with the railways and with the farmers' organizations is now under way.

Senator Flynn: It's about time.

Senator Perrault: Senator Argue concludes:

> I believe that a consensus will come out of it that will be as good a deal for the western grain farmer as he has now. I also believe that all Canadians will benefit tremendously from the expansion of the economy of the west.
>
> The discussions that have now begun will involve westerners in the shaping of their own future.

Senator Flynn: Blah, blah, blah!

Senator Perrault: He goes on to say:

> The proposal which was made yesterday, and which was so well received, was developed in the government by westerners, and I would very much like to congratulate my colleagues from the Senate who have played such an important role in discussions and the decisions in cabinet. I believe that they have served the people of their provinces and this chamber very well indeed.

Honourable Senator Argue will be here later in the week to speak on his own behalf.

Senator Donahoe: No wonder he is at the High Noon Optimist Club.

Senator Balfour: Honourable senators—

Hon. Senators: Oh, oh!

Senator Flynn: Honourable senators, I rise on a point of order. The Leader of the Government has made a statement, not a reply to a question, and I think the opposition has the right to reply.

• (2025)

The Hon. the Speaker: I must ask the honourable Senator if this relates to the same subject.

Senator Balfour: It is a supplementary question, with perhaps a brief preface. The Leader of the Government has been obliged to make a statement in the absence of the Minister of State for the Canadian Wheat Board, who has chosen to absent himself from this chamber at a time when one of the most significant statements with respect to grain policy has been articulated by his minister, the Minister of Transport, affecting the three western Canadian provinces in particular and also, incidentally, agricultural communities in both Quebec and Ontario, which is perhaps not fully appreciated. Perhaps that exemplifies how this government can speak out of both sides of its mouth.

Hon. H. A. Olson (Minister of State for Economic Development): That is an unfair statement.

Senator Balfour: We shall see how unfair it is. Let me tell the house what the Minister of State for the Canadian Wheat Board said in the past, both in the other place and here. In Commons *Hansard*, at page 3760, referring to the Crow rate, he is reported as saying—

An Hon. Senator: What date?

Senator Balfour: May 18, 1959. Referring to the Crowsnest rates, he is reported to have said:

> I think they were part and parcel of a national policy, and the people who brought forward and completed that national policy at that time decided that those rates would be of advantage in maintaining an important grain industry on the prairies, which in turn would support the economy of three provinces in that area, and that this in turn would do much toward the prosperity of the Canadian nation as a whole.

Has he changed his mind? He continued:

> It has been part of a national policy that is necessary to the national welfare of this country. I will go even farther and say it is essential if there is to be national unity in Canada. If the Crowsnest rates are interfered with, it would be the greatest blow to national unity administered by a government in this generation.

Hon. Royce Frith (Deputy Leader of the Government): So it was in 1959.

Senator Olson: Let us have the question.

Senator Balfour: The Minister of State for the Canadian Wheat Board has said that the Crow rate is essential to national unity, that if the Crowsnest rates are interfered with it would be the greatest blow to national unity administered by a government. In that context, does the Leader of the Govern-

ment support his government's policy of tampering with the Crow rate?

Senator Asselin: Explain.

Senator Perrault: Honourable senators, it is depressing to see the opposition bring forth—

Senator Smith: Depressing to you.

Senator Perrault: —those yellowed and tattered newspaper clippings from the past. Do they support the dismal view that there should be no change in government thinking; that every attitude, every policy, must be frozen in time? Is there a suggestion that the government is to be penalized if certain of its members have fresh and new approaches to the problems confronting this nation? If tonight we are quoting from newspaper articles, let me quote from a contemporary and relevant one. I have before me an editorial which appears in today's Edmonton *Journal,* which is not a notable supporter of the Liberal government. Senator Hastings knows the type of "support" that we have received from the Edmonton *Journal* in recent years. I would ask honourable senators to listen to these words from a newspaper that supported the Conservative Party in the last campaign. In part, the editorial reads:

> The federal government is facing up to the Crow's nest freight rate issue with courage and clarity. For this, Transport Minister Jean-Luc Pepin deserves full credit.
>
> Because of the Crow rate, Western Canadian farmers pay only 20 per cent of the cost of moving grain destined for export on our railways. The remaining 80 per cent must be picked up by the Canadian taxpayers through subsidies to the railways, and by the railways themselves. If the Crow rate (established in 1897) remains frozen, farmers will pay only 12 per cent of the cost of moving grain by 1985, and seven per cent in 1990 . . .

● (2030)

> No one is suggesting grain farmers suddenly pay 100 per cent of the cost of moving their product over the railways. But it is surely reasonable to suggest that at least the existing 20 per cent paid by farmers continue to be paid as transport costs increase.

Then the editorial continues:

> The plucky Mr. Pepin—

Yes, and the plucky Senator Argue.

> —will need more than background encouragement from Alberta if this reform is to pass through Parliament by Christmas. He will need help.

Obviously, he is not going to receive help from certain spokesmen of the Official Opposition, who would make this a political football rather than try to solve a developing transportation problem in western Canada.

Perhaps credit should be given to certain farm spokesmen in western Canada who have said, "Let us approach this pending negotiation with open minds. Perhaps a new statutory arrangement can be brought into effect which will be good for all and fair to all—yes, and even better and fairer for the grain farmer than the present system."

[Senator Balfour.]

Senator Argue's statement reflects that positive spirit. But the opposition suggestion that policies should be frozen in time, and that nothing can be done to forestall the looming rail transportation crisis in the west and nothing can be done to help the grain farmers or anyone else shipping any other commodity in western Canada, is contrary to the interests of the west and all of Canada.

Senator Smith: We never said you were frozen; we just said you were petrified.

Senator Balfour: Honourable senators, Senator Olson has indicated a willingness to participate in this exchange. I wonder if I might pose a question to him.

As the only cabinet member from the province of Alberta, is he square on with the policy articulated by Mr. Pepin in Winnipeg on Monday?

Senator Olson: Honourable senators, it is more in sadness than anything else that I reply to this kind of question, because it is clear that members of the opposition do not understand what the proposal is. It is changing from one statutory rate to another statutory rate—

Senator Smith: Which we do not know yet.

Senator Flynn: That is not true.

Senator Olson: —which guarantees the financial benefit of the so-called statutory rates up to and including 1981.

Senator Flynn: False!

Senator Olson: It also includes a statutory framework from here on for asking the producers to consider some additional contribution to the increase in the cost of moving the grain from 1982 on into the future. This answers a great many of the comments that have been made by a lot of people in western Canada, including some grain producers, that we now have a massive job to increase the rail capacity out of western Canada for all commodities.

I think members opposite really ought to look at the proposal somewhat more objectively, perhaps even a little more intelligently. If they do, I am sure they will come to the same conclusion—

Senator Flynn: You have not understood it yourself.

Senator Olson: —namely, that it is an intelligent and courageous action that has been taken towards coming to grips with the problem.

Senator Balfour: Honourable senators, I wonder if the intelligent Minister of State for Economic Development would indicate at least the parameters within which the new statutory rate will be established.

Senator Olson: That has been very clearly laid out in the proposal that has been made. If my honourable friend would like it, I will bring to the chamber tomorrow a very detailed list of the parameters, and the terms and conditions under which the negotiations will go forward. If you would like me to take another fifteen minutes now, I can give them to you from

memory, because I have gone over them very carefully in the last few months.

Senator Balfour: Just to pin the thing down, it costs the grain producer at present 14 cents to move a bushel of grain. Is it going to cost him 20 cents, 50 cents, a dollar? What are the parameters? Just give us the ball-park figures.

Senator Olson: Honourable senators generally, and Senator Balfour more particularly, ought to know that you go into negotiations in good faith and you do not announce results until they have been achieved.

Senator Smith: I thought you told us a moment ago that you knew what they were.

Senator Balfour: The honourable the minister clearly indicated that the parameters had been established. What are the parameters?

Senator Olson: I will be very happy to bring that information. I can start giving it to you now, but I must say that I really have a twinge of conscience when I am asked to abuse Question Period, as you are inviting me to do now. I will bring you a sheet of paper tomorrow, and will be glad to expand on it at that time.

Hon. Peter Bosa: Honourable senators, I should have made my intervention about twenty minutes ago. I want to say that although I am sure Senator Asselin had no intention of misleading this house, he was wrong when he said that the Honourable Walter Gordon resigned as a result of the budget he introduced in May 1963. The Honourable Walter Gordon resigned after—

Senator Flynn: Order! Order!

Senator Bosa: Honourable senators, I am correcting—

Senator Flynn: This is entirely irregular. You are out of order.

Senator Bosa: Senator Asselin made a statement, and I want to correct it. The Honourable Walter Gordon resigned in 1965—

Senator Flynn: You are not involved. How is this your business?

The Hon. the Speaker: A point of order has been raised, and I think the honourable senator is right.

Senator Bosa: I have a question, honourable senators. The question is the following. Is Senator Asselin aware—

Senator Flynn: On a point of order. You cannot put a question to Senator Asselin.

Senator Bosa: With leave of the Senate, my question is to the Leader of the Government. Does the Leader of the Government in the Senate remember if the Honourable Walter Gordon resigned in 1965 following the election of November 8, for the reason that he had given the Prime Minister of the day the advice that he was going to win the election and form a majority government? Because that majority government did not materialize, the Honourable Walter Gordon resigned—which is the epitome of everything that characterizes the integrity of Walter Gordon.

Senator Perrault: I certainly agree with that question.

Hon. Heath Macquarrie: May I ask the Leader of the Government in the Senate if he does not remember that in fact the Honourable Walter Gordon resigned as Minister of Finance because of the corrections he was forced to make in his budget, long before 1965?

Senator Perrault: No, I do not remember.

Senator Smith: You should.

Senator Macquarrie: That example should be followed.

THE ECONOMY

UNEMPLOYMENT—ADVICE FROM MEMBERS OF FEDERAL LIBERAL CAUCUS

Hon. Orville H. Phillips: Honourable senators, arising out of the answer given by the Leader of the Government in the Senate to the question raised by Senator Flynn, I have a supplementary.

In the honourable leader's reply, he invited the opposition to make suggestions to deal with the economic problems of this country. Would he advise us if his followers, the silent majority, have made any suggestions either to himself or the Prime Minister, and if so, would he share those suggestions with this chamber?

Hon. Raymond J. Perrault (Leader of the Government): May I say that there is a constant flow of proposals from Liberal senators to the government arising from their earnest desire to improve the condition of this country.

Senator Phillips: Would the Honourable Senator Perrault agree to table those suggestions in this chamber, so that we may all have the benefit of them?

Senator Perrault: The honourable senators are not avid seekers of publicity.

Hon. Jacques Flynn (Leader of the Opposition): Do you mean that the Quebec members are seeking publicity?

Hon. Martial Asselin: The answer is yes.

Senator Flynn: Serge Joyal also?

ENERGY

ALSANDS PROJECT—WITHDRAWAL OF PARTNERS

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development, though I am not quite sure that that is his correct title now because of the restructuring that has taken place in the cabinet.

Hon. R. James Balfour: It ought to be "Captain of the *Titanic*"!

Senator Doody: In any event, he is the gentleman responsible for the whole economic picture, I understand, and my question deals with the Alsands project in western Canada.

At least two of the Alsands partners have withdrawn. They represent, I understand, about an 18 per cent interest. There is another partner, Dome, that may have withdrawn, or seems to be in the process of withdrawing. I wonder what impact the withdrawal of these companies will have on the viability of the Alsands project.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I believe there have been statements made by the federal and provincial governments to the effect that there are other interested parties that would take up the percentage that the honourable senator referred to.

● (2040)

With respect to the viability, I doubt that that will change it significantly, because other investors can pick that up. Therefore, the terms and conditions offered by both levels of government will be the same.

Senator Doody: Honourable senators, as a supplementary, my understanding was that the Alsands project was one of the key factors in achieving the aim of energy self-sufficiency by 1990. Will the delay in the project affect that goal or is energy self-sufficiency still a tangible objective?

Senator Olson: Yes, honourable senators, it is, and the Alsands project, which we hope will go ahead, is a significant part of the increased production that we need. Therefore, the view of the government is the same as that expressed in the past.

Senator Doody: Just dealing with the same sort of mega-project—I believe that is the fashionable term now—I believe the Cold Lake project is in the same ball park in terms of involvement in energy self-sufficiency and employment and regeneration of the entire economy of the country. Where does the Cold Lake project stand at the present time in terms of the same objectives?

Senator Olson: The government's views and objectives with respect to Cold Lake have not changed, but I would have to seek some information, I suppose, from the private sponsors—in this case, mostly Esso Resources—as to their position at this point in time. I have not heard in the last few days.

Senator Doody: My understanding is that there is at the present time some $40 million of government funding in that Cold Lake project. Is there a chance that the federal government will put more money in behind that? What is the status of that $40 million? What is the prospect that the government, or one of its crown agencies, will make an additional investment in the Alsands project?

Senator Olson: I do not believe that there have been any announcements recently about any additional participation by the federal government in the projects that have been identified.

[Senator Balfour.]

Senator Doody: I think the minister misunderstood me. I did not ask about announcements lately. I asked what the government's plans are in terms of major dollar involvement in these programs.

Senator Olson: Well, the answer I gave you is just as valid to that question as to the previous question, which was almost identical.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to pursue the line of questioning with respect to mega-projects, because in several of his statements the honourable minister has underlined the fact that he and the government are relying on the development of mega-projects to get Canada out of its current economic problems. They regard that as the major bright spot on the horizon. That is an opinion which is shared by the Economic Council of Canada.

Now we find serious doubts being raised about whether some of those mega-projects, particularly the two mentioned by my colleague, are likely to go ahead in the near future.

I would appreciate the minister's making a more complete statement than he has on this subject, particularly with respect to the matter of financing. I would like him to tell us how he visualizes that these projects, at a 20 per cent interest rate or whatever is required to get the money to invest in them, are still viable. In particular, I would like the minister to consider the heavy oil project of the Husky company on the Saskatchewan border.

On December 16, 1981 the Minister of Energy, Mines and Resources appeared at a meeting of our Banking, Trade and Commerce Committee. At that time I went into the question of these mega-projects with him. He gave most reassuring answers. I particularly asked him about the Husky project, as to whether it was in effect correct that they had been able to fit themselves into the announced pricing regime. He replied that the regime that had been agreed to in the Saskatchewan agreement would be satisfactory. That is the impression he left with me, and I think a reading of the testimony would indicate that that is a fair assumption.

On January 12 of this year the president of Husky Oil, Mr. Blair, speaking in this city, went through a list of the mega-projects in which he had some interest to announce where they stood in his mind. When he came to the heavy oil project he stated—and I have his speech in my hand—that they had been milling around on this subject for the last three years and still did not know whether they would be proceeding in the 1980s.

That fits in with the general picture we have that the oil industry is in some quandary as to what it will do with these mega-projects. If the minister is placing his faith in them, as he is, I should like to know exactly how he intends to approach these difficult problems. I am particularly interested in having him reconcile, if he can, the statement of the minister about the Husky project and the statement of the president of Husky about the same project delivered about a month later. In particular, I should like him to deal with the interest question, which is, I think, the sticking point in all these matters.

Senator Olson: Honourable senators, some of these questions were raised last week at the First Ministers' Conference. I do not like to complain about being misquoted, but I think in this case I was "underquoted," if that is the right word, because I have said over a number of weeks that, although proceeding with the major projects is a very important part of Canada's economic development, it is not all of it. It probably adds up to somewhere between 20 and 25 per cent of the capital investment that will be required in Canada between now and the year 2000, which is the year at which the major projects committee looked when they identified $440 billion worth of mega-projects.

In the course of the discussions, I recall drawing up a list, just from memory, of 18 mega-projects already under way, that have already been financed. There are some that have been announced for which financing has been arranged, but where, indeed, the actual employment on site and the cost for much of the material have not yet begun to show in large amounts. But they are on target. I can give you one example, namely, the Northeast B.C. and Northwest Alberta coal development, an investment of some $2½ billion which is now under way. That will increase rapidly.

I can also advise the honourable senator that the railway expansion in western Canada is another of the very large mega-projects. With the proposals that have now been put out, we believe that the basis has been laid for the financing of that very large amount of capital investment, being over $7 billion worth.

As I have said, there are 16 or 18 more that are already under way.

I think it should be borne in mind that there is not complete reliance on only some of the energy mega-projects, important as they are; there are many more besides those.

I can look into the matter of the Husky Oil project at Lloydminster, probably on both sides of the border, but it seems to me that, if my honourable friend has already had a direct report from the president of that company, Bob Blair, probably all I would obtain would be a repetition of the views the honourable senator has already quoted to me. If he would like me to verify those, however, I can do that.

Senator Roblin: I appreciate the force of the minister's reply, but his own figures indicate that out of the $440 billion of mega-projects over half are energy-related.

Senator Frith: They are what?

Senator Roblin: They are energy-related. That is the phrase my honourable friend used, and that is correct—half of them are energy-related. I express a particular concern about the energy mega-projects, because energy is the nub of one of our great problems these days. I am not concerned about the fact that some of them are going ahead. That is fine. I am concerned at the fact, however, that in respect of this energy field the Minister of Energy, Mines and Resources made statements to a committee of this house that were entirely reassuring about the future of the projects we have been discussing here tonight when as we found out subsequently, the future does not appear to be quite as bright as all that. So, I think we are entitled to an explanation as to what has gone wrong in the meanwhile.

● (2050)

Senator Olson: Honourable senators, there is no mystery as to what has gone wrong or what has caused apprehension with respect to making a firm commitment as to the date and time that these projects will go ahead. It is simply that there is no longer the same attitude in the international oil market as there was some time ago. Of course, the pricing arrangement and the terms and conditions relating to that arrangement were known, for example, prior to and up to September 1, and they were predicated on a steady incline in the international oil price. This situation has changed since and, rather than the price marching along at the anticipated rate, there has been a decline in some cases. As a result, there must be a reappraisal of the costs of the project in relation to the rate of return on investment. There is no mystery about that at all.

However, I am still confident and the government's view is that there will be enough of the very large energy projects, that, in fact, this project will come onstream and we will be self-sufficient by the end of the decade.

Senator Roblin: Honourable senators, now the minister is making a little more sense and is getting down to some of the real considerations that we must look at. No matter what happens to the international oil price, Canada's need for oil from international sources has not changed; it is still very significant indeed. We are concerned here not only with mega-projects as economic "trickle-downers", as the minister, I think, regards them, but also with respect to the security of our energy supplies.

If the circumstances of the world market are changing, as indeed they are, then I suggest to the minister that he is obligated to review the terms and conditions under which he has been proposing these projects to the other partners he is trying to interest in the development. I think we will probably find that the Government of Canada and, perhaps, the Government of Alberta as well—although I have no information on that point—are asking for a little more than the traffic will bear, and if the industry is faced with doubts and concerns about the future price of oil, and it seems to be, then the government cannot adhere to the position it took six months ago in the matter. I would like to see a little bit of that flexibility that the Leader of the Government in the Senate mentioned a little while ago. Certainly, we had a great example of flexibility last week when the provinces were here. How much flexibility did we see there? Not a millimetre; nobody moved.

Senator Olson: The provinces were completely inflexible, that is why.

Senator Roblin: Incidentally, the provinces came forward with suggestions. We are always being asked for suggestions on the government's economic policy.

Senator Frith: But all of them were inflationary.

Senator Roblin: That is not so, because many of the provinces concerned about the interest problem brought forward suggestions as to what could be done to improve the rate of saving, investment and productivity—enhance our foreign balances by the sale of natural gas and a whole combination of suggestions which should have at least been considered. So, when I hear talk from the other side about flexibility I must say they are about as flexible as an iceberg or as a glacier as it comes rolling down the mountainside. So far it has borne all before it, but I have a hunch that that situation will not last for very long.

I want my honourable friend to give me some assurance that he is willing to see that the terms and conditions under which these mega-projects are being looked at at the present time are sufficiently flexible so that he will not find himself stopped because international prices have thrown a spanner into the works. I want to see some of that flexibility, and I want an assurance from the minister that he is willing to undertake that kind of review of the terms and conditions offered to industry in these projects.

Senator Olson: Honourable senators, the government has demonstrated, over and over again, its capability of taking into account the real conditions in the real world, but my honourable friend is not really asking that. If he wishes, I will relate what he is asking now to some of the requests of these companies. They have not been talking about the world price of oil, but about some kind of undertaking that they will be guaranteed a return on investment of somewhere in the neighbourhood of 20 per cent. I do not believe that it would be prudent for the government to guarantee such a return, regardless of what happens in the marketplace.

Senator Roblin: That is a perfectly reasonable request on the part of industry if the government is writing all the rules and creating a tax situation which impinges so heavily, as it does, on the returns of these companies, and if the government is laying down the terms and conditions under which these projects are to operate, then it need not be surprised if some of these companies ask for a guaranteed rate of return. Were the government willing to allow a freer system, then it would be quite right to say, "You're on your own, bud, and you take your chances."

Senator Flynn: You referred to the minister by his first name!

Senator Roblin: I am sorry; I did not mean to refer to the minister. I was using a slang expression for the generality of mankind, and I would never confuse my honourable friend with the generality of mankind.

Senator Frith: He is a man of the people.

Senator Roblin: He is a unique specimen, and there is nobody like him.

Senator Flynn: This "Bud" is for you.

Senator Roblin: I think it is probably a good idea that we leave names out of this. I would just like to say to my honourable friend that, if he imposes what in some sense is a public utility approach to the development of oil in this country, he must not be surprised if he receives a public utility response on the part of the people who are engaged in the industry.

[Senator Frith.]

Senator Olson: I am very surprised, honourable senators. I cannot imagine that my honourable friend is of the opinion that it would be good government policy if the government were to guarantee a 20 per cent return on investment regardless of how the marketplace performs. If that is what he is suggesting, then that is a very significant change in Conservative policy.

Senator Roblin: Honourable senators, I do not propose that for one second. What I said was that this was the consequence of my honourable friend's policy. If he followed a sensible policy in respect to these development projects, he would not be doing what he is doing at all. He would say, "You go ahead. The rules that we are interested in are ones in connection with the environment, the employment of natives and people of that kind. But if you make money, then we are going to get our share, either through the taxation system or the same kind of tax regime as we apply in the Canada Lands"—which, God knows, will prevent anyone from skimming off the top. I suggest that the government let these projects go ahead freely, and then, if there are profits, collect the economic rent to which the people of Canada are entitled. In this way it will avoid the unpleasant dilemma of being forced to guarantee what it is guaranteeing now, the 20 per cent rate of return. That is what you have guaranteed the partners remaining in that project.

Senator Olson: The honourable senator is perfectly entitled to state his opinion, but in this case, as in many cases, fact and opinion are not necessarily synonymous. Insofar as guarantees and the changing of the terms and conditions now are concerned, I would remind my honourable friend that essentially the same terms and conditions have been agreed to by the governments of Alberta, British Columbia, Saskatchewan, all the provinces involved, and the federal government, and I must advise him that if the international oil price had marched along according to the projections, then I suppose the investors in this project would have been quite happy to take those returns. Now my honourable friend comes along and says that we must have rules to make sure that the economic rent is collected for and on behalf of the people of the provinces in their right. I think that all of the terms and conditions are in the agreement. Therefore, when my honourable friend adds up what he is admonishing us to do, I think he will have to agree that we have done exactly that.

Senator Roblin: Honourable senators, let me just comment and ask the minister a question on the real meaning of his logic. What he told us a few minutes ago is that one of the basic factors in this whole situation of change is that the world price of oil does not look as buoyant as it did before. As a consequence of this situation, people are backing out of the oil projects in Alberta and as a result they may not be undertaken, unless my friend undertakes to do them himself.

So, what I am saying is that unless my friend changes his rules somewhere, and if the world price continues its current trend, then the oil projects will not go ahead. Is that the policy of the government, to see that these projects do not proceed, when, by changing the rules, they could proceed and Canada could be getting its foreign exchange situation under control and a higher domestic content in oil consumption in this country? Logic demands not that he sit tight and do nothing so that nothing will happen in regard to the oil sands, but that he look at the matter and, realistically, make such changes as are necessary. Does he not think that is right?

• (2100)

Senator Olson: I agree that that is what needs to be done and that, in fact, is what we are doing.

I would mention one other point which the honourable senator did not bring up, and that is that there is an escalating formula involved in the pricing arrangement. That is known. One of the problems, of course, is inflation. The costs of construction based on the inflation rate may march ahead of oil prices themselves. If that is so, it would cause anyone concern. That is why the government has the very heavy responsibility—and it assumes that responsibility—to attempt to keep inflation within moderate and reasonable terms.

Senator Roblin: If the minister is drawing our attention to the correct escalating factor in the pricing system, what happens to that factor if oil prices do not justify it? He knows perfectly well that the escalation factor is a dead issue unless world oil prices render it practical.

I do not want to flog this horse any further because the minister and I are getting nowhere.

THE ECONOMY

INFLATION, UNEMPLOYMENT, GOVERNMENT DEFICITS AND PRODUCTIVITY—REQUEST FOR INFORMATION

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would now ask the Minister of State for Economic Development to deal with the question of inflation. When the budget came out in November of last year, the Minister of Finance made certain projections with respect to inflation, unemployment, government deficits, productivity and other salient factors in the economic statistics of the nation. However, just the other day he admitted that those were figures he would not care to support today; in fact, he said that they were optimistic.

My question is: Will the Minister of State for Economic Development ask the Minister of Finance to give us the up-to-date figures for unemployment, inflation, and those other figures of which I have spoken, and which are forecast in connection with the budget?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will convey that message to the Minister of Finance. However, to be somewhat more precise, what he said was that the rate of unemployment was slightly out, and I am not sure if it was out by very much either when you look at the seasonally adjusted rate which my honourable friend mentioned. That does not assist in the whole situation.

The simple answer to the question is: Yes, I will convey that request to the minister, and I am sure that, at some appropriate time, he will be prepared to give a re-assessment of those factors based on what, in fact, has happened since November 12 that is somewhat different from what was projected at that time.

STATEMENT BY TEN MEMBERS OF FEDERAL LIBERAL CAUCUS

Hon. Lowell Murray: Honourable senators, I would return for a moment to the divergent views being expressed by members of the cabinet and of the Liberal Party on budgetary and economic policy. I note, following the statement released by the ten members of Parliament from Montreal, that David Weatherhead, Chairman of the Ontario Liberal caucus, was quoted as having said that Ontario Liberal members "feel 'just as strongly' as the 10 Montrealers, if not more so." This dispatch continues:

> Weatherhead predicted in a telephone interview that his fellow MPs will put "a lot of pressure" on the government in coming weeks to come through with measures to put people back to work.

Hon. David A. Croll: What is the date of the quotation?

Senator Murray: It is from a Canadian Press dispatch of this morning.

With regard to the legislative measures which will be brought in to give effect to the budget, would the Leader of the Government in the Senate tell us whether it is the intention of the government to regard those as matters of confidence?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have not had an opportunity to read the transcript of the remarks attributed to Mr. Weatherhead and, for that reason, it would be unfair of me to comment at this time. However, I will make it a priority to secure a copy of his remarks, review them, and perhaps bring a reply to the Senate later this week.

As far as the statements attributed to Mr. Weatherhead and the statements attributed to the 10 members of Parliament from the Montreal area are concerned—accurate or not—I see nothing in them which, in my view, suggests a want of confidence in the government. As I suggested earlier, they are concerned members of Parliament interested in promoting the best interests of the people of this country, and they have made public statements that they would like to see even greater emphasis on certain job-creation initiatives by the government. Certainly, they should not be criticized for that.

Senator Murray: Mr. Weatherhead did not address himself to the question of whether the legislative measures would be regarded by the government as matters of confidence. It would be obvious to the minister, however, that, if the government did not regard those matters as questions of confidence, Mr. Weatherhead, his colleagues from Ontario and the ten, or perhaps more, Liberal members of Parliament from Montreal

will have an opportunity to vote their convictions when the various budgetary measures are brought forward in the form of legislation. I want to know whether the government intends to regard those matters as matters of confidence.

FOREIGN AFFAIRS

EL SALVADOR—ATTITUDE OF CANADIAN GOVERNMENT

Hon. Heath Macquarrie: Honourable senators, before we proceed to delayed answers, I have one of my brief and succinct questions for the Leader of the Government. Can he tell me now, after the painful efflux of time since the subject was first mentioned in this session, if the Government of Canada has decided to send observers to the election in El Salvador?

Can he also tell me if the Government of Canada approves of the attitude and actions of the Government of the United States which, as we know, include the proposed shipment of extensive and expensive arms to the Government of El Salvador which has been regarded, in many parts of the world, as repressive and undemocratic?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Canada does not supply arms to any of the competing forces in El Salvador, and we think that all other countries should follow the same policy. Canada's position in this regard has been made clear publicly and privately to many governments, including those of the United States and Cuba. This policy remains unchanged and was recently reiterated to the United States government.

As far as the other inquiry regarding the observation of the election in El Salvador is concerned, I have no further information to add to the statement that was provided to the chamber last week.

The inquiry has been directed to the Secretary of State for External Affairs.

POLAND—ATTITUDE OF CANADIAN GOVERNMENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some material which relates to a question asked by Senator Asselin on February 3, 1982, concerning the Prime Minister's statement about the situation in Poland.

I am pleased to provide honourable senators with statements made by the Prime Minister concerning the situation in Poland which I would ask to be incorporated as an appendix to today's *Debates of the Senate*. These documents include an excerpt from the Prime Minister's news conference of December 18, 1981; a statement made on December 30, 1981; a CBC Radio interview given on January 23, 1982; and, finally, a release from the Office of the Prime Minister dated January 29, 1982.

I know honourable senators will find all this material to be of great interest. It has been provided in its complete form by the Office of the Prime Minister.

The Hon. the Speaker: Honourable senators, is it agreed?

[Senator Murray.]

Hon. Senators: Agreed.

Hon. Martial Asselin: The Leader of the Government will recall that I also asked that all statements in this regard made by Mr. MacGuigan, Secretary of State for External Affairs, be tabled in the Senate, along with those of his officers.

Senator Perrault: Honourable senators, I was not aware of that request to have all of Mr. MacGuigan's statements tabled, but an inquiry will be directed to his office to see whether that request can be met.

(*For text of documents see Appendix "A", pp. 3577-3581.*)

TRANSPORT

WESTERN RAIL CAPACITY—STATEMENT BY MINISTER

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, in connection with the historic announcement made yesterday with respect to rail transportation rates in western Canada, I believe honourable senators will be interested in a transcript of a news conference held in Winnipeg yesterday by the Minister of Transport in which Dr. Gilson describes how he hopes to proceed with the investigation. Perhaps that could also be incorporated as an appendix to today's proceedings.

Honourable senators may be interested to note Dr. Gilson's views and, perhaps, some questions might arise from that document.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*For text of statement, see Appendix "B", pp. 3582-3584.*)

• (2110)

CANADA-GERMANY TAX AGREEMENT BILL, 1982

SECOND READING

The Senate resumed from Thursday, February 4, the debate on the motion of Senator Leblanc for the second reading of Bill S-24, to implement an agreement between Canada and the Federal Republic of Germany for the avoidance of double taxation with respect to taxes on income and certain other taxes.

Hon. Orville H. Phillips: Honourable senators, first of all, I should like to thank the sponsor of the bill for his introduction. However, he did cause me some concern when he referred to tax reforms. I think he will find a good many Canadians asking when there have been tax reforms.

In December 1980, the Honourable Senator Hicks introduced a similar bill, Bill S-17, providing for like agreements between Canada and New Zealand and Canada and Australia. At that time I responded for the opposition and felt very much like a neophyte. I do not believe I have become a tax expert in the meantime.

As the sponsor of the bill stated, Bill S-24 provides for avoidance of double taxation between Canada and the Federal Republic of Germany, and is one of a series of agreements with other countries. I believe we have 35 or 36 similar agreements now. The drafting of this bill is similar to the drafting of the agreements to which I just referred. The tax people did not miss an opportunity. The taxation provisions include director's fees, alienation of property, interest earned on dividends and pensions.

In article 2, clause 3 lists the existing taxes to which the agreement shall apply, and they are the Canadian income tax and four taxes imposed by the Federal Republic of Germany. The fact that it requires four German taxes to equal our income tax is a most interesting point. On the other hand, perhaps the Minister of Finance is being generous to us and has not yet imposed the additional taxes. The Minister of Finance has had his difficulties concerning taxation matters recently, and perhaps he may find some form of defence in Bill S-24 in that he has overlooked the German taxes referred to.

Article 4 describes the status of persons who shall be deemed to be residents of both countries. It is interesting to note the procedure in that section. The tax people follow the individuals through, first, the permanent abode, the habitual abode and then the nationality, and when none of these requirements can be determined they settle the matter by mutual agreement.

What is unclear in that article—it is certainly not described in the bill—is the reference to "vital interest". The sponsor of the bill might describe that when he closes the debate, or it could be dealt with in committee.

Article 18 provides that pensions and annuities will only be taxed in the contracting state in which they are paid. This is similar to the provision in other such agreements, but I note that war pensions and war veterans allowances are not subject to taxation in Germany.

Article 10 caught my attention in that it refers to a "sleeping partner." I thought that perhaps a sleeping partner would be a member of this cabinet, but I asked the legal people for some assistance and they have advised me that it compares with the silent or dormant partner in Canada. However, there is some discrepancy in the German understanding and our understanding. The Germans have a so-called genuine sleeping partner, who is really a creditor who loans money to companies and gets interest according to the profits of the company to which he has loaned the money.

I suggest, honourable senators, that there may be some confusion there in the future. When the committee deals with this matter, I hope that it will give some consideration to this and attempt to get further clarification of it.

I note that the agreement between Canada and Australia was signed by the Honourable Edward Lumley in his capacity of Minister of State (International Trade), while the agreement in Bill S-24 is signed by the Minister of Finance. I do not know that taxation between Canada and Australia should be considered a matter of international trade, and taxation between Canada and the Federal Republic of Germany to be a matter of finance. Perhaps it is merely the convenience of having a cabinet minister dormant in the city at the time the signature was applied.

Finally, honourable senators, I follow the pattern that has been followed with similar bills and ask why clause 6(8) is put into these bills. Clause 6(8) gives the government the responsibility to introduce an amendment in Parliament within 15 sitting days after an order under clause 5 is made. However, if Parliament chooses, in its wisdom, not to pass that amendment, then the amendment becomes law anyway. I ask honourable senators why we have to put in that clause if it does not apply, and I close my remarks this evening by repeating the same question I asked with regard to Bill S-17.

[*Translation*]

Hon. Fernand E. Leblanc: If no one else wishes to discuss Bill S-24, I think that the points raised by Senator Phillips can be easily dealt with in committee. Since the Federal Republic of Germany is very anxious to have this bill passed as soon as possible, and since the bill also has to go to the House of Commons, I ask for leave to have this bill referred immediately to the Standing Committee on Banking, Trade and Commerce for consideration and subsequent report to the Senate.

Hon. Martial Asselin: Honourable senators, before second reading of the bill, I have a question for its sponsor. He just said the bill will be sent to the House of Commons. Has it been tabled in the Senate? Was it not tabled in the House of Commons before?

Senator Leblanc: The bill was tabled in the Senate which is why it bears the number S-24. It has to go to the House of Commons, to the other place, and then receive royal assent.

Motion agreed to and bill read the second time.

REFERRAL TO COMMITTEE

The Hon. the Speaker: When shall this bill be read the third time?

Senator Leblanc moved that the bill be referred to the Standing Committee on Banking, Trade and Commerce for consideration.

Motion agreed to.

• (2120)

[*English*]

ELECTRICITY AND GAS INSPECTION BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, February 4, the debate on the motion of Senator Bosa for the second reading of Bill C-11, relating to the inspection of electric and gas meters and supplies.

Hon. Robert Muir: Honourable senators, I rise to make an electrifying verbal contribution to this oratorical gas on Bill C-11,—

Hon. Royce Frith (Deputy Leader of the Government): Has your meter been inspected?

Senator Muir: —the measure relating to the inspection of electric and gas meters.

I trust I will be forgiven by honourable senators for putting off my reply until this week. I did not feel that an additional few days would make much difference in the case of a bill that has been kicking around Parliament since 1978.

I should like to refer to the comments of the sponsor of the bill, the Honourable Senator Bosa, who said:

> The bill was first introduced in 1978 by the Honourable Warren Allmand, but it did not proceed beyond first reading. It was then introduced by the Honourable Allan Lawrence in 1979 and died on the order paper when Parliament was dissolved in December of that year. The bill was again introduced in 1980 by the present Minister of Consumer and Corporate Affairs, the Honourable André Ouellet, and was passed by the House of Commons on December 18, 1981. This bill has now been before Parliament for four years and the department is anxious to have it approved.

I also wanted to make sure I had grasped completely the essence of this important piece of legislation. Some of you may think I was being sarcastic in referring to a bill that had had a four-year gestation period as being unimportant, but I was most definitely not.

In addition to its housecleaning aspects, as I see it, this bill makes a rather significant statement. The government, in this humble piece of legislation, seems to have recognized the value of "privatization." An essential part of any intelligent program to properly govern this country must be "privatization." The aim is to return to the private sector economic and administrative functions that should never have been taken over by the government in the first place.

This is what we see being done in this piece of legislation, and I, for one, consider it refreshing. The transfer of a portion of its meter inspection function to the private sector will allow the federal government to cut expenses and enable the people in this branch of government to use their knowledge and training on more important features of the same general service. All this is being achieved, it is well worth noting, without diminishing in any way the protection offered the consumer against unscrupulous merchants who might try to short-change customers.

The bill authorizes qualified utilities and meter manufacturers to verify and seal electricity and gas meters, subject to frequent audits and inspections by the staff of the Department of Consumer and Corporate Affairs.

Only those utilities that are qualified and only competent and accredited meter shops will be permitted to inspect gas and electricity meters. The qualified service people will have to register annually and be subject to spot audits by federal government inspectors, in order to ensure that strict quality control procedures are being followed. If meter verifiers do not meet the standards set by the department, then their accreditation will be revoked. Further, should a consumer dispute a meter's accuracy, a government inspector can be called in to arbitrate the matter. I believe this to be quite fair. Therefore, safeguards are provided and the penalties for non-compliance are severe, as they should be.

It is also worth noting another innovation in this bill, the "sunset clause." It provides for a report to Parliament by the minister responsible after five years. This provision ensures that the administration of the act will come under review at that time, and that is a wholesome exercise.

The bill recognizes that what is being done by government can sometimes be more efficiently done by the private sector, and it provides for a review of the whole matter in five years. For these two reasons I believe the bill deserves our support.

I sincerely hope that what we see here is indicative of new-found wisdom on the part of the federal government, and that this attitude of limited interference will spread to a number of other areas and be wisely reflected in upcoming legislation.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, there is a point in this bill, which is also found in Bill C-45, that I want to check. I should like to look at it before we resume tomorrow in order to be sure that I am not speaking for nothing.

Hon. Peter Bosa: Would the honourable senator care to put the question to me now?

Senator Flynn: No. It is not only a question but a comment that I wish to make. I would not be satisfied with the reply that you could give me, in any event.

On motion of Senator Flynn, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(*See p. 3574*)

TRANSCRIPT OF THE PRIME MINISTER'S NEWS CONFERENCE, NATIONAL PRESS THEATRE, OTTAWA, DECEMBER 18, 1981

JACK BEST (Canada World News): Mr. Trudeau, yesterday in the House of Commons, the government blocked a fairly moderate move on the part of the Opposition to call on the Polish Government to lift martial law, and also rejecting the idea of outside intervention. I was wondering whether this accords with your personal feelings, or whether, on the other hand, you would not agree that this would have been a fairly minimal gesture of solidarity on behalf of the Polish people in the present situation.

A. Sorry, I didn't read the Motion. I understand Mr. MacGuigan gave several answers in the House. There was a part of the Motion which might have been objectionable. I don't know what. I haven't read it. But it would be usual—and it is often done—that when you are going to move a motion like that where you expect a bipartisan approach, that the other party is made aware of what the content of the Motion is.

So, there may be something in it that Mr. MacGuigan found objectionable. You would have to ask him. Sorry.

Q. A brief supplementary on the Polish situation. We have been told that the Government intends to honour its present credit arrangements with Poland having to do with foodstuffs, and other things.

Is this policy subject to review, and if so, under what circumstances might it be changed?

A. Well, obviously policies can always be reviewed, but I foresee no circumstances now where there would be a change of that policy. We have long-term credit extended to Poland—I think some $500 million this year—so that it can buy foodstuffs, and we believe that this is a very good way to help stabilize the situation in Poland and help the Polish people settle the problem themselves.

If we were to have some evidence that the grain wasn't being used for the Polish people, or something like that, obviously we would have to revise it. But you know our policy from the outset has been to hope that the Polish people would exercise the proper amount of restraint and good judgment—which they have thus far—to not justify any foreign intervention. The situation is getting bad now with martial law, as you put it; but that is no reason that I can see, that the government can see to, in effect, boycott Poland and cut off food supplies to them. I think that would be a mistake.

There is not much I can say beyond that—yes, maybe one thing as far as the government is concerned, and it is that we have repeatedly told the Polish embassy here that we would like to see communications restored. I think that that is a very unfortunate side of the events in Poland, because it makes you wonder what the military regime is trying to hide. There are circumstances where order has to be imposed, but it would be, I think, a good thing if the outside world were able to have communications with what is going on there so that any abuses of civil liberties or unnecessary use of violence would be made known and reported to the outside world.

So, in that sense I think the best role we could play now would be to have communications re-opened, and it would be in the interests of the Polish regime themselves to have observers, as Canada is, impartially in there reporting on what is happening.

I wouldn't purport to make a judgment on whatever decision the Polish authorities make, but it would be a function we could play to report any abuses going on there and any unjustified violence, and so on. And of course beyond that we are concerned for the some few hundred Canadians who are in Poland. But the indirect evidence that the Minister has had is to the effect that they are not in any danger.

So, the big thing that remains is for us to express whatever support we can for the Polish people in Canada, who are very worried with the events there.

MARC PEPIN (Nouvelles Télé-radio): Q. Monsieur le Premier ministre, ma question est exactement dans le même sens; je m'en excuse un peu à l'avance.

J'aimerais savoir si le Canada prendra des sanctions économiques ou politiques concernant la Pologne et quelle est votre limite de tolérance à l'endroit de la répression qui est en cours, là-bas, et deuxièmement que se passe-t-il dans les communications entre votre ambassade à Varsovie et le secrétariat aux Affaires extérieures? Ca fait deux jours que monsieur MacGuigan répète—sans rire, d'ailleurs—qu'il n'y a pas de violence là-bas.

R. Eh bien, effectivement, comme je viens de l'expliquer, l'essentiel du point de vue gouvernemental, maintenant, sera que nous puissions rétablir les communications avec notre ambassade en Pologne, précisément pour pouvoir—comme le Canada est reconnu comme un pays impartial, certainement pas violemment anti-soviétique et pas violemment anti-américain, quelque part dans le camp de l'OTAN mais avec de bonnes relations avec certains pays de l'est—il serait important que nous puissions, en observateur, nous faire rapport à nous, au gouvernement, sur l'état des choses là. Et, si le régime militaire là-bas se sentait surveillé dans sa bonne conduite, ça ne serait peut-être pas une mauvaise chose; ça serait une garantie contre des excès.

Quand monsieur MacGuigan répète qu'à notre connaissance, il n'y a pas de violence, il parlait ainsi jusqu'à ce qu'on aprenne qu'il y a eu sept morts. Mais, d'une façon générale, ce sont des informations qu'il obtient d'une façon indirecte, c'est-à-dire par d'autres pays alliés qui ont des sources d'information en Pologne, ce que nous n'avons pas.

Est-ce que j'ai perdu une partie de la question?

Q. Oui, la première partie de la question, monsieur Trudeau.

Je vous demandais quelle était votre limite de télérance au sujet de la répression pour décider si vous allez prendre ou non des sanctions économiques ou politiques contre la Pologne.

R. Nous avons eu comme politique, depuis le début—je crois qu'elle reste la bonne—de nous en remettre au peuple polonais et aux autorités polonaises pour résoudre leurs problèmes de sorte qu'il n'y ait de justification pour aucun camp, ni de l'Est ni de l'Ouest, d'intervenir dans les affaires polonaises. C'est une politique que nous avons suivie et que nous continuons de suivre. Je pense que c'est la bonne.

Il y a d'autres pays qui se sont donnés des régimes militaires avec lesquels nous n'avons pas brisé les relations diplomatiques. Il s'agit de savoir si le régime polonais, actuellement, va tomber dans des abus et dans l'excès, dans la violence, la torture et tout le reste. Et, à ce moment-là, nous devrons peut-être porter un jugement. Mais, pour le moment, nous regrettons que les autorités polonaises aient dû, pour maintenir l'ordre, proclamer un régime militaire, un régime martial. Mais, encore une fois, je crois que c'est au peuple polonais d'essayer de trouver une solution à ce problème et la meilleure aide que nous puissions donner, c'est une aide économique, surtout dans le domaine alimentaire, pour nous assurer que la faim et la misère ne poussent pas les gens à faire une révolte irrationnelle qui serait probablement désastreuse et qui pourrait mener à une guerre civile.

Il est certain—j'ai dit cela il y a longtemps—que s'il y a une guerre civile en Pologne, il y a bien des chances que les Soviétiques interviendraient, pour ne pas permettre une guerre civile sur ses frontières.

Alors, tout ce qui empêche la guerre civile, pour moi, c'est un pas positif. Si un régime militaire a comme effet d'empêcher une guerre civile, je ne peux pas, à l'avance, dire que c'est mauvais. Ça dépendrait des conditions dans lesquelles l'ordre est maintenu.

JOHN ROGERS (Reuters): Prime Minister, back to Poland. As Chairman of the Ottawa Summit last summer, do you feel the Polish situation is one in which the Summit leaders could usefully coordinate their views now, and has there been any such coordination?

A. Yes, that is a very good question—or suggestion. There has been such coordination within the framework of NATO, and a great amount of consultation. I haven't at this stage picked up the phone, as we said we might do, and spoken to Schmidt or Thatcher or Mitterand, or anything like that, Spadolini, on the situation.

Quite frankly, I think they, like us, are trying to assess the reality of the situation in Poland before doing anything which might be counter-productive—and that goes back to the early comments I was making. A civil war in Poland would be about the worst thing that could happen. We have no evidence—there may be evidence, but we have none—of Soviet troops shaking their sabres on the border, or anything like that. I think that they, quite frankly, don't want a civil war in Poland. I don't know what would happen if there would be one. I would think that there would be great danger that the Soviet government would send troops in to maintain peace.

But I am convinced that that is not something that they want, any more than we would want. As I said last spring, the Polish people have shown a remarkable—well, I am repeating myself. I haven't had direct consultations with my fellow Summit leaders. It may come to that when we have a more precise view of the situation.

LUBOR ZINK (Toronto Sun): There may not be civil war yet in Poland, but according to Warsaw official broadcasts, blood is being spilled in Poland right now—

A. Seven people—what do the broadcasts say?

Q. About 400 wounded; about seven dead.

Since Soviet responsibility for the repression is obvious to any one but the naive, as President Reagan put it yesterday, can you still find justification, or even excuse, for maintaining your Friendship Protocol of 1971 with Moscow?

A. What do you accuse the Soviets of doing in Poland right now as a reason for us to break up the protocol?

Q. What is happening in Poland is the responsibility of the Soviet Union. There wouldn't be a Communist government in Poland if it hadn't been imposed on Poland by the Soviet Union. There wouldn't be the repression and the spilling of blood that is going on right now without the Soviet policy towards Poland since World War II.

I asked you after the Soviet invasion of Afghanistan what justification there was for maintaining the Friendship Protocol with Moscow that you signed in 1971, when even the Communist government of China saw it necessary to abrogate its friendship treaty with Moscow, and you said, "We are not as anti-Soviet as the Chinese".

Well, this has nothing to do with the Chinese. I am asking you what justification do you have now for still maintaining your Friendship Protocol in the situation as it exists now in Poland.

A. Well, if you are saying that there would be no Communist government in Warsaw—

Q. That's right.

A. —if there had been no Soviet communism, you are probably right; but you are saying, also, that there should have been no Tehran and no Cairo meetings, no agreement between Churchill and Roosevelt and Stalin that a certain zone of influence be recognized to the West and another to the East in

Europe. And you could go back to that and say that Churchill and Stalin were wrong to permit Poland to be put in the Eastern camp—and that is a view that I know you entertain. But that is trying to re-write history, and that is not within my potential.

The policy we have tried to follow is one of détente, and all the countries of Europe, and the United States, signed an agreement in Helsinki saying that it was better to try and keep peace in Europe than to try and resettle old scores and re-write the agreements that Churchill, Stalin and Roosevelt had made after the war—and De Gaulle, in some circumstances.

You can re-write history, but it is not a very profitable exercise.

Q. I am not re-writing history, Prime Minister. I am finding it peculiar that a democratic country keeps maintaining a Friendship Protocol with a totalitarian regime which is exercising repression, not only in Poland, but in Afghanistan and in a dozen other countries.

A. Yes, I know that is your view, and you should get the United States and France and Britain and Germany, and the rest of the world, to break off relations with the Soviet Union. But you know a lot of us would like to prevent a third world war. Some people, I think, would like to re-establish the balance in Europe the way they see it, even if it means risking a third world war. Well, they are prepared to take that chance. That is not our view. I think the division that was made after the second world war in Europe may or may not have been a good thing, but it is certain it has been respected in the case of Budapest; it has been respected in the case of Poland now.

MICHEL GALAN (Agence France Presse): Q. Monsieur le Premier ministre, j'avais déjà posé une question similaire à monsieur Clark au moment de l'affaire Afghan.

Quelle différence y a-t-il entre les événements polonais d'aujourd'hui menés par l'armée polonaise avec la bénédiction, sinon l'aide directe, soviétique, et les événements du Chili en 1974 menés par l'armée chilienne avec la bénédiction, sinon l'aide directe, des États-Unis?

R. Quelle différence y a-t-il?

Mon Dieu! je ne suis pas assez versé dans l'analyse et l'histoire pour vous dire s'il y a des différences ni s'il y a des ressemblances!

Les grandes puissances, c'est certain, essaient d'exercer une influence directe ou indirecte dans les pays qui sont dans leur sphère d'influence. Je pense qu'il y a une différence fort, fort lointaine. La situation en Europe, en quelque sorte, est née des accords de Téhéran et des autres accords vers la fin de la deuxième guerre mondiale.

Je pense que les affaires de Chili, si elles se sont passées comme vous le dites, remontent probablement à la doctrine Monroe d'il y a un siècle sur la non-ingérence dans les affaires du contient de l'hémisphère occidental. Mais je ne suis pas très habile à ces jeux à moins que je me sois ferré à l'avance sur les événements de Chili qui ne sont pas, dans ma mémoire, aussi clairs que vous le dites, ni ne le sont-ils dans le cas de la Pologne.

J'ai exprimé mes vues sur la Pologne et l'Union Soviétique, sur le Chili, il faudra que je me rafraîchisse la mémoire!

Q. Une brève supplémentaire, si vous le permettez.

Puisque la Pologne est dans des problèmes économiques très importants, est-ce que le Canada serait prêt à vendre à la Pologne, malgré les sept morts et les centaines de blessés, un réacteur nucléaire CANDU du même type que celui livré à l'Argentine, où des dizaines de milliers sont emprisonnés et plus de 1,200 ont totalement disparu, sans qu'on sache ce qu'ils sont devenus?

R. Sauf erreur, votre question est fort hypothétique.

La Pologne, à ce que je sache, ne nous a pas demandé d'acheter de réacteur CANDU.

Q. C'était au conditionnel. Le Canada serait-il prêt . . . ?

R. A acheter des CANDU?

Qu'on nous fasse une demande, je regarderai ça. Je ne sache pas que les CANDU empêcheraient les morts d'avoir eu lieu, ni le sang de se verser.

Ça me paraît une question tellement hypothétique que je n'arrive pas à la saisir.

Dans le cas de l'Argentine, non plus. Sauf erreur, les CANDU c'est pour produire de l'électricité et après . . .

STATEMENT BY THE PRIME MINISTER ON THE SITUATION IN POLAND—DECEMBER 30, 1981

The World has followed the unfolding of events in Poland with deep anxiety for months past. This anxiety increased dramatically with the imposition of Martial Law. It suddenly became difficult to know what was happening in Poland. Reports of massive arrests and detentions, and of widespread abuse of human rights, became current. We still do not know the extent to which basic human liberties may now stand in jeopardy. The already battered vision of a European order based upon respect for the obligations assumed by Governments under the final act of Helsinki has been further defaced.

Yesterday President Reagan made a statement on developments in his government's policy with regard to the Polish situation and we understand that his statement was the subject of discussion at a NATO Permanent Representatives' meeting in Brussels earlier today. In that respect, the position of the Canadian Government bears repeating.

From the outset, Canada, and indeed the international community generally, have asserted that all countries should respect Poland's right to settle its own problems in its own way. In addition, the Canadian Government's policies have shown deep concern for the economic hardship being endured by the people of Poland. What I say today should be seen as a re-affirmation of those basic propositions.

Poland's fate involves us all—in particular, in this country, the hundreds of thousands of Canadians of Polish origin. Their ardent calls for the restoration of a civilized measure of liberty in their ancestral country command the respect and support of their fellow citizens. Indeed, as Canadians, our heart goes out to a valiant people struggling against great odds to pursue their own destiny.

Given the claim of the Polish authorities that normalcy is returning, the Canadian Government calls upon the Polish Government for an act of national reconciliation. Only history can be the judge of the extent to which Martial Law averted the danger of Soviet intervention. But, however that may be, now is the time to begin the movement toward compromise and renewal. Military rule cannot be a permanent answer in Poland or any other country. Armies may command the streets, but they cannot command the confidence of the people: that can only be earned through actions which engender political assent.

The earnest desire of the Canadian Government is that the spirit of reform will be allowed to revive among all those forces in the society that can contribute to a peaceful and constructive solution of Poland's problems so that Poland can take its place as a respected member of the international community; so that other nations may return to all forms of exchange with Poland without fear of chaos, repression or foreign intervention; and above all, so that the Polish people themselves can freely pursue the task of reconstructing their society in ways of their own choosing.

TRANSCRIPT OF THE PRIME MINISTER'S INTERVIEW WITH JUDY MORRISON AND STEPHEN BOISSONNEAULT FOR THE CBC RADIO PROGRAM "THE HOUSE", JANUARY 23, 1982

JUDY MORRISON: —I would like to change the subject, if I may, to the situation in Poland. Apparently, by the words of Mr. MacGuigan, the minister of External Affairs, the situation is deteriorating there, and there has been considerable criticism, here in this country, about the Canadian government's apparent reluctance to condemn the imposition of martial law in Poland and criticism of Canada's seeming indifference to the demands of Solidarity for increased freedom. Has it reached a stage now where Canada should begin to reassess it's position? And I'm wondering also if you have any second thoughts about your original position that expressed a preference under the circumstances for the imposition of martial law.

PIERRE TRUDEAU: —Well, let's look at my original position which, if you read the transcript of the December 19th press conference essentially said that we regretted the imposition of martial law, that we hoped that it's rigors would be kept to a minimum. I suggested that communication should be restored and hopefully the Canadian mission there will be able to report any abuses and therefore try and reduce the number of those abuses by the way of public opinions and the minimum. So far I see nothing contradictary in that with the position taken by, I suppose by most public opinion in Canada, and presumably by the Canadian-Polish congress itself. Where I seem to have made a fair amount of enemies is when I said that if martial law prevents Soviet invasion, then I think martial law is preferable to a Soviet invasion which presumably would be automatic following a civil war. Now even with hindsight, I don't think I can withdraw any of that. There is a big "if" there. And people may well argue: yeah, but that isn't what was going to happen. There was going to be no civil war and there was going to be no Soviet invasion. Well, you know, if you can guarantee that to me, then I said, then there should have been no imposition of martial law, if there was going to be no civil war and no Soviet invasion. My "if" is that if there was going to be a Soviet invasion, it was better to take measures to prevent that, it was better that the Poles act themselves to reestablish order than to let the Soviets come in and do it. So, the whole argument is around that "if". And I think, as I said a couple of times before, I think we'll have to let history judge. The only thing I ask is those who see another scenario that they would spell it out. And I haven't heard that spelled out. You know, for at least two years now, we've been saying let the Poles settle their problem themselves. And we've been sort of warning the Soviet Union that if they marched in Poland, there'd be hell to pay. Well, they didn't march in Poland, and we're seeming to say, but still there should be hell to pay. My question to those who disagree with me is, what scenario did they see evolving? With solidarity having obtained a five-day week instead of a six-day week, solidarity having, in that sense, reduced the output that Poland could produce. Poland that needed food and needed exports and needed currency and needed production, and when the congress had adopted the resolution in favour of a referendum. What is the scenario that could have happened. I don't mean in a better world, I mean in the real world that the authorities in Warsaw would have said, "yes, of course, let's have a referendum to see who would be the government!" Or would there have been an attempt to topple the government or not, would it all have happened peacefully? And would the authorities in Poland have have refused to use the police if there'd been a general strike? What scenario do you see that makes us feel that there was no need for the military authority? Please tell me.

JUDY MORRISON: —I think you're probably right, that a variety of scenarios might develop depending on what your point of view is, but the question still remains. Our response? Do we owe a measure of support to Solidarity given its demands for freedom? They don't seem that extraordinary to the average person in this country.

PIERRE TRUDEAU: —Well, I guess the basic question is: "does the government give up governing because the trade unions massably say, we will do a better job? I know what my answer would be. It would be, "Well look, get yourselves elected if you think you can do a better job, that is our way." Now how do you do it in Poland? There's no democratic

elections so how do you replace the government in Poland if you, Solidarity, think you're going to do a better job? What do you do? Tell them go away or do you have a general strike or do you occupy the mines and the factories? And if that happens and the government says well we're not going to abdicate our authority just because of a general strike, we'll and break the general strike all, President Reagan broke an air controllers' strike all, we often hear: "send in the army when there's a postal strike or a grain handlers strike, the government govern." But in the case of Poland, I'm not supporting the government, I'm just saying that it seemed unlikely to me that the government would suddenly say: "Okay, the people don't like the government, let's have a referendum to see if maybe Solidarity should be governing the country." That didn't seem likely to me. Now if it seems likely to others, obviously we have a disagreement on the hypotheses on which we're arguing. But if, as seems more likely, the government would say: "well we, we're not going to permit a general strike, and we're not going to permit an overthrow of the government", then what do they do to reestablish order? One of two things: establish order themselves with the army or let the Soviets come in and do it for them. From the point of view of the Poles, which of the two would have been better? Both are bad, but which would have been worse for the Poles in the immediate and medium term.

STEPHEN BOISSONNEAULT: —So if you would be good enough to briefly summarize what you've just said, do I understand you correctly to mean no direct Canadian action until there is clear evidence of direct Russian intervention? Let the Poles handle it.

PIERRE TRUDEAU: —I'm not saying exactly that because even the Poles can handle it well or badly. If the military regime is shown to use a measure of force which is excessive, and if it does not show inclinations towards relaxing or relinquishing the military rule, then I see that it is our duty to put pressure on them as I did in my statement at the end of the year when I suggested that it was time for reconciliation and so on. I think that friendly countries can tell each other: "look we'd prefer it if you didn't do it that way." I mean when I went to Korea, I was told to tell the government to have a little more respect for civil liberties. You know, we are a member of NATO; there are members of NATO that have less respect for civil liberties than others. I mean how many tens of thousands of people are in jail in Turkey? How many people are in jail in Northern Ireland? You know, the military is used by ourselves. We used it in 1970. As I say, a lot of Canadians are always writing, every time there is a postal strike or a grain handlers strike or a rail strike: "send in the army." So it's not an *a priori* thing that the state should suddenly give up governing, it uses the means it can. But, if it uses excessive means, it is criticized as a lot of people will want to criticize us in 1970. And pressure can be made to bear, in a friendly way, from one country to another, to ensure that the repression ceases. And that is what we are doing now with Poland.

OFFICE OF THE PRIME MINISTER
—RELEASE—
JANUARY 29, 1982

Tonight, hundreds of millions of people throughout the free world will focus their attention and their sympathies on the plight of the people of Poland.

Canada has been made a better place through successive migrations of Poles to our shores. They have contributed with energy and spirit to the development of our country and its democratic institutions. Many of them maintain close ties with families and friends in Poland.

During the past year, all of us have watched with joy and trepidation as the Polish nation bravely attempted to liberalize its social and political institutions. Canadians were therefore bitterly disappointed when it became clear that the Polish People's attempt to secure for themselves the freedom we so deeply cherish would—at least for a time—be suppressed.

Individual liberty in Poland has been dealt a heavy blow. Too many Poles remain in detention; too many freedoms crushed.

I fervently call upon the government of Poland to bring an end to martial law and to open the way to national renewal and reconciliation. It is not, however, for us to say how this should be accomplished, for we have always held that the Polish people should be left free to settle their own problems in their own way.

[*Translation*]

It is the Poles themselves who must find Polish solutions to the economic and political problems which afflict their country.

Every group in that country will have to demonstrate that it has the determination, the patience and the wisdom to help create once more an atmosphere in which Poland's legendary love of freedom and independence can flourish again.

APPENDIX "B"

(*See p. 3574*)

WESTERN RAIL CAPACITY—NEWS CONFERENCE BY MINISTER OF TRANSPORT—WINNIPEG, FEBRUARY 8, 1982

HON. JEAN-LUC PEPIN: I would like to introduce those who are with me at the table. On my right side is Dr. Gilson who is going to be the government representative in the exercise that we are beginning today. On his right side is Robert Bockstael who is my distinguished Parliamentary Secretary and on my left side is Arthur Kroeger who is my able Deputy Minister.

I just had a meeting with the leaders of the western agricultural community. Their reaction to the announcement as you will hear from them directly in a few moments will be most constructive, and for that on behalf of the government I'm very grateful. I want to compliment them for the role that they have played in getting us where we are now. I am not just being diplomatic when I say that. They have been wise, enlightened, responsible, in some ways they have started it all. I'm talking about the Western Agricultural Conference, I'm talking about the Prairie Farm Commodity Coalition, I'm talking about these farm leaders who have played a very, very important role in getting us to this very intensive period of negotiations which is going to follow.

They have done it by using two words: "if" and "negotiate". These are the two words that started it all. They have said that if the government can meet this series of conditions, they will negotiate with the government. They have challenged the government to put before them a package of commitments and a good amount of money as the basis for negotiations on the statutory rates. Today, we're producing the package that they called for.

I wish at this moment I could say something quotable, but I can't because I know that what needs to be done is going to be very difficult, and consequently this is not yet time for rejoicing or quotable quotes. Today is but one step, albeit a very important one, towards a major development in western Canadian economic history, and Canadian economic history. But we're not there yet. What we are talking about today is terribly important. If you talk about mega-projects, if you talk about big things that can be done in Canada on the economic side, what we're talking about today is one of those.

The package that I'm going to present to you is the result on the government side of a collective effort. I want to underline the fact that this document has been produced, essentially and fundamentally by the Western Affairs Committee of Cabinet. On the political side, no doubt about it, it is western-influenced, it is western-preoccupied. I am admitted to this Committee because of my job as Minister of Transport. I am admitted to it also because in the past I've displayed some passion about the West and indicated my great eagerness to make a bit of a contribution to a process of balancing of the different regions of Canada.

What we will talk about today is essentially two things. The first one is the necessity of ensuring adequacy in the mainline for the transportation of western resources, raw and processed, which will be produced in much greater quantity as years go by. We've got to make sure that Western Canada has an adequate railway transportation system. That should be our collective objective: terribly important for the growth of the west economically, terribly important for the economic future of Canada too. It is of the essence that we demonstrate to the world that Canadians can produce a transportation system that has certainty, stability, and security. That's the challenge, and I am quite sure that we're going to have the nerve, the will, to realize this objective.

The second point is that in order to get to that objective, it is judged essential to rebalance the contribution that the Government of Canada, that the railways and the producers of grain make to the transportation of their products.

Those two points are of course intimately related and this is the main purpose of my statement today. I'll deal with it in two parts. I'm going to indicate first what kind of solution we're looking for, and second, describe the main elements of what we're presenting today.

What kind of solution are we looking for? I want to stress a number of points.

1. The solution has to come soon, it is urgent that it should come soon. There are already strains on the mainline. Double tracking and tunneling must start now, so we cannot indulge in a great consultative process with the public, a kind of Pepin-Robarts exercise on grain and on transportation. It's got to be done rapidly.

2. What I said about this solution being western-inspired has been true up to now and will remain true. The farm organizations of the West, the non-farm organizations and the press who have played such an important role up to now will continue to do so. The decision that we're announcing tomorrow is one that came out, I repeat from the Western Affairs Committee of Cabinet. Mr. Gilson is a good westerner, he's got his credentials as a westerner. Most of those who have advised me up to now have been westerners. My Deputy Minister is from Alberta, that's a credit card anywhere you go.

So this has been and will continue to be very much western-inspired.

3. The comprehensive approach is of course the approach that we've taken and it will continue. It means that you are looking for a solution which encompasses a statutory rate revision.

4. The solution has got to be statutory, has got to be a legislated one. This was so with the Crow's Nest rate and it will be so with the framework that we are developing. I suggest that grain will always be treated differently than other commodities. Why? For a great number of reasons, some of them having to do with history, some with psychology, others with sociology, some with economics. Grain will always have, to use the language of Quebec, a special status in Canadian economics and the producers of western Canada should be able to count on that.

5. The solution has to be fair particularly to the producers and has to be fair also to the government. There are limits to what the government can contribute money-wise in the resolution of this problem of mainline capacity. It would be pleasant to be able to say that there aren't any but it wouldn't be true, and it would be wrong because this is very much a priority of the government, there are other priorities that have to be attended to, there are other regions of Canada who feel that they deserve some attention also. People will say, well the government could put more than $1.3 billion, why don't they double the amount? That's not realistic. The amount that is there has been decided taking all factors into consideration.

6. The solution that we're looking for has got to be seen as evolutionary. The different world will not come tomorrow. There will be, possibly, a phasing-in period and consequently people who are not totally satisfied at the beginning, should not give up hope.

Finally, whatever we do must lead to a greater degree of efficiency in the rail transportation system.

This being the kind of solution that we're looking for, here's what we're announcing this morning.

In the paper that you have in front of you, there are essentially two parts. The first part has to do with principles, with fundamental objectives that are considered by the government of the essence. On these, the government's representative has no great amount of flexibility. What are they?

That the statutory framework should be maintained.

That the railways should have adequate compensation, in return for which a number of obligations are assigned to the railways. One of them is to provide adequate data; another is to commit themselves to performance and service guarantees; another is to make the necessary investments so that the mainline will be adequate; the acceptance that the solution might be phased-in; and finally that they might also make a contribution to other objectives like diversification and processing.

The next principle is on federal responsibilities. The government commits itself to pay for the current Crow benefit established at 1981-82 level. That's a major decision as you all know. The Crow benefit being the present losses of the railways and the present cost of branch line subsidies. The government will discuss with producers and the railway companies its possible contribution to added costs. In years to come, of course, costs will rise and it will have to be determined what percentage of these added costs producers will pay for, or alternatively what the railways will not be paid for and what the government might contribute.

The government also commits itself in this document to continue the branch line rehabilitation program and to acquire 1,280 hopper cars in another effort to have the adequate rolling stock.

And then you have the statement which says that producers will be expected to pay more. There is no percentage assigned here, since this is part of the negotiation which is beginning.

Finally, we have the principle that we should be looking for increased efficiency in transportation.

The second part is on flexible aspects in the consultation process which is beginning now. In other words, aspects in which the government is keen to receive the recommendations from its representative. The aspects are:

The proper level of compensation to the railways: what is it exactly, what should it be. Variable costs, fixed costs, what percentage of fixed costs and so on. The government representative will make recommendations on that after hearing everybody who is involved in the process.

Who should be paid: the railways or the farmers. To whom should the Crown benefit payment be made. This is a tough one as you know in which positions have been taken in the recent past.

Performance guarantees: What should they be, what should the railways be asked to commit themselves to, keeping in mind that they don't control everything, that much of the efficiency of the railways depends on other parties. So what kind of commitment are you going to look for?

The next item is variable freight rates, a very debated subject also. Here the governments simply picks up the formula used by the Western Agricultural Conference, that variable freight rates should not be "detrimental to individual producers". Mr. Gilson will have the very heavy responsibility of finding out if there are variable rates that are not injurious to individual producers and consequently that could be acceptable.

Another item is how to help diversification and processing. The government representative will try and find out if there are ways in which the federal government, for example, by programs other than freight rate subsidies could be helpful in this process of diversification of the western agricultural base.

Another item that you find there is an obligation to find out what should be in the statutory document which will come in

the fall, what should be included, what is of the essence in the law.

So this is the program for the next three or four months. To lead this extremely important exercise, the government is fortunate to have the good services of Dr. Clay Gilson. Dr. Gilson is a professor, as you know, but he is more than a professor, if that is possible. He has been an administrator in the academic milieu. Even more fundamental for the exercise that he's going to lead, he has been very active in a number of organizations, some agricultural and some not. His present role as President of the Agricultural Institute of Canada is a clear indication not only of his knowledge but of his tremendous activity in this area. The challenge for him is great and we wish him luck for many reasons because his luck is going to be our luck too. So if he's successful everyone of us stands to be.

We are eager to try and answer some of the questions you have. Mr. Kroeger will join me in doing that but maybe Dr. Gilson would like to say a few words before we get to the question period.

DR. GILSON: My observations will be brief this morning because my association with this extremely important project has been only recent. I will have to have an opportunity to digest the policy document that the minister has discussed in the task ahead of me. Let me say that I have mixed feelings Mr. Minister about this task. I'm obviously enthusiastic and delighted to be identified with what you label to be probably one of the more important projects and ultimate decisions made in Western Canada. It is a project that is a great importance to the West. At the same time, I'm apprehensive at this stage about the tremendous challenge ahead. We have a very short time to do the task but I think with the will and with a lot of work we can arrive, I hope at the end of May with a consensus that will permit the type of legislation that you anticipate in the fall.

Perhaps more important I'm optimistic that we will achieve a constructive consensus at the end of this relatively short period. Optimistic, because I have detected during the past year or two, an emerging will among farm leaders in the West that this is an important issue. There are differences, there are honest differences but I believe and detect the will that we must come to some consensus on such an enormously important part of the West. They will allow us to deal with some of the outstanding issues that if left unresolved will obviously grow in intensity in the next four or five years as you've pointed out. I will be immediately digesting what is in front of us and trying to set out the overall process. I will very shortly thereafter be meeting with the major farm groups and organizations to get a better identification of the issues and to see what more fundamentally we have to deal within the negotiation and perhaps the third phase. Most important of all is the actual negotiation itself and time will be short and we promise and commit ourselves to hard work to try to deliver that consensus that I think is there, by the end of May.

THE SENATE

Wednesday, February 10, 1982

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

Prayers.

NATIONAL DEFENCE

CONSIDERATION OF FIRST REPORT OF SUBCOMMITTEE OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS—DEBATE ADJOURNED

Hon. Paul C. Lafond, for Honourable George van Roggen, Chairman of the Standing Senate Committee on Foreign Affairs, tabled the first report of the Subcommittee on National Defence.

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

Senator Lafond: With leave, now.

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

Hon. Senators: Agreed.

Senator Lafond: Honourable senators, I shall begin by expressing my gratitude to members of the subcommittee who laboured so assiduously and successfully in this study, often at inconvenient hours which were assigned to us by the co-ordinator of committees!

I shall not attempt to go into the details of this report or to elaborate on them. We believe it to be succinct and concise enough to warrant its being fully read, absorbed and acted upon with little or no delay by honourable senators, by the government and by others who are or should be concerned with the state of Canada's defence capabilities.

There should be no question that the Government of Canada and the Parliament of Canada have been delinquent in matters of defence in the last decade or so. Indeed, many of us, including myself, would have been inclined to be much more sanguine in denouncing many of the things that have been done, that have not been done or that have just been left to happen in terms of Canada's defence since our first centennial.

The questions we decided to attack were: Where do we stand at present? What do we need? How do we get it? The first aspect we inquired into was manpower requirements; hence this report.

[*Translation*]

We are proposing specific and realistic recommendations for increasing our defence establishment, while avoiding any unnecessary build-up of our defence apparatus and continuing our efforts to resolve the serious economic problems confronting us today.

We are proposing a plan of action by which we shall be able to meet our commitments to our common security and other international objectives, and protect our territory to the extent judged necessary for our security. The plan is comprised of two phases, the first ending in 1985 and the second in 1987, which seems reasonable.

[*English*]

The last chapter of the report deals with the cost of implementing this plan. We can afford it. It involves the addition to the defence budget during this decade of one-tenth of one per cent of our GNP. When this is added to our current commitment to increase the defence budget by 3 per cent per annum, our total defence spending would only increase from 1.7 to 1.9 per cent of our GNP. Even then Canada would retain its rank in the scale of defence expenditures among the countries of the North Atlantic Alliance ahead of Luxembourg but trailing all others.

● (1405)

We are, therefore, presenting Canada and its government with a course of action it cannot reject if we are to retain a modicum of self-respect and self-preservation. The time has come for the government of this country to show good faith. Obviously, in recent months some changes of attitude have taken place and some progress has been made. Some good things have been undertaken and have been done, and the current Minister of National Defence deserves all our plaudits for the pressures he has applied and for what he has achieved, but he needs much more support and attention than he has been receiving.

It is not a question of preparing for war or of warmongering. Regretfully, it can hardly be a question of defence in its total meaning. Our relatively small population and resources and the vastness of the territory and the seas over which we claim sovereignty make it impossible for us to defend ourselves by ourselves against any overwhelmingly superior opponent. Still this does not mean we should lie on our backs and give up. We should at least give ourselves the means to detect and learn what may be taking place at any time in our own immense backyard, counter it to the extent we can, and also give ourselves the means to live up to the engagements we adhere to towards our friends, our allies and the community of mankind through the United Nations.

[*Translation*]

The subcommittee has realized that accusations and recriminations would not serve any purpose in 1981-82, but also that as soon as its recommendations were implemented in 1985 and 1987, we should not rest on our laurels but take

stock of the situation and pursue an appropriate course of action.

The report has two basic comments to make. First of all, it criticizes the lack of a clear definition of our present targets and goals and how they are to be achieved in the eighties. Second, it refers to the lack of a concrete and practical mobilization plan. We are told that a number of studies are being made, but, in any case, they were started ten years too late and seem to be progressing at a snail's pace. We must do better than that.

[*English*]

There is an urgent need for a new, contemporary white paper on national defence for the 1980s and 1990s, and this is your subcommittee's first and most pressing recommendation. The last such statement of policy is already 12 years old. How the world has changed since!

We require, at least, a spelling-out of what we need, what we do, who does it, when and how; and which commitments we have and will accept or can accept in the future in terms of our armed forces. This clear statement, this white paper, is not a matter to be put on the drawing board for emergence in 1987 or 1990, but a matter to be brought forth to the people of this country no later than 12 months from now. I shall not go into what this white paper should deal with, because the report does that.

Everyone will appreciate, I am sure, how awkward it can be to establish defence requirements in the absence of well-defined mobilization plans. This case was made extensively and very well, to my mind, some weeks ago by the subcommittee of the other place on Canada's reserve forces. I fully agree with and support their recommendations on this point and will not add to them at this time.

● (1410)

May I also suggest, without sounding patronizing, that if, as it appears, the institution of the Subcommittee on National Defence of the Foreign Affairs Committee has provoked the other place into giving closer attention to basic Canadian defence matters, we should rejoice and encourage it.

Having completed this summary examination of manpower in the Canadian armed forces, your subcommittee now wishes to inquire into the equipment and installations aspects of our military establishments, starting with Maritime Command. I trust the Senate will permit us to do so.

Honourable senators, I commend this report to your consideration.

On motion of Senator Marshall, debate adjourned.

QUESTION PERIOD

PARLIAMENT BUILDINGS

DECORATION OF ROOM OCCUPIED BY CBC (CANADIAN PRESS)

Hon. Richard A Donahoe: Honourable senators, my question is for the Leader of the Government in the Senate. Can he, or will he, give me any information respecting the person or persons responsible for the use of the walls in the room which was formerly the ladies' rest room and which is no longer used for that purpose but has been converted into the quarters now occupied by the Canadian Broadcasting Corporation? For his information, this room is at the far end of the corridor on the third floor of the building.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

Hon. Royce Frith (Deputy Leader of the Government): They are doing it very noisily.

Senator Perrault: It is alleged that the CBC has moved into this former ladies' room?

Senator Donahoe: As a supplementary question, I would ask the honourable gentleman if he is aware of the nature of the decoration which is at present to be seen on the walls of that room.

Senator Perrault: I have never made it a practice to frequent that particular room. Would the honourable senator describe the mural for us?

An Hon. Senator: Don't ask!

Senator Donahoe: I would be happy to respond to the honourable gentleman's request and to tell him what is in the back of my mind in asking these questions. Before doing so, I would hasten to assure him that, during the time that room was furnished for the comfort and convenience of ladies, I was never in it, nor did I see any of the things which took place in that room.

Since the Canadian Broadcasting Corporation has been occupying that room, it has used it as a rest room for its personnel. They have formed the habit of leaving the door ajar so that any person passing along the corridor cannot fail to see that which I saw today on a wall of the room.

I might say in passing that this is a question I would much sooner direct to the Prime Minister of Canada than to a mere Leader of the Government in the Senate.

That which I could not fail to see in the room was the portrait of a head of state. You may wonder which head of state. You may ask, "Was it a portrait of the Prime Minister of Canada?" If that were the case, you would not have heard from me. You may wonder if it was a portrait of the Queen. If it were, you would not have heard from me. I would have deemed either of those portraits, and a considerable number of others, to be entirely appropriate as decoration for a wall of that room.

● (1415)

I want to say to those listening to me that the picture I saw gracing the wall—"gracing" is the wrong word—the picture I saw on the wall is a picture of a foreign head of state. Do you

want to know which head of which state? I will tell you. The state is Russia.

Hon. Martial Asselin: Shame.

Senator Donahoe: The head of state in question is Leonid Brezhnev, and Leonid Brezhnev, as you might well know, is one of the strongest opponents and greatest enemies of this nation, and of the system under which we are governed, to be found anywhere in the world.

I am a poor Nova Scotian and I was sent to this chamber to represent the people of Nova Scotia. My heart is filled with pride when I enter this chamber. Today I can assure you that that pride plummeted to the depths.

I was not alone when I saw the picture; I was accompanied by my wife. My wife was more alert than I, and she asked, "What is that picture on the wall?" I said, "By God, I think it is Brezhnev." She said that I had better inquire before I said anything about it, so I entered the room and seated therein were four or five young men. I asked of whom it was a picture, and they said in chorus, "Brezhnev." I asked who owned the picture and, to a man, they made a sign with their thumbs indicating that the picture was the property of a young man who was busy talking on the telephone. No doubt he was talking on a government line. He was likely putting through a call which was being paid for by the taxpayers of Canada. They told me he was the owner of the picture that was on display in the Parliament Buildings.

My question to the Leader of the Government—

Senator Frith: Thank you for being so brief.

Senator Donahoe: I can assure honourable gentlemen opposite that I used not one word more than necessary in order for them to have a proper understanding of the matter about which I am complaining.

My question is addressed to the Leader of the Government in the Senate. Does he approve of the display of a portrait of Leonid Brezhnev in a prominent place in these buildings that are devoted to the carrying-on of the Government of Canada?

Senator Perrault: Honourable senators, the displaying of a portrait of any head of state in lavatories, public areas, rest rooms or other offices does not constitute the official policy of this government, because this government is concerned with more important things.

Senator Donahoe: I have a supplementary question. Will the Leader of the Government be good enough to draw to the attention of the Prime Minister of Canada the taste for decoration which is being displayed by those who are temporarily occupying the corridors of the Parliament Buildings of Canada? They are spreading propaganda. I will not say what kind of propaganda, but I leave it to your imagination as to whether there is any affinity between the nationality and politics of the head of state who is portrayed in that portrait and those things which are said in the media to which those gentlemen are devoted and for which they work.

ENERGY

BRITISH COLUMBIA—AWARD OF EXPLORATION PERMITS TO PETRO-CANADA

Hon. R. James Balfour: Honourable senators, I have a question for the Leader of the Government. Did the federal government consult with the Province of British Columbia before the recent award of exploration permits for 5.8 million acres off British Columbia's coast to Petro-Canada, and if not why not?

• (1420)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that question will be taken as notice.

Senator Balfour: I have a supplementary question for the Leader of the Government in the Senate. He will likely have to take it as notice as well if he is unaware of the circumstances surrounding the previous question. Will he indicate whether or not he and the federal government are aware of the provincial government moratorium on the granting of oil exploration permits off its coasts?

Senator Perrault: Honourable senators, that question will be taken as notice. It can be said, of course, that this is an area in dispute involving the Province of British Columbia and the Government of Canada. The matter has not been entirely resolved as yet.

[*Translation*]

THE ECONOMY

UNEMPLOYMENT—GOVERNMENT POLICY—RESIDENTIAL CONSTRUCTION IN EAST MONTREAL

Hon. Martial Asselin: Honourable senators, I have a question for the minister responsible for economic development. Following the letter sent by the ten Liberal members of Parliament to the Prime Minister asking that 50,000 new housing units be built in Montreal, has the minister taken action to meet their request? Will he be announcing soon a vast housing program for East Montreal to meet the wishes of these members?

[*English*]

Hon. H. A. Olson (Minister of State for Economic Development): My honourable friend, Senator Asselin, knows that the minister responsible for housing has made a number of announcements from time to time that will lead to the enlargement and enrichment of the housing stock in Canada.

[*Translation*]

Senator Asselin: Can the minister tell us whether the minister responsible for housing and for the Canada Mortgage and Housing Corporation has discussed the matter with him so that such a program can be developed for the Montreal area?

[*English*]

Senator Olson: The minister in charge of CMHC has discussed housing programs for Canada with a lot of people, including me from time to time. If in his next question, as I suspect, he seeks to know what goes on in a cabinet meeting, I

will reply that he had been in cabinet long enough to know that that is an improper question or, at least, a reply to that kind of question would be improper.

[*Translation*]

Senator Asselin: My supplementary is as follows: Has the cabinet made a decision on what kind of announcement will it make to meet the wishes of these members, who have indicated that they speak for their constituents, and to promote recovery of the Quebec economy in view of the high level of unemployment in our province? There is a general feeling of frustration in Quebec because no one can find any employment.

Has the government decided, or will it decide, to meet the wishes of these members, in an effort to stimulate the economy in the Montreal area?

[*English*]

Senator Olson: There are some areas of Canada where unemployment levels are unacceptably high to the government. They are not only in Quebec but also in other places across the country. There are requests from members of Parliament representing all areas for the alleviation of these situations. These representations from all over the country are taken very seriously by the government.

[*Translation*]

Senator Asselin: Finally, could the minister tell us whether the Minister of Finance will accept the recommendations made by those ten members and will he make changes to his budget with a view to giving higher priority to the economy, in order to reduce unemployment in that particular area of Quebec?

[*English*]

Senator Olson: The Minister of Finance has responded twice, I believe, very recently to a number of considerations that were involved in the budget. One thing he has consistently argued is that the government has a deeper responsibility to make sure that we do what we can to reduce the ravages of inflation, which is one of the problems in the housing area. That policy is supported by all senators on this side of the chamber, and, indeed, by all members who sit to the right of Madam Speaker in the House of Commons.

[*Translation*]

STATEMENT BY TEN MEMBERS OF FEDERAL LIBERAL CAUCUS—CABINET SOLIDARITY

Senator Asselin: I will tell the minister the theory he just expounded is not supported by the ten members who wrote to the Prime Minister. I have a supplementary for the Leader of the Government. As a result of this divergent thinking on government economic policies, can the minister tell us whether the two ministers who take issue with the Minister of Finance and the government on economic policies intend to submit their resignations, according to precedent?

● (1425)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, some of us in this chamber find it odd indeed that the official opposition appears to be obsessed with the question of internal party dissidence. The official opposition—

Hon. Jacques Flynn (Leader of the Opposition): That does not apply to the opposition; it applies to the government. Answer the question.

Senator Perrault: The official opposition has been racked and ravaged by dissidence and division within its ranks.

An Hon. Senator: They want us to act like Tories.

Senator Perrault: Indeed, we on this side are not going to act like a group of Conservatives. We are going to act responsibly in efforts to develop even more effective economic policies for the country.

As for the two ministers, I do not know their intentions. Certainly, they remain part of the ministry. They are excellent ministers, who carry out their responsibilities well and ably on behalf of the Canadian people.

[*Translation*]

Senator Asselin: Are not those two ministers, by signing the letter, stating publicly their opposition to the economic policies of the government, as the Minister of State responsible for Economic Development has just said, since the purpose of the Minister of Finance is mainly to fight inflation and forget about unemployment? In this case, the two ministers are saying to the government that they want programs introduced to reduce unemployment in the Montreal area. Would you not agree this action means both men are opposed to the economic policies put forward by the Minister of Finance and the cabinet?

[*English*]

Senator Perrault: The honourable senator would be well advised to contact those ministers—

Senator Asselin: No, I won't.

Senator Perrault: —and ask the question directly of them. Certainly, nothing has appeared which indicates a lack of confidence on the part of those two ministers in the economic policies of this government. They have expressed some support for further employment initiatives and the enhancement of programs already under way; but there is nothing in any statement signed by them which calls for a reversal of economic policy or a change or alteration in policy.

Hon. Jack Marshall: It's just that it's no good.

Senator Perrault: They have stated that in their area—and, after all, they are members of Parliament and represent an important part of this country—they have a high degree of unemployment among the ranks of their constituents and they are prepared to support further measures to help them; and I can see no heinous offence in that.

Senator Flynn: Does the Leader of the Government share the views expressed by the two ministers and the eight members from Quebec?

Senator Perrault: There is no one on this side, in support of the government, who is not prepared to support additional constructive measures to help the people of this country, regardless of where they live.

Senator Flynn: I am speaking of the specific proposals contained in the letter. Do you share those views? You say they are not in contradiction of the views of the government. Just say, "Yes, I share them." Can you say that? You would never dare say anything against the government; you are subservient.

Senator Perrault: The Leader of the Opposition is now asking for an opinion.

Senator Flynn: No, no; I am asking whether you share those views.

Senator Perrault: The Leader of the Opposition is not engaged in an earnest quest for information; and I do not intend to offer either a legal or any other opinion.

Hon. Lowell Murray: Honourable senators, may I ask the Minister of State for Economic Development whether his colleagues, the Minister of National Health and Welfare, the Honourable Monique Bégin, and the Minister of State, the Honourable Serge Joyal, were speaking for the government in stating that an attack on the present problems of unemployment cannot await a resolution of the longer term problems supposedly attacked in the budget?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the honourable senator should read the letter and the news communiqué rather more carefully. In doing so, he will note that the letter contains some words which indicate that the action taken by the government to deal with these issues is appropriate. They focused on two that were of particular importance to them.

Senator Murray: The minister will recall—because I am sure he has seen the letter—that his two colleagues, Madame Bégin and Mr. Joyal, while indicating support for the long-term objectives of the government in fighting inflation, specifically said, together with their eight colleagues from Montreal, that resolution of the problems they raised could not await the longer term attack on those problems. That is why they were calling for immediate action. I am asking the question that is traditionally asked, and that it is proper to ask, of the government under these circumstances; that is, whether those two ministers were speaking for the government on that matter.

• (1430)

Senator Olson: Well, you know—

Senator Marshall: Yes or no?

Senator Asselin: Were they or were they not speaking for the government?

Senator Olson: Oh yes. You like those yes or no answers, when neither a yes nor a no gives the whole truth in answer to the question. I think I should recommend to my honourable friend to recall—I am sure he has already read it—that a question of a similar nature was addressed to the Prime Minister in the House of Commons yesterday, or the day before, to which the reply is just as valid today as it was at the time the question was put.

Senator Murray: Then we are to assume that the two ministers in question—and I am concentrating on them and not on the eight back-benchers who are not bound by the constitutional doctrine of collective, "collective," I repeat, cabinet responsibility—were not speaking for the government on this matter.

Senator Olson: Honourable senators, you can take it that what the Prime Minister said in reply to the question of a similar nature to which I have just referred is the position of the government. I am sure my honourable friend has read that reply already, but I recommend that he read it again, this time a little more slowly, so that he will understand it better.

Senator Asselin: You refuse to answer.

Senator Flynn: It was suggested in the press that this was a distortion of the truth.

Senator Olson: Honourable senators, the interpretations that are made from time to time by the Leader of the Opposition in this house, and, indeed, sometimes by the people in the media—not all of them, but a few of them—really do qualify for the use of the word "distortion".

Hon. G. I. Smith: You are an expert at that.

GOVERNMENT MEASURES TO COMBAT UNEMPLOYMENT

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development. This also deals with the unemployment situation.

I am more concerned about the people who are in fact unemployed in the country now than with the two ministers who should be unemployed.

The minister is not unaware that a further 109,000 Canadians were added to the unemployment rolls in the month of December. The Canadian Manufacturers Association has predicted a further job loss of 175,000 people this month.

At what point will the minister and his committee, acting on behalf of the government, decide that additional measures will be announced and made available to help these poor, unfortunate people? I appreciate the minister's concern with inflation. I know that is a problem that has got to be handled, and that it has to be wrestled to the ground, if I may use an obscure point of historical data. What I would ask, however, on behalf of those people—over a million of them—who are not immediately concerned with inflation but with having a job is, can the minister offer them any hope?

Hon. H. A. Olson (Minister of State for Economic Development): Yes, honourable senators. Announcements are being made almost every week with regard to measures to deal with these problems. I am sure my honourable friend wants to be fair. It is a tragedy—and this has to be said over and over again—for any person to be unemployed or to be without an adequate level of income. There is no argument about that

because everybody agrees on it. However, my honourable friend should take into account that, seasonally adjusted, there was a decline in the rate of unemployment from December to January, in terms of the figures that were released in those two months. He knows very well also that Canada has a winter every year, and that there is a downturn in employment opportunities during that period.

Hon. Jacques Flynn (Leader of the Opposition): You don't have to tell me!

Senator Olson: No, but you act as if this is something new that happens every year. You know as well as I do that winter and January come every year.

Senator Doody: A supplementary, honourable senators. I find it difficult to rationalize the solace that the honourable the minister takes from the fact that the seasonally adjusted rate of unemployment has supposedly dropped. The actual number of people unemployed in Canada is greater today than it has been at any time in the past 34 years. That is a simple, straight fact of life. You can seasonally adjust anything you want to, but people are still out of work—over a million of them—and there are more and more being added to that number every day.

It is a fact that there is such widespread despair in the country now that some 68,000 Canadians withdrew themselves from the labour force in January to join hundreds of thousands of others who are not even listed in these statistics, seasonally adjusted or otherwise.

Will the minister depart from his stubbornness and tell us what plans the government has to help these people find work? Never mind telling us about announcements made last week or two weeks ago. They obviously have not dealt with the problem. What plans does the minister and his committee have to deal with the problem of unemployment?

Senator Olson: Well, honourable senators, a few minutes ago the honourable senator asked me what plans we had and what announcements we were prepared to make to deal, or to help to deal, with this problem. I happen to have a fairly impressive list of such things with me here, if you would like me to read it. It is not new information, but sometimes you have to announce things three or four times before the members opposite seem to get the message.

Hon. Martial Asselin: It is always the same list.

Senator Olson: We do not need to have an argument about problems connected with unemployment. I have already acknowledged that. There has been no government in history, however, that has been more sensitive to that problem than the one that is in office now. However, we also have to deal with the real world, and we have to deal with both sides of the equation. The Minister of Finance, over and over again, supported by the other ministers in the cabinet, has reminded us that the long-term problems associated with the erosion that can be caused by inflation, such as further unemployment and lack of confidence in making investments in the longer term, are worse by far than the very responsible action that the government is taking at this time.

[Senator Olson.]

Senator Doody: A supplementary, honourable senators. The budget that the Minister of Finance brought down some months ago, and which he has been bringing down in bits and pieces every week since that time, anticipated an unemployment rate of 7.8 per cent. It has now been demonstrated in a report by the Department of Industry, Trade and Commerce that the new figure will be 8.7, or closer to 9 per cent. Surely, then, the figures that the budget was predicated on, and the premises which led the Minister of Finance to the conclusions that brought forth the budget, have been demonstrated to be incorrect.

Taking that as a fact, will the government not now acknowledge that the budget document is inadequate to handle the unemployment problem that we have in Canada, and come forth with new programs, new policies, new hope, for those hundreds of thousands of Canadians who are looking forward to nothing?

Senator Olson: Honourable senators, after all the rhetoric, there was one question in there: Will the government acknowledge that the situation has changed somewhat from the predictions that were made on budget night, November 12, 1981? The answer is that the Minister of Finance has already acknowledged that the unemployment figures are now moving up a little more rapidly than he anticipated. He also gave reasons for this, however. One of the difficulties is that we are part of the western world, or the western economy, and it is a fact that there has been some additional downturn in that international trading activity, for one thing, and other factors related to that that take rather a long while to explain in detail.

I am sure my honourable friend is bright enough to understand the implications of those things as well.

Senator Doody: One final supplementary. If the minister can candidly rise in his place and say that the problems in Canada today are beyond the power of the government to provide cures for, and if the government is incapable of providing cures for this country's economic ills, then surely the minister and his colleagues should resign.

Senator Olson: I did not say that, and I do not like the honourable senator putting words in my mouth. He can try as much as he likes, but he will not get away with it. I do not accept his version of what I said.

Senator Asselin: You did admit that you cannot do anything, so why don't you resign?

Senator Olson: I did not say that.

[*Translation*]

EDUCATION

COMMITTEE TO STUDY GOVERNMENT POLICY ON POST-SECONDARY EDUCATION

Hon. Arthur Tremblay: Honourable senators, my question is directed to the Leader of the Government. It concerns several items appearing in an article published in today's *Le Devoir* under the following headline: "Ottawa sets up mechanism for

intervention in area of post-secondary education". The writer of this article first mentioned the existence of a standing committee formed early last fall at the Department of the Secretary of State, with responsibility for defining a federal policy on universities. The committee consisted of a dozen members but only one francophone professional member. It was directed by Mr. Peter Hicks, an officer from Treasury Board.

The article went on to say that according to a document drafted last December, this task force on post-secondary education would be responsible for proposing options for federal action regarding post-secondary education and human resources development for the eighties.

My question is as follows: Could the Leader of the Government confirm the existence of such a committee as of last September? Could he also confirm the existence of the document mentioned in the article which seems to define the committee's mandate?

If the answer to these questions is affirmative, I have an additional question: Would the Leader of the Government be willing to table in this house the documents confirming the existence of the committee and indicating its mandate and members?

Senator Perrault: The question is taken as notice.

Senator Tremblay: I have a supplementary. The same article also mentions a telegram sent by Mrs. Huguette Labelle, Under-Secretary of State in Ottawa, and, as such, responsible for the task force in question, directed by Mr. Hicks. The article says that yesterday Mrs. Labelle sent a telegram to her Quebec counterpart, Mr. Jacques Girard, Deputy Minister of Education, listing Ottawa's so-called concessions to the provinces to guarantee post-secondary financing. Mrs. Labelle sent the same information to the conference of Canadian education ministers, for consideration.

May I again ask the Leader of the Government whether he is in a position to confirm the existence of these telegrams, and if so, whether he is willing to table the telegrams in this chamber as well?

• (1440)

[*English*]

Senator Perrault: Honourable senators, I will soon be presenting a statement to this chamber regarding the matters raised by the honourable senator.

THE SENATE

QUESTION PERIOD—MINISTERIAL RESPONSIBILITY

Hon. Richard A. Donahoe: Honourable senators, I should like to direct a question to the Minister of State for Economic Development. Before I begin, I would like to say briefly that I am motivated in asking this question by the touching interest displayed by the minister on so many occasions to the effect that Question Period should be conducted within the rules of the house.

Some Hon. Senators: Hear, hear!

Senator Donahoe: My question, therefore, is this: In order that we on this side may properly play our part in the development of the usages of the house with respect to Question Period, would the honourable minister be kind enough to elaborate upon the impact of the mini-shuffle in the Trudeau cabinet by which new responsibilities were heaped upon him? Would he please tell us what effect that may have, if any, upon our duties with regard to asking questions in this house?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not think that it has any effect on your ability to ask questions.

Hon. C. William Doody: It has no effect on the answers either.

Senator Donahoe: Honourable senators, I will rephrase the question, if I may. Is there any area for which the minister in question has not previously been responsible which is now his responsibility and in respect of which it would be appropriate that we on this side should direct our questions to him during Question Period?

Senator Olson: The answer to the first part of the question is no. The answer to the second part of the question is that I believe I will be better prepared to answer your questions.

Senator Donahoe: I have a supplementary question, if I may. Can the minister inform us of the number of positions by which his bureaucracy has increased as a result of the shuffle?

Honourable senators, I should like to ask some further questions and, in the interests of time, I will ask them all together. How many of these are new positions? How many of those persons now under his control have been transferred to that control from other departments? Finally, is the bureaucracy expected to grow further during 1982?

Senator Olson: Honourable senators, that question really ought to be put on the Order Paper. A detailed answer will be given, but I can tell the honourable senator now that we do not believe there will be any increase in the total budget or the total number of person-years required as a result of the reshuffle.

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear!

Senator Donahoe: I have one further supplementary question. I may say that I find it difficult to see how the minister will discharge the duties which have been assigned to him—

Senator Perrault: He is a good minister.

Senator Donahoe: —if his statement is to be taken at its face value, namely, that no increased costs will flow from the shuffle, nor will additional persons be employed. However, for the time being I will let that go and will ask my final question.

Senator Olson: Let us be sure that you understood what you asked.

Senator Donahoe: I understood my question perfectly, honourable senators. I understood that the question is comprised of a number of parts. I did not expect the minister to have the

answers to all of those questions ready in his mind. I did explain to honourable senators that I asked the questions all together in the interests of time. However, if the minister chooses to take exception to that—if he chooses to scoff at me and say that I should have put those questions on the Order Paper instead of addressing them to him *seriatim*, as they are written on this sheet—that is his privilege.

My final question is: As regards the accommodations which are now available to the honourable senator with respect to his new responsibilities, does he have an office in each province? If so, what purpose are such offices established to serve?

Senator Olson: Honourable senators, the Ministry of State for Economic and Regional Development does not now have an office in each province. It has one office only, that being in the city of Ottawa. However, under the reorganization we intend to open an office in each province of Canada.

I should like to clarify one point, however, and I do not want to annoy my friend. I would like to be as informative and objective as possible—

Senator Perrault: As always.

Senator Olson: —but I believe that he did change his question. He initially asked me the result of the reorganization. In the second part of his question he asked whether or not there would be any increase in my present ministry or the Ministry of State for Economic and Regional Development. Those are two separate questions. There will be an increase in the total number of people in the Ministry of State for Economic and Regional Development. However, to go back to the first part of the question he asked, there will not be an increase in total in the government service, nor will there be an increase in the cost of delivering that service, as a result of the reorganization, including the person-years that have been assigned to my ministry.

Senator Donahoe: Honourable senators, I merely say that the question addressed to the minister referred to the bureaucracy under his control. There was no mention whatever made of departments or of the functions which would be served by those persons. Surely the persons who will man those offices in each province are properly called "the bureaucracy."

Senator Olson: Honourable senators, I wonder if I might be permitted to table a document which was requested by Senator Balfour yesterday. It might be helpful. I believe that he asked for the parameters—

Hon. Martial Asselin: Are we now on delayed answers?

Hon. Jack Marshall: Is this delayed answers?

Hon. Jacques Flynn (Leader of the Opposition): Is this related to the same question?

Senator Olson: This is related to the request made by Senator Balfour yesterday.

Senator Flynn: Well, wait a minute. I have a supplementary question.

You mentioned that you would be opening offices in each province. Do you suggest that you won't need additional personnel to man those offices?

[Senator Donahoe.]

Senator Olson: I did not say that we would not have additional personnel. There is no question that the Ministry of State for Economic and Regional Development will have additional personnel. We will need only a few people in each of the small offices established in each of the provinces because, although we are a small department, we want to keep it lean and highly efficient. Of course, of necessity, there will be a few more people in the head office to deal with all the provincial offices.

• (1450)

So that honourable senators will understand, what I said was that the total government service and the cost of it will not be increased as a result of the restructuring, and that includes the Department of External Affairs, the Department of Industry, Trade and Commerce and the Department of Regional Economic Expansion, and so on.

Hon. Lowell Murray: Honourable senators, may I ask the Minister of State for Economic Development to explain what the relationship will be between the people of his department in the field and Michael Pitfield's people in the field who, as I understand it, will be assigned to each province as an agent of the office of Federal-Provincial Relations?

Senator Olson: There will be an officer from the Federal-Provincial Relations office in each one of the MSERD offices.

Senator Murray: Can the minister explain what Michael Pitfield's agents will be doing in these offices throughout the country?

Senator Marshall: Undercover work.

Senator Olson: The honourable senator should realize—and I take exception to the connotation in the phrase "someone's agents"—that there will be an officer from FPRO in each of these offices because the government takes federal-provincial relations very seriously.

Senator Flynn: Oh, yes, indeed.

Senator Olson: We think that this matter is so important that we feel that there should be someone in each province who is particularly cognizant of the relations between the federal and provincial government. I am sure the honourable senator will not argue with that concept as being one that needs to be attended to.

Senator Murray: As the minister knows, the entire subject is one of seething discontent and rivalry throughout the government.

Senator Perrault: The Conservative Party.

Senator Murray: Will the minister tell us, if one of Michael Pitfield's agents will be in each of the MSERD offices across the country, who will be the senior person?

Senator Marshall: Mortimer Snerd.

Senator Olson: Honourable senators, I do not like to answer questions—

Senator Asselin: —that are embarrassing.

Senator Olson: —that are formulated on erroneous connotations. I do not think that there will be any of Mr. Pitfield's, Mr. Jones' or anybody else's agents in the MSERD offices. As I said before, there will be present an officer in Calgary and in each of the offices who will be in contact with the Federal-Provincial Relations office here.

Hon. Arthur Tremblay: Honourable senators, I have a supplementary question. Senator Murray asked whether the representative of the Federal-Provincial Relations office will be the senior officer in the field in each province. If I remember correctly—and the honourable senator can correct me if I am wrong—I read in the communiqué issued by the Prime Minister that there will be in each province a sort of consular committee on which all the departments in the field will be represented, and that the man representing the Federal-Provincial Relations office in Ottawa will be the chairman of the committee. Is that a senior position, or not?

Senator Olson: I shall have to take the question as notice, and check on it. I would like to see the communiqué, because if the honourable senator were to ask me if he was right or wrong, I would say that he was wrong.

Senator Tremblay: I can give you the document right now, if you need it.

Senator Doody: Honourable senators, I have a supplementary question for the minister. What will be the relationship between these new people coming from MSERD and the present DREE staffs in each of the provinces? There are a very substantial number of DREE employees in the provinces, some of them holding very high positions in the public service such as regional directors, assistant deputy ministers, and so on. Will the MSERD people be additions to the DREE staffs presently in the provinces, or will they be complementary to those staffs? How will they fit into the FPRO?

Senator Oldon: The amalgamation that will be taking place between the Department of Industry, Trade and Commerce and the Department of Regional Economic Expansion will go ahead as announced. The new department, the Department of Regional and Industrial Expansion, will be considered by the MSERD office no differently from any other federal department that is in the provinces or the regions, such as the Department of Agriculture, the Department of Transport, or the Department of Fisheries and Oceans.

Senator Asselin: So you stole Mr. de Bané's job.

Senator Murray: Honourable senators, until we receive a document which, in summary, explains the roles of all these people, then it appears there will be an officer of the new Department of Regional and Industrial Expansion and an officer of the Ministry of State for Economic and Regional Development in a co-ordinating role, and then there will be an officer of the Federal-Provincial Relations office who will have one hand on each of their throats.

Senator Olson: The honourable senator may describe the situation as he pleases, but I do not agree with his description at all.

Hon. Duff Roblin (Deputy Leader of the Opposition): Who co-ordinates the co-ordinators?

Senator Asselin: You are the co-ordinator.

Senator Olson: The attempt by the federal government to co-ordinate the activities of all the federal departments in the provinces and in the regions, I think, is a laudable and useful exercise, and, indeed, we believe it will raise substantially the efficiency and effectiveness of the delivery of federal government services in these regions.

Senator Donahoe: Honourable senators, may I ask a supplementary question? I would like to ask the honourable minister whether this business which, obviously, will provide employment for a large number of people, has any relationship to the job creation machinery sought by the two dissident ministers?

Senator Olson: Honourable senators, I can recall vividly answering this question twice, at least, but I will try a third time, and I will state my answer very slowly in the hope that Senator Donahoe and others will understand. I said that in our view there would be no increase at all in the total civil service required throughout the country as a result of the reorganization and restructuring of the departments involved.

Senator Flynn: That is not what you said.

Senator Olson: If that is not clear to my honourable friend, then I will send him a letter as well so that he can read it at his leisure. Certainly, if the honourable senator comes to understand what I have just said, he will not ask the question again.

Senator Tremblay: Honourable senators, with regard to the questions raised by Senator Murray about the senior officer in the field, may I read the text of the communiqué issued by the Prime Minister? Subsequently, I shall ask a question. Unfortunately, my version of the communiqué is in French.

Senator Flynn: It is not unfortunate at all.

Senator Tremblay: It reads as follows:

[*Translation*]

> The Federal-Provincial Relations Office will set up its own regional offices, under the direction of senior officials. The representative of the Federal-Provincial Relations Office will chair the regional council, made up of officials from all federal departments established in the area.

It is significant to know who is the senior official in the area for the following reason: In case the agreements between the federal and provincial governments—the press release is somewhat vague about this—which formerly came under the Department of Regional Economic Expansion and which aimed at co-ordinating the efforts likely to have an impact on regional development, agreements some say would be streamlined and concerning which Mr. Joyal, the minister, threatened the Quebec government, when he said that if there were no Quebec representatives at these meetings, the amounts granted but unspent under previous agreements might be paid into the Consolidated Revenue Fund and give rise to unilateral actions on the part of the federal government, which would be a very

serious change of policy. As I said before, should these agreements be maintained, who, among the representatives of the various departments and the Federal-Provincial Relations office would negotiate with the province concerned? Would the negotiator at the table be responsible for the effective and practical co-ordination of the projects involving other departments? That is the meaning of this question, dealing with the change in administrative policy, as it was the DREE representative who used to negotiate?

● (1500)

[*English*]

Senator Asselin: That is too complicated for the minister.

Senator Olson: My honourable friend did not ask a question. I heard the translation very clearly.

Senator Asselin: He did.

Senator Olson: He was giving his view of what was behind the re-organization. He started out by asking who was going to be the senior officer in these provincial offices, and then he read a statement indicating that someone from the FPRO is going to be the chairman of a council of the federal departments in that area.

I will look at this matter carefully, but I do not think his reasoning necessarily comes to the conclusion he tried to draw in the last part of his comments.

Senator Asselin: You are the minister responsible.

Senator Tremblay: As the minister responsible for economic and regional development, will it be your representative or the chairman of that bureau representing federal and provincial relations who will negotiate with his counterpart in the provincial administration? This is a very basic point, and it is a question.

Senator Olson: The offices will be administered by the Minister of State for Economic and Regional Development. The senior officers and other employees will obviously be part of that department, but there will be an officer who reports to the Federal-Provincial Relations Office as well.

Senator Tremblay: Will he report as chairman?

Senator Doody: I have a supplementary question. Earlier the minister told us that the Department of Industry, Trade and Commerce was being merged with another department to form a third department.

Senator Olson: A single department.

Senator Doody: My impression was that the Department of Industry, Trade and Commerce was being split into two sections, one for trade and one for commerce. That may be an over-simplification, and I am sure nothing is as simple as that in a bureaucratic re-arrangement.

My question is: What will happen to the offices of the Department of Industry, Trade and Commerce in the various provinces? Will they remain intact as Industry, Trade and Commerce offices, or will they be merged into new offices with new employees doing the work?

[Senator Tremblay.]

Senator Olson: Those offices will be integrated with the DREE offices in those locations at the present time.

I do not think this will happen overnight, or in a week or so. The intention is that the DREE offices and what were the IT&C offices in the region will all come under one ministry. My honourable friend also knows that some legislation is required for that amalgamation.

Hon. Robert Muir: I have a supplementary question for the minister who has just taken his seat. I should like to approach this question from another angle. I am somewhat confused—and the minister may say that I am always confused—about the responses that the minister has given to questions asked by several senators regarding the Pitfield agents, the regional development agents, and some other group of agents. To my mind, his responses seem to be a lot of bafflegab and gobbledygook.

Knowing that members of Parliament and senators are doing their utmost to promote industry, employment, and so on within the regions they represent, would the appointment of these agents, who are to be dispersed across this country, not be a reflection on those members of Parliament and senators? Does it not imply that they are not doing their jobs in bringing regional problems to the attention of the cabinet?

Frankly, honourable senators, after listening to the honourable gentleman with whom I served in the House of Commons and who is very knowledgeable, I think it would take the Great Architect of the Universe to try and fathom out what he really means.

Senator Donahoe: He alone.

Senator Olson: Honourable senators, I am sorry if that is the impression I left with the honourable senator because to me the intention and the structure are crystal clear.

I am as aware as anyone else in this chamber that there will be some uncertainty as the restructuring is carried out by a number of civil servants in these regions. I do not think there has ever been an amalgamation of two rather large departments such as IT&C and DREE where there has not been some tension and uncertainty as to where all the pieces of the structure will fall into place; I am not trying to deny that.

However, I do know that we have been admonished from time to time, not only by senators opposite but by Liberal senators who are conscientiously doing their jobs. We have also been admonished by provincial governments from time to time who say that the federal government in Ottawa has no regional capability to pick up regional sensitivities and to deal with regional problems, hopes and aspirations. It has been suggested that not all these matters ought to be settled in Ottawa, the location of the head office.

The Ministry of State for Economic and Regional Development is not a department like the others in that it does not administer any programs. It is a co-ordinating body, and I think that it has done a pretty good job here in Ottawa with respect to head offices.

An "R" has been added to MSED to make it MSERD. As a result, we hope to have a higher capability in first finding and

then responding accurately to regional sensitivities. To me the objective is a good one. The structure we have put in place is clear, and we hope it will have the kind of success we anticipate.

Senator Muir: I have a supplementary question. I fully agree with what the minister said about regional sensitivities of certain bureaucrats in Ottawa. We have a very good public service in Ottawa but, over the years, people within the various departments who have never been east of Montreal have tried to tell me what was best for the east coast. They knew nothing about dredging or wharves, and had never seen either the Atlantic or the Pacific coast.

Would the minister not agree that no one is more sensitive than senators from the different regions and members of Parliament who have to work to be elected and who, from time to time, go into every little nook and cranny of their constituencies? They should be most sensitive to what is required. Perhaps we could work in conjunction with those in the field in making representations to cabinet. I hope members of Parliament and senators will not be by-passed in this function.

Senator Olson: Honourable senators, what we are putting in place will give us a higher degree of capability to deliver, through federal government departments in the regions, the exact views expressed to us from those who come from those regions, regardless of whether they are in the Senate or the House of Commons.

It seems to me that over a long period of time one of the criticisms has been that we do not have an administrative structure that will deliver. We hope this will be remedied, and that we will have such an administrative structure. It is not intended in any way to interfere with the representations that are legitimately made to us by senators and members of Parliament from the regions.

Hon. G. I. Smith: Honourable senators, after listening to this discussion, I have a supplementary question. Perhaps the minister will take it as a request for information, and not one posed in order to quarrel with him.

I have listened very attentively to the questions and answers and have tried to recall the terms of the communiqué which was referred to and, having done so, I should now like to ask the minister a perfectly straightforward question. After this reorganization takes place which minister will be responsible for the functions which have heretofore been performed by DREE?

• (1510)

Senator Olson: Honourable senators, "The Minister of Regional and Industrial Expansion" is the precise answer to that question.

Senator Flynn: You are it.

Senator Olson: I have to add that—and I do not want to qualify it—MSERD will also be there to try to make sure that all other federal departments in the area assist in the delivery of programs that have been more or less handled by DREE.

Senator Smith: Have the responsibilities for those functions formerly performed by DREE yet been assigned to any particular ministry?

Senator Olson: Yes, they have. For the time being, the Honourable Herb Gray is the Minister of DREE, because that department has not been amalgamated, by statute, with IT&C. Therefore, he is performing those functions now.

Senator Asselin: You stole the manager.

VETERANS AFFAIRS

EXPOSURE TO NUCLEAR RADIATION OF FORMER SERVICE PERSONNEL

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government. My question has to do with the exposure of ex-servicemen to nuclear radiation.

Even though the Minister of National Defence and the Minister of Veterans Affairs made statements on this subject, they were not definitive. I wonder whether the Leader of the Government could bring a statement to the Senate clearly setting out the action that either the Minister of National Defence or the Minsiter of Veterans Affairs will take to find these veterans to ensure that they are treated or that they qualify for the pension that is due to them under the act.

I should like to point out that there is a precedent for this. Some 30 years ago, when the Department of Veterans Affairs established the Hermann Commission to investigate the results of the incarceration of Hong Kong prisoners of war, the department found that many veterans were still suffering ill effects and were deteriorating as a result of their incarceration, and they were given pensions as a result.

Hon. Raymond J. Perrault (Leader of the Government): I have some information before me with respect to this matter of ex-servicemen's exposure to nuclear radiation. Certainly additional information will be sought.

The Minister of Veterans Affairs is quoted in *Hansard* of the other place of February 8, 1982, as follows:

> —any individual can receive through his physician the radiation levels to which he was exposed during his activity, specifically in relation to the two occasions in the Chalk River clean-ups and for those individuals who were involved in the Nevada testing. Their family physicians can request and receive the radiation levels as recorded by Atomic Energy of Canada on both occasions.

He went on to state:

> —a study which was commissioned by AECL is presently taking place on approximately 10,000 of their employees involved in activities such as the Chalk River clean-up and the Nevada testing. . . . the study is progressing quite favourably and we anticipate the preliminary findings will be available some time in early April.

He further stated:

> I am more than happy to pursue with my colleagues, the Minister of National Defence and the Minister of

National Health and Welfare, the question as to what further steps should be taken in this matter.

After being asked by Mr. Dan McKenzie, the M.P. for Winnipeg-Assiniboine, whether the minister would apply the same criteria as those applied to other cases, the Minister of Veterans Affairs replied:

> Madam Speaker, I was not aware that different criteria have been applied by the Canadian Pension Commission in assessing all of those cases. As the hon. member can appreciate, the criteria being applied as to whether or not the present condition is associated with military service, and the rules, are applied consistently to all members who make application.

Hopefully, the minister's partial reply can be expanded and further information brought to the Senate.

FISHERIES AND OCEANS

NEWFOUNDLAND—ANNUAL SEAL HUNT

Hon. Jack Marshall: Honourable senators, because the annual seal hunt will commence next month, will the Leader of the Government bring a statement to the Senate from the Minister of Fisheries and Oceans respecting the action he will take to protect the seal-hunting season this year?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some information about the Canadian hunt, but it answers only in part some of the concerns of Senator Marshall. There was a recent CBC news report to the effect that the European Parliament is considering banning the importation of Canadian seal pelts.

The government is concerned about the effects of the proposed ban on Canadian seal pelts on maritime fishermen and Canada's indigenous people who depend on the hunt for part of their livelihood. A team of officials has travelled to Europe to set the record straight and to correct a number of misconceptions contained in the resolution before the European Parliament. We have pointed out that, contrary to what is stated in the resolution, first, neither harp nor hooded seals are endangered species. North Atlantic Fisheries Organization scientists agree with our experts on this. Second, neither harp nor hooded seals qualify to be selected as an endangered species under the Convention on Endangered Species. Third, the hunt is conducted as humanely as possible under proper supervision and the harvesting method is similar to that used in abattoirs worldwide.

We have sent a detailed letter correcting these misconceptions to all members of the Environment Committee of the European Parliament, and Ambassador Tate has written directly to its chairman. It can be assumed, honourable senators, that we have been pressing, and are continuing to press, our case strongly in Brussels and in Strasbourg.

Senator Marshall: I am aware of most of that information, but the main point I was trying to make was with respect to the action the government will take to provide enough fisheries protection officers to ensure that the likes of Brian Davies and Patrick Watson are also considered an endangered species and should not be allowed near the hunt.

Senator Perrault: Honourable senators, that part of the question will be taken as notice. I thought this additional information regarding the disposition of seal pelts would be of interest to honourable senators.

ENERGY

NEWFOUNDLAND—OFFSHORE OIL RESOURCES—REQUEST FOR INFORMATION

Hon. Jack Marshall: Honourable senators, would the Leader of the Government bring a statement to the Senate with respect to the recent news report regarding offshore oil resources in Newfoundland?

Hon. Raymond J. Perrault (Leader of the Government): That question will be taken as notice.

[*Translation*]

ELECTRICITY AND GAS INSPECTION BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Bosa for the second reading of Bill C-11, relating to the inspection of electric and gas meters and supplies.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I indicated yesterday there was only one point I wished to raise on that subject because Senator Muir aptly presented our point of view on the bill. It deals with a provision that will come up later on in Bill C-45 and that is found in section 2(4) of this bill, which reads:

> This Act is binding on Her Majesty in Right of Canada or a province and any agent thereof.

I first asked myself why that clause had been put in. I know it is stated in the Interpretation Act that no legislation is binding on the Crown except only as therein mentioned, this under the principle of old which states:

[*English*]

The King can do no wrong.

[*Translation*]

But in this case there is the addition of:

—or a province—

If the legislation is squarely within this Parliament's jurisdiction, I can find no reason for stating:

—or a province—

I checked with authorities such as Peter Hogg, often quoted by the proponents of centralization, or of the Constitution as interpreted by Mr. Trudeau. I would simply like to quote from chapter 9, dealing with the Crown, of his book entitled "Constitutional Law of Canada":

• (1520)

[*English*]

Federal laws binding provincial Crown

> Curiously, the courts have shown no hesitation in holding that federal laws apply to the provincial Crown. Thus, federal customs legislation has been held applicable to the Crown in right of British Columbia as an importer of Scotch whisky, federal railway legislation authorizing expropriation of "lands of the Crown" has been held applicable to provincial Crown lands, federal provision as to the litigation costs of "Her Majesty" has been held applicable to the costs of the provincial Crown, and federal railways regulation has been held applicable to the Crown in right of Ontario as operator of the "Go-Train" commuter service on C.N.R. tracks. These holdings appear to me to be sound, but they do not sit easily with the suggestions of federal immunity from provincial laws. If anything, the provinces have the stronger claim to judge-made immunity from federal law, because the provinces cannot protect themselves through the doctrine of paramountcy.

[*Translation*]

What concerns me is the fact that once again if this legislation deals only with an area clearly under federal jurisdiction, there is no need to mention that it is binding on a province. Under the provisions of the Interpretation Act, it must be specified that it is binding on the federal Crown, but not on the provincial Crown.

On the other hand, if this legislation concerns an area which comes not only under federal, but also under provincial jurisdiction, I do not believe that we can force it on the provincial Crown in this particular area of provincial jurisdiction by a simple statement in a federal act.

I shall want to raise the same point concerning Bill C-45 which will come up for discussion later on and about which I have other questions to ask, but if possible, I would like this matter to be clarified in committee. I know that, in the other case—and I shall come back to this later—the Deputy Leader of the Government has said that the provinces were in agreement. I like it when the provinces are in agreement. On the other hand, a simple verbal agreement on their part is not enough to bind them in my opinion. Provincial legislatures would have to pass concurrent legislation if we really wanted to apply to a province or the provincial Crown any federal legislation in an area which comes under their own jurisdiction.

[*English*]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I will certainly not resist referring it to committee. As a general rule we should refer a bill to committee if any honourable senator wishes to have it referred to committee.

To address the point raised by the Leader of the Opposition, I appreciate that there is a constitutional dimension or aspect to the Interpretation Act section, but it seems to me that that dimension is not brought into play with reference to the two sections we are dealing with here. That does not remove the academic interest of the point raised. It does seem clear from the precedents that are cited in the Statute Citator under section 16, that, as the Leader of the Opposition has said, the provincial legislatures cannot bind the federal Crown but the federal Crown can bind the provinces. That has actually been held in a case cited there. The Leader of the Opposition is shaking his head, so perhaps I should refer to it specifically.

Senator Flynn: I do not think this is what the courts have said. They have said that you do not need to mention the province when it is a field of federal competence.

Senator Frith: I think there are two issues. Let us assume that there is constitutional validity in legislation by the federal government.

Senator Flynn: Sure.

Senator Frith: Notwithstanding that validity, the provisions of that statute, because of the Interpretation Act which is also a statute of the federal Parliament, do not apply to the Crown in right of the province—

Senator Flynn: No, no, no!

Senator Frith: —unless it is stated that they are or unless so by necessary implication. That is clearly the law, in my opinion.

Senator Flynn: No. It is the Crown in right of the federal government. We are speaking of the federal Interpretation Act.

Senator Frith: Yes.

Senator Flynn: It cannot say that it does not apply to a province. It says it does not apply to the Crown in right of Canada. You are certainly mistaken there.

Senator Frith: I do not agree with that. Let me make one point at a time.

Senator Flynn: Yes, but make it.

Senator Frith: The first shaking of the head took place on the question of whether the province, by its enactments, has the power to bind the Crown in right of Canada. That was the statement that I made and which caused the shaking of the head. Just so that it is understood why I made that statement, it was so held in the case of *Sinclair v. Hollinger* (1946) 4 Dominion Law Reports that:

> There is no power in the province, by any of its enactments, to bind the Crown in right of Canada,

That was the basis for my making that statement.

Hon. G. I. Smith: What court was that?

Senator Frith: The Ontario Court of Appeal, I believe.

Let us go back to the situation in which there is legislation that is clearly within the jurisdiction of the federal government. In that case that valid legislation will of course be binding on, for example, the private sector in any province, but

it will not be binding on the Crown in right of Ontario, for example, or in right of any province because of section 16 of the Interpretation Act, an act of the federal Parliament, which says:

> No enactment is binding on Her Majesty or affects Her Majesty or Her Majesty's rights or prerogatives in any manner, except only as therein mentioned or referred to.

Senator Flynn: That is correct.

Senator Frith: But it can, of course, bind, as it has in some cases, even without the statutes saying so, because by necessary implication the act could not have any effect unless it did so bind.

I am saying that the point raised by the Honourable Leader of the Opposition, and by Professor Hogg, is essentially a constitutional point which I say is not raised in this legislation but is raised by the provisions we are talking about, and it raises an interest the committee might like to look at. But it is not directly raised in these two pieces of legislation because the question of their constitutional validity is not in issue. That does not change the fact that the academic interest—I do not mean the word "academic" in any pejorative sense in the point raised by the Leader of the Opposition—does come to mind as a result of this, and we may want to use that as a reason or springboard for looking at that question in committee.

I do suggest with respect, honourable senators, that as far as the two pieces of legislation that are before us are concerned that contain this invocation of the provisions of section 16 of the Interpretation Act, they do not arise within the framework of these two pieces of legislation.

Senator Smith: I should like to explore for a moment with the deputy leader what he has just said. I thought he said, when he referred to the first case which he placed before us, that a court, which he believes was the Appeal Court of Ontario, had held that the federal Crown could not bind Her Majesty in right of the province. I may have misunderstood him. If I did, perhaps he could clear it up for me.

Senator Frith: Would Senator Smith mind repeating that?

Senator Smith: I thought the honourable gentleman said, in relation to that particular case, that it held that the Parliament of Canada could not bind Her Majesty in right of the province.

● (1530)

Senator Frith: No, it said the opposite—that there is no power in the province, by any of its enactements, to bind the Crown in right of Canada. That is a dimension of the unfairness that I believe Hogg was talking about.

Motion agreed to and bill read second time.

The Hon. the Speaker: When shall this bill be read the third time?

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I shall not ask that the bill be referred to committee. However, I suggest that third reading be postponed until we have a report on Bill C-45, which is the subject of Order No. 3 on Orders of the Day. I would suggest that Bill C-45 be referred to the Standing Senate Committee on Legal and Constitutional Affairs, and then, when we have the committee's report, we can proceed with third reading of Senator Bosa's bill.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, if we are to discuss this principle, it would seem more appropriate to do so with reference to the Pest Control Products Bill, because that is the only section that is affected. I believe that is the pith of the Leader of the Opposition's suggestion. There would appear to be no immediate urgency in connection with this matter and, therefore, I support the Leader of the Opposition's suggestion that we delay third reading of Bill C-11.

Senator Flynn: I suggest that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate, but that the order stand tomorrow. Third reading can be moved next week.

Senator Frith: It would be better if the motion were in my name, since it is a government bill. I therefore move that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

CANADA ELECTIONS ACT

BILL TO AMEND—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Austin, seconded by the Honourable Senator Goldenberg, for the second reading of the Bill S-11, intituled: "An Act to amend the Canada Elections Act".—(*Honourable Senator Macquarrie*).

Hon. Heath Macquarrie: Honourable senators, I had some procedural questions on this item, which I have presented more than once, and recently I discussed the matter with Senator Austin. One notes that this is not, in fact, a government bill but is the subject of a motion by the minister. I believe we should obtain some procedural purification as soon as possible.

Some Hon. Senators: Hear, hear.

Hon. Jacques Flynn (Leader of the Opposition): I am not sure whether the Deputy Leader of the Government wishes to comment on what Senator Macquarrie has said. Bill S-11 is the subject of a motion by the Honourable Senator Austin. He moved his motion before he entered the cabinet. I am not certain whether he can proceed with a privately initiated bill since he is now a minister.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I am not sure what the correct procedure is. I asked that the matter stand until we could obtain clarification on that point. Clarification must and will be sought. As implied, it depends on what the position of the government will be on the substance of this bill, namely, the question of time zones and returns.

Order stands.

PEST CONTROL PRODUCTS ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Perrault, P.C., for the second reading of the Bill C-45, intituled: "An Act to amend the Pest Control Products Act".—(*Honourable Senator Macdonald*).

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, as I have already explained, I have been asked to substitute for Senator Macdonald. The point in question is the one I raised previously. The bill contains only one clause, which adds to section 2 of the Pest Control Products Act the following:

"(2) This Act is binding on Her Majesty in right of Canada or a province and any agent thereof."

My question, which is specific to this legislation, is: Why are we doing it at this time? Is there any problem? I can understand that Her Majesty in right of Canada would not refuse to be bound by the legislation, even if the act did not mention it. Has there been any problem with regard to Her Majesty in right of Canada or a province? Is it clear that this legislation is exclusively within the federal competence; and, if it is, why are we amending the act to say that it is applicable to the Crown in right of a province, since the jurisprudence that I quoted says that it does not necessarily apply to a province if the legislation is within the competence of Parliament? I would like that question clarified in committee.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, that is a reasonable question. In my remarks in support of the bill on second reading, I pointed out that I was authorized to say that the act had been administered co-operatively between the federal and provincial governments and agencies. The Leader of the Opposition's question is understandable. I understood that it was necessary to add this subsection for the sake of clarity; but if we are seeking clarity, then let us obtain it in committee. It is purely a legal question, and I therefore suggest that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Senator Flynn: If the legislation falls partially within the area of provincial competence, then I suggest that it would not be sufficient for us to say that it applies to the Crown in right of a province. Concurrent legislation would be required.

Senator Frith: I agree. As I pointed out earlier, it would appear that the constitutional question is not in dispute, on the facts before us, but only the principle. Clearly, there is need for this section only in respect of legislation within the federal competence. That matter can be discussed in committee. Experts from the Department of Justice and, if necessary, from the Department of Agriculture can explain why they need this legislation. I cannot see that anything adverse can come from referring this matter to committee. If we find that this subsection is necessary, and we are satisfied, we shall have learned something in the process.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Frith moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

● (1540)

CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUS

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—DEBATE CONTINUED

The Senate resumed from Wednesday, November 25, 1981 the debate on the consideration of the report of the Standing Senate Committee on Health, Welfare and Science entitled: "Child at Risk", tabled in the Senate on 16th October, 1980.

Hon. Martha P. Bielish: Honourable senators, the report entitled "Child at Risk", a study on childhood experiences as causes of criminal behaviour by the Standing Senate Committee on Health, Welfare and Science, was tabled in this chamber on October 16, 1980 by the chairman of the committee, Senator Bonnell.

Senator McGrand had identified the need for the study some five years earlier, but the mandate to undertake the study did not come until March 1977. The committee was authorized

—to inquire into and report upon such experiences in prenatal life and early childhood as may cause personality disorders or criminal behaviour in later life and to consider and recommend such remedial and preventative measures relating thereto as may be reasonably expected to lead to a reduction in the incidence of crime and violence in society;

A dedicated, hard working subcommittee was selected. Countless hours of research, inquiries, travel, reading, organizing, writing and rewriting ensued. A draft copy was produced for the entire committee before the 1980 summer recess. Approval for printing was given and the title of the report was chosen, and that was where I came in. As previously mentioned, it was tabled in the Senate on October 16, 1980. "Child at Risk" was well received and Senator McGrand and his committee received the thanks and congratulations that were their due. Honourable senators have spoken to the report very favourably and honourable senators who were on the committee brought added information on specific areas.

In his initial remarks, Senator Bonnell expressed the hope that:

—this report will be taken seriously by social scientists, sociologists, psychiatrists, criminologists, psychologists and anthropologists. We hope that it will be taken seriously by medical personnel and other university specialists such as philosophers and environmentalists. We hope that it will be taken seriously by those in the private sector such as industrial psychologists, land economists and other qualified citizens such as family physicians, family counsellors, teachers, social workers and others.

It is to those referred to as "others" that I relate most, namely the women of the child-bearing age group and women's organizations, and it is to them that I recommend the report. Over a hundred copies were distributed to organizations in every province and further individual copies were provided as requested. Comments and reactions to the recommendations were invited. Three provincial units have submitted their reports following studies and discussions. Other provincial units report ongoing studies among their membership.

Ivy McVicar, President of Saskatchewan Women's Institutes, says:

> Child at Risk is a report worthy of study by members of Women's Institutes and other such organizations with a view to disseminating the fine quality of information it contains. We need to make people aware of what we as a society must do to protect our children from all preventable risks. I appreciate receiving "Child at Risk" and intend to publicize its contents, as I go about the province speaking to women's groups.

Lois Edie, President of the Manitoba Women's Institute, sent in the report of their committee composed of young mothers, with teaching experience, now at home full-time raising their families. This committee supports most of the recommendations and makes some positive suggestions. Education in schools with lifestyle programs is highly recommended, and people must consider as alternatives whether they want to have children or careers. With regard to recommendation 28, the comment was: "Action is required, not another committee for study."

After reading the report, a mother with four children aged one to 12 told me that during those 13 years she was attended by three different doctors in three different cities. At no time was she asked what her eating, smoking or drinking habits were. She polled other mothers of young children and received the same answers. Is it any wonder that people ask the question, "What happens to this report now?"

Alberta Women of Unifarm undertook a study in three districts and reported to the entire membership. Without exception, all groups support recommendations 16 and 17 and have resolutions on their books expressing similar views.

Concern has been expressed across the nation on the problems associated with adolescent pregnancies dealt with in recommendation 19. The Federated Women's Institutes of Canada have compiled a study called "Challenge from a Changing Lifestyle" and have made copies available to all provincial units. This problem is escalating at an alarming rate.

I was sent a copy of a Canadian Press article appearing in the Calgary *Herald* of December 1, 1981. The article reads as follows:

> Sarah is a 15-year-old high school student who likes designer jeans, hates math and quarrels with her mother about curfew hours.
>
> She also is the mother of an eight-month-old son and one of an increasing number of adolescent mothers in Canada choosing to rear her own child rather than put it up for adoption.
>
> Ten years ago, 30 per cent of teenage mothers opted to keep their children. Today, the figure has soared to 88 per cent.
>
> "We consider all single adolescent mothers to be high-risk mothers," says social worker Nora Alexanian of the Montreal Children's Hospital.
>
> "These girls are so vulnerable themselves. Their ability to tolerate stress is low and motherhood sometimes adds more stress than they can handle.
>
> "In the worst cases, that could manifest itself in physical abuse of the baby."
>
> Alexanian points to cases of young mothers visiting hospital emergency wards—"a cry for help if there ever was one"—and others indulging in self-abuse in the form of drugs and alcohol.
>
> "Most of these girls are seen by a social worker just after the baby's birth, but if they appear to be going home to a good situation there may not be any follow-up," said Alexanian.
>
> "Also many girls shy away from social workers fearing they'll lose their babies."
>
> Whether they remain in the family home or strike out on their own, adds Alexanian, teenage moms are essentially children rearing children. They are struggling for emotional maturity while facing the economic and psychological difficulties of being a single mother.
>
> Social Worker Jocelyn MacKay says many young women who remain with their families after their children are born, move out within months because they cannot handle the pressure of being both child and parent at the same time.
>
> "Chances are she won't find a job and will opt for welfare," says MacKay. "If so, her welfare cheque is no more than $452 a month, plus a family allowance of $21.46 a month."
>
> Only exceptionally-motivated teen mothers finish high school.

• (1550)

These are some of the sad situations. The women of the nation are concerned.

Upon receipt of any report, one naturally looks at the recommendations. What are they? To whom are they directed? Who will be responsible for their implementation? Where will the support for their implementation come from? Who will benefit from them?

Honourable senators, we know what the recommendations are. Approximately half of them are directed to governments—federal, provincial and municipal—either directly or jointly. Other recommendations are directed to the medical profession—medical specialists, health agencies, educators, social workers, pharmaceutical companies and hospital administrations and staff. In the recommendations only a

passing mention is made of non-government agencies; namely, the people themselves, those referred to as "others."

It is my belief, honourable senators, that support for the implementation of the recommendations could and should come from those others—the public and non-governmental organizations and agencies. If the public is sufficiently informed, it can be involved in the decision-making process.

Honourable senators, I consider the recommendations, on the whole, to be excellent. I sometimes wonder about the practicality of some of them, however. I will say that I hope we will see the implementation of recommendation No. 28, in particular. I believe that it will benefit the country in the long term. I certainly hope that the Senate will see that the recommendations contained in this report are carefully considered and implemented where possible.

On motion of Senator Bonnell, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, February 11, 1982

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

Prayers.

[*Translation*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(*g*), that when the Senate adjourns today it do stand adjourned until Tuesday next, February 16 1982, at 8 o'clock in the evening.

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

Hon. Senators: Agreed.

Hon. Jacques Flynn (Leader of the Opposition): I would like to ask the deputy leader whether he is certain that we can adjourn until Tuesday without disrupting our legislative program. Shall we be able to take care of everything that is waiting for us next week in three days? Can he give us some indication about this?

Senator Frith: Yes, honourable senators, I believe that we can do it. In any case, there is a risk that we might have to sit next Friday. However, on the basis of the information I now have I feel that this risk is minimal.

As for the order of business for next week, some legislation has been referred to Senate committees. This is why it is possible and even certain that the committees will be sitting next week to examine legislation and other matters since they met this week to decide about their future proceedings.

It is also possible that Bill C-78 concerning labour relations, will receive third reading on Friday in the other place; this is not certain, but it is possible. It is the only bill which we can expect to receive next week.

The Hon. the Speaker: Honourable senators, if this can alleviate the fears of the Honourable Leader of the Opposition, I can tell him that our rules give me the power to call back the Senate in an emergency if need be!

Senator Flynn: I understand. I simply wanted to avoid our making plans which would have to be changed later on.

Motion agreed to.

[*English*]

● (1405)

QUESTION PERIOD

PARLIAMENT BUILDINGS

DAY-CARE CENTRE—MEMORANDUM SIGNED BY SPEAKER OF HOUSE OF COMMONS

Hon. George J. McIlraith: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. I am holding in my hand a memorandum on the letterhead of the House of Commons. The memorandum is directed to all members of Parliament, employees of the House of Commons and employees of the Library of Parliament. This memorandum is signed by Her Honour the Speaker of the House of Commons.

My question to the Leader of the Government, since under our rules I cannot direct a question to His Honour the Speaker, is this: Did the Leader of the Government have knowledge that this memorandum was addressed to all members of Parliament, and did he in any way authorize it or was he consulted about it? If not, would he consult with His Honour to see whether it was in any way authorized by an officer of the Senate, and determine why it was not signed by His Honour if it was so authorized?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, inquiries will go forward immediately.

BRITISH COLUMBIA

PURCHASE OF URBAN TRANSIT SYSTEM DEVELOPED IN ONTARIO—FEDERAL CONTRIBUTION

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate. If we are to believe newspaper accounts to the effect that there is a continuing dispute between the federal government and the provincial governments, it would appear that we are about to witness what has been suggested by some people to be a reneging on a commitment by the federal government to contribute $60 million to British Columbia for the Vancouver rapid transit system.

My question to the Leader of the Government is: Why has the government now tied its promise to certain arrangements concerning Expo '86?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, those who make allegations of that kind know little of the project. Obviously, they have not spoken

with anyone in a position of knowledge in either the Government of British Columbia or the Government of Canada. Allegations and concerns of the kind mentioned by Senator Nurgitz are not based on fact.

Senator Nurgitz: I have a supplementary question, honourable senators. I take it, therefore, that the commitment of $60 million to the Vancouver rapid transit system is in place and is going forward.

Senator Perrault: Honourable senators, there have been a number of meetings and conversations with representatives of the Government of British Columbia over the past few weeks. Indeed, a meeting was held shortly after the new year involving Senator Olson, other ministers and myself. That meeting took place in Victoria. It was an amicable and co-operative meeting. A discussion on a range of issues was held at that time, and since that time other discussions have been held with respect to the possible LRT federal contribution, Expo '86 and other matters.

Senator Nurgitz: If I may, honourable senators, I should like to say that back in December, 1980, the Leader of the Government in the Senate and Senator Olson confirmed this commitment without reference to anything else. I am not satisfied with the answer given by the Leader of the Government this afternoon. He has not confirmed that the $60 million commitment is going forward. Would he confirm that?

Senator Perrault: Well, honourable senators, an announcement will be made at an appropriate time in the very near future with respect to the federal involvement in the LRT system. May I say, however, that Expo '86 which is to be a world's fair, has as its theme transportation in the 1980s, the 1990s and into the twenty-first century. It was thought by the Government of Canada that this would be an opportunity to demonstrate Canadian transportation technology in all its forms, such as rapid transit, aircraft, marine, and so forth.

• (1410)

The purpose of the fair is to "showcase" Canadian and world transportation technology. Canadians should be very proud of the fact that some of the most innovative technology in the area of light rapid transit exists in Canada. In Kingston, Ontario, there is an enterprise, involving Canadians from many provinces working in the development of this LRT technology.

At one point in the Expo '86 negotiations the federal government volunteered the view that if a world's transportation fair is to be held in Vancouver it would present a useful opportunity for the federal government to participate in helping to "showcase" Canadian light rapid transit technology. Subsequently, the Province of British Columbia has become rather concerned about the escalating costs of the proposed world's fair. The question has arisen whether or not a transportation fair is viable under present conditions. The decision with respect to the federal contribution to light rapid transit has been delayed as a result of the uncertainties surrounding the decision taken unilaterally by the Province of British Columbia to review its previous determination to have a fair in 1986, and to discuss with the federal government further federal involvement in the project. That is the only reason for the delay in the delivery of any cheque.

Senator Nurgitz: As a final supplementary, I take it, therefore, that in the event of any further problems with the exposition there will be no $60 million funding?

Senator Perrault: It cannot be assumed that under those circumstances the federal government's contribution to that light rapid transit demonstration project would not be made, but that would be a separate decision in itself. If the world's fair on transportation does not proceed, then another decision would have to be made whether, despite that decision, the economic return to Canada of an LRT demonstration project could be such that we should proceed with that federal contribution.

THE CONSTITUTION

STATUS OF LEGISLATION BEFORE BRITISH PARLIAMENT

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate. I have heard that the Prime Minister will be making an announcement in the other place relating to the adoption by Westminster of a bill respecting the Constitution. Can the leader tell us anything about that?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, we have been in contact with British officials in recent hours with respect to the possible second reading debate of that measure next week. No final date has yet been set for the possible passage by Westminster of the constitutional proposals. Therefore, it is not possible yet to announce any firm date for any ceremony to take place in Ottawa.

CONSUMER AND CORPORATE AFFAIRS

TRADEMARK BILL

Hon. John M. Godfrey: Honourable senators, I have a question for the Leader of the Government in the Senate. On February 13, 1979, I moved second reading of a new trademark bill, and I said at the time:

> In 1971—

Note that the year is 1971.

> —the Trade Marks Act has been subjected to a thorough examination by the Economic Council of Canada in its report on Intellectual and Industrial Property.
>
> This started the process of serious consideration being given to once again revising the Trade Marks Act. After careful consideration of the various commentaries that have been received by the government in response to the Economic Council's report, the government, in 1974—

Note that year.

> —issued a working paper on the revision of the Trade Marks Act and invited comments thereon. Those comments, together with extensive consultation with the private sector and with the relevant government depart-

ments, have culminated in Bill S-11, which is before us tonight.

Towards the end of my speech I said:

> Certain officials in the Department of Consumer and Corporate Affairs are holding a series of seminars across the country with persons interested in this bill. These seminars commence in Edmonton on February 20 and finish in Halifax on March 8. At these seminars there will be briefings on the contents of the bill, and the changes to the present act . . .
>
> The real purpose in presenting this bill is so that it can go public, and so that everyone can have a reasonable length of time to consider its contents and make recommendations both to the department and to the Senate committee.

● (1415)

At that time it was not possible for the bill to be dealt with before the election was called. This coming Saturday we shall celebrate the third anniversary of my introduction of that bill in the Senate, and we still have not got the bill back. It is 11 years since the process began, and eight years since the government issued a working paper on revision of the Trade Marks Act.

My question is: How many more years do we have to wait? Can anything be done to instil a sense of urgency in the officials of the department who are looking after this matter?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, when this legislation finally emerges into the light of day, the opposition will be in no position to attack the legislation for having been dealt with hastily and rushed through Parliament.

Hon. D. G. Steuart: They might not even be the opposition by then.

Senator Perrault: In that regard, may I suggest that during that period of delay alleged by Senator Godfrey there were several months when a Conservative government was in office. Let us keep that in mind. There were similar delays when they had the responsibility of government—perhaps for some of the reasons which have slowed its progress under our auspices. But let us hope that when the measure finally emerges it will be soundly drafted and well considered.

Senator Godfrey: Honourable senators, as a supplementary, is the leader going to take my question as notice and report back? It is obviously a bill for the Senate to study. It is a highly technical bill. We have the time, and we should get cracking on it.

Senator Perrault: Senator Godfrey makes a valid point. The question will be taken as notice and a report will be brought to the Senate as soon as possible.

[Senator Godfrey.]

THE BUDGET

OWNER-OCCUPIED HOMES—SUGGESTED TAXATION OF IMPUTED RENT AND CAPITAL GAINS

Hon. Lowell Murray: Honourable senators, I should like to address a question to the Minister of State for Economic Development on a matter arising from the budget. The Minister of Finance, in his budget address on November 12, said:

> A study of selective tax preferences available to individual taxpayers, which I am tabling tonight, shows that the revenues lost through selective write-offs, exemptions and deferrals are massive. Over $47 billion of personal income escaped tax in 1979.

In the document that the Minister of Finance tabled that evening he listed, among the loopholes or tax expenditures, the imputed rent and capital gains on owner-occupied homes.

My question to the Minister of State for Economic Development is: In the judgment of the government, would a more equitable tax system be one in which imputed rent and capital gains on owner-occupied homes were taxed?

Hon. H. A. Olson (Minister of State for Economic Development): The answer is no.

Senator Murray: In that case, may I ask the minister why, in the context of the statement of his colleague, the Minister of Finance, which I have just quoted, these so-called housing tax preferences are listed in the document tabled by the Minister of Finance?

Senator Olson: My honourable friend should read it carefully, which I am sure he has. That was the information that was given to the house and to the public, all of which adds up, as the honourable senator has pointed out, to $47 billion of personal income and benefits that are not taxable because of a number of—

Senator Murray: —loopholes. Is that a loophole?

Senator Olson: —incentives and other deductions. The opposition has continued to use the word "loopholes," but we don't. Many of them were legitimate incentives, that were designed for a specific purpose; and in many cases that purpose has been achieved. I could list some of them. They were incentives, but in keeping with the spirit of revealing as much information as possible, to have the opposition as well informed as possible, the Minister of Finance gave an explanation of the component parts of that amount of personal income and benefits that, for deduction purposes, however you want to describe it, are not taxed.

● (1420)

Senator Murray: Well, again I quote the minister's colleague, the Minister of Finance, in the budget address:

> Many Canadians find our tax systems unfair, and I agree with them. They realize that taxes are necessary to pay for important government services, but they feel that rates of tax are too high. They sense that others, the well-advised or the wealthy, very often pay less than their fair share.

The next paragraph is the one I cited earlier, in which the Minister of Finance said that there is $47 billion of personal income escaping tax. In the table he includes what he calls the housing tax preferences, the imputed rental income, and capital gains. Now, either the Minister of Finance feels, and the government feels, that a more equitable tax system would be one in which these things are taxed, or they have included these things simply to inflate the figure and give a totally false impression of the so-called loopholes that exist. Is it a loophole that the owner of a home, occupying that home, does not pay tax on the imputed rental?

Senator Olson: No, honourable senators. What we are witnessing here is either the product of a simplistic approach—

Hon. R. James Balfour: It was a simplistic budget!

Senator Olson: —or, on the other hand, perhaps the convoluted structures that my honourable friend likes to put in place relating to some things directly, without putting in the qualifications that are implicit in them. Most people who have read the whole speech and understand it—and I am sure my honourable friend understands it, too—and, furthermore, want to understand it, without wanting to go through the convolutions that he is trying to lead us into, of course get the right perception of what the minister was saying.

TRANSPORT

CANADAIR LTD.—ALLEGED ACCUMULATED LOSS

Hon. R. James Balfour: Honourable senators, I have a question for either the Leader of the Government in the Senate or the Minister of State for Economic Development. My question concerns the affairs of Canadair Ltd.

Is there any substance to the report that Canadair Ltd. may expose the taxpayers of Canada to an accumulated loss in excess of $1 billion, in the form of a government guarantee?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not know that I can comment on that at this point, but I will look into it. It may be that there are a number of commitments that have been made for the rather significant and successful design and construction of the Challenger aircraft. I suppose you could go through the same sort of convolutions as Senator Murray did a few minutes ago, and assume that if we lost all those sales there might be some accumulated debt. Of course, we on this side of the house do not proceed on the basis of the worst possible scenario, because that is not the way it turns out so long as we are trying to manage the economy.

Senator Balfour: As a supplementary question, is it correct that the government has been asked to inject a further $300 million into this corporation's treasury in order to keep it afloat?

Senator Olson: I will have to check into that. I would expect, though, that if there has been a request for an additional injection of equity, it is on the basis of the prospect of some future development.

Hon. Duff Roblin (Deputy Leader of the Opposition): As a supplementary and further to that matter, could my honourable friend tell me whether it is essential that the government provide that $300 million, which I am sure they will be asked to deal with, or whether it can be obtained by the company on the open market, as other companies in the system have to do? Will the minister let me know what the policy of the government is in that respect?

Senator Olson: Honourable senators, my honourable friend will realize that the Government of Canada is either at or near 100 per cent ownership of the equity of that company, for a number of reasons that arose many years ago. When we talk about equity, unless we are prepared to move to sell that corporation off to the private sector, which does in fact bring up a whole new set of rules, terms and conditions under which the company would operate, we have to look at the situation in the light of the kind of rearrangement that obviously would have to be carried out. We have some examples of cases in which this has been done, and some of cases in which it has not. Therefore, you cannot make the argument that you can get equity from sources other than government until you have also made the other decision, that is, as to how this kind of crown corporation operates. Certainly, at this point in time the decision I am talking about—to change the rules, terms and conditions of investment in that company—has not been made.

Senator Roblin: May I remind my honourable friend that in the case of the Canadian National Railways there has been a move away from direct government injection of capital towards borrowing in the open market.

• (1425)

Senator Olson: That is, however, different from equity.

Senator Roblin: I am not talking about equity.

Senator Olson: That is what you were talking about a minute ago.

Senator Roblin: If I was, I apologize. I am really talking about debt capital, because it is money that this company wants. I gathered from the press report, which I suppose we have all read, that they were seeking debt capital and not equity capital. That is another question altogether; I am in entire agreement on that. Why, however, is this company not being urged to explore the possibilites of raising what it requires for debt capital in the open market?

Senator Olson: Honourable senators, that is a different question. I apologize if I misunderstood. I understood the Honourable Senator Roblin to inquire as to whether or not the government would consider allowing equity into that company outside of government investment in that company. I will take the other part of the question as notice. I do so because I would like to check, first of all, to ascertain whether there are not already debt provisions for the company provided outside of the federal treasury. I am not entirely sure about that at the moment.

GRAIN

CROWSNEST RATES—POSITION OF MINISTER OF STATE FOR CANADIAN WHEAT BOARD

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board. Without reading into the record the many statements that the minister has made in the past concerning the Crow rate, may I ask the minister—more in sorrow than in anger—how he reconciles his continuance in the cabinet—

Hon. Royce Frith (Deputy Leader of the Government): Stop smiling when you say that!

Senator Murray: —with the course that is traditional and honourable under our constitution for ministers who have had their convictions and proposals denied by their colleagues?

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): Honourable senators, I do not have any trouble answering that question. Over recent months I have taken part in many battles with regard to the Crow rate. I am pleased that the announcements which have been made show that a great many of the propositions that I have put forward in this important discussion have in fact been accepted.

Hon. H. A. Olson (Minister of State for Economic Development): Hear, hear!

Senator Argue: Yesterday I had the opportunity to address the Canadian Federation of Agriculture convention in Moncton, New Brunswick. In my speech I dealt at considerable length with the transportation policy. I might tell my honourable friends—and the record will so indicate—that I did not receive a single critical question or comment.

Senator Olson: Hear, hear!

Senator Argue: That is the kind of vote of confidence that is really important in the operation I have. If the honourable senator wishes, I could go on and list all of the things contained in this policy that assure me that, when the discussions are taking place, the government will keep in mind the fact that the leaders of the organizations representing the bulk of the producers in the west have in fact asked for negotiations, and that the negotiations will be fair.

I hope I will be able to say, when the negotiations are completed, that the prospects by way of a statutory rate for the producers for the next 80 years will be just as favourable as the rates have been in the past 80 years.

Senator Olson: That is what pre-consultation—genuine consultation—delivers.

Hon. R. James Balfour: Honourable senators, may I pose a supplementary question to the Minister of State for the Canadian Wheat Board which his colleague, the Minister of State for Economic Development, was either unable or unwilling to answer the other evening? It is simply this: The present Crow rate imposes a fee of approximately 14 to 15 cents a bushel on the producer of wheat for its transportation. Would the minister inform the chamber of the monetary parameters of the negotiation? That is to say, is the producer faced with an increase to 50 cents a bushel, to $1 a bushel, to 30 cents a bushel? What are the parameters within which the negotiation will take place?

[Senator Olson.]

Senator Argue: I can say to the Honourable Senator Balfour that his question reminds me of the forecast that was made by that transportation expert in the House of Commons, the Honourable Les Benjamin, who, when the policy was announced, said it would mean a fivefold increase in the Crow rate to the farmers. The announcement said nothing on that question at all. It is absolutely clear, from all of the statements that have been made, that it is in the process of negotiation.

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear!

Senator Argue: The outcome has not yet been determined by the government. It is clear from the statement of Mr. Pepin that, whatever happens, there will be contributions made by the railroads. I might add that even though the government is now pledging $3.2 billion for transportation—which is a lot of money—in the period of time from now until 1986, it is still willing to discuss further government contributions.

• (1430)

Mr. Pepin in his statement said:

> Grain will always have, to use the language of Quebec, a special status in Canadian economics and the producers of western Canada should be able to count on that.

I am fully convinced that the negotiating process will result in a statutory rate that is eminently fair.

Senator Olson: That is the answer I gave him yesterday.

Senator Murray: I read the reports of the minister's speech and what I take to be a subsequent interview with the news media in Moncton, and there is a matter on which I would like some clarification. I would like to know whether any change in the statutory rate is subject to agreement as a result of these consultations that are now going on?

Senator Argue: Honourable senators, the government is operating on the firm hope and belief that the negotiator will be able to arrive at a conclusion that has the support of the main organizations in western Canada and that that kind of recommendation, based on a consensus, will be the type of recommendation that will be made to the government.

Senator Murray: I just want to confirm that there is no inconsistency between the statements made by the Minister of State for the Wheat Board in Moncton and the earlier statements made by his colleague, the Minister of Transport. Is it the government's intention to go ahead with changes in the rate, with or without agreement?

Senator Argue: Honourable senators, the honourable senator may interpret the government policies in any way he wishes.

Hon. Richard A. Donahoe: He is asking for information.

Senator Argue: If the ultimate agreement is based upon negotiations, then I am positive and confident that we will

achieve a general consensus, and that on that basis the legislation will be brought in.

Senator Murray: Honourable senators, I am sure that we can clear up this misunderstanding very quickly. Will the minister state whether the government is prepared to impose a change in the rate without agreement?

Senator Argue: Honourable senators, my honourable friend can speculate in any way he wishes.

Senator Donahoe: What kind of an answer is that?

Senator Argue: I am sure that all honourable senators are aware that the track record of the government is pretty good.

Senator Perrault: Hear, hear.

Senator Argue: For example, in the case of the Constitution, the lamenters, wailers and cry-babies all said that there would never be agreement, but agreement was reached, even with the Tories. The same feeling was expressed with regard to agreements on oil pricing with the provinces.

Senator Murray: I am sorry I asked.

Senator Argue: Everybody was up in arms, there was almost a revolution, but then that near-separatist, Premier Lougheed, decided to come back into the fold, be a great Canadian and a great federalist once again, and he signed up. So honourable senators need not worry. I suggest that they have confidence—

Senator Doody: Sit down.

Senator Argue: —because I am sure the policy that will finally be put into effect will receive general approval.

Senator Frith: And thereby we have cleared up the misunderstanding.

THE ECONOMY

STIMULATION—GOVERNMENT POLICY

Hon. Richard A. Donahoe: Honourable senators, in the interest of clarity and in the interest of not having to listen further to the greatest turnabout expert in the world, I address my question to the Minister of State for Economic Development. Would the minister indicate whether the government intends to reject either a major or a minor stimulus of the economy beyond that which is provided for in the budget?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, first one must define the terms "major stimulus" and "minor stimulus." The government has announced over and over again that it intends to continue the programs that it has implemented, and those programs could be interpreted as minor stimuli to the economy, if one likes, even though they are introduced as a matter of course. As a matter of fact, approximately $9 billion has been injected into the economic sphere through various programs this year. If one considers that in fiscal terms, it is a fairly significant stimulus when related to the size of the budget, even though it is reduced from what it was in past years. So the terms "minor" and "major" must be defined.

The Minister of Finance has said that he is not willing to enter into further major stimuli because they would be contrary to the monetary policy of the government and, indeed, the economic management policy whereby we are attempting to fight inflation by keeping costs down, simply because of the very serious consequences that further inflation will have on the health of this economy.

Senator Donahoe: Honourable senators, I have a supplementary question I would like to address to the same minister. I have been challenged on a definition for the terms "major" and "minor", and I, of course, in my limited knowledge, am unable to tender any such definition. However, there are men of much greater weight than I in this country who have defined these terms. One of them is no less a person than the Minister of Finance of this country. Mr. MacEachen is reported in the *Globe and Mail* of February 11, 1982 as saying:

> I have talked about major fiscal stimulus, and I am not in favor of that.

Senator Olson: You know that.

Senator Donahoe: Well, certainly, neither I nor the minister are in favour of major stimulus. The article goes on:

> When I talk about major stimulus, I'm talking about very big sums—five to ten billion dollars.

It seems to me that any amount less than $5 billion is to be qualified as a minor stimulus and that anything over $5 billion is to be qualified as a major stimulus. Therefore, my supplementary question to the minister is: Does the government intend to move in the direction of what, by the definition of the Minister of Finance—and keeping in mind that the other day we saw that ministers, regardless of their position in the government, on occasions when they take issue with the policies of the government, may speak for themselves, even though their consciences seem to allow them to remain as members of the government—would presumably be a minor stimulus of less than $5 billion in order to alleviate the critical unemployment situation?

Senator Olson: Honourable senators, I do not know how to answer this question with all its generalities. I say that because the government is constantly giving minor stimuli to the economy through the private sector and, indeed, through the government itself. Some of these stimuli, whether they are by the honourable senator's definition or by the definition the honourable senator attributes to the Minister of Finance, may not add up to much, but taken together they are another matter entirely. For example, a program was recently announced to increase the funds available to the Federal Business Development Bank from $200 million to $475 million. By the honourable senator's standards this may be minor assistance, but if it is understood that the debt-to-equity ratio was increased from 10 to 1 to 15 to 1, then, of course, it is seen that there is $3.2 billion available to small businessmen through the FBDB.

Another example is the recent announcement that $43.9 million was allocated for the Panamax Dry Dock in Halifax. The National Harbours Board has put up $47 to $50 million to

expand facilities for the Roberts Bank. The government recently announced a northeast British Columbia coal deal, the total investment in which is to be $2.5 billion, including a commitment from the federal government of about $275 million to improve loading facilities and another $275 million to strengthen the rail lines and to buy equipment for the development. Of course, an equal or a greater amount was put up by the Government of British Columbia and approximately $1.5 billion by the commercial companies involved. We have a long list of items. A very significant number of dollars will be and have already been spent on forestry sector strategy. There was a special increase of $42 million to the Department of Fisheries and Oceans to introduce a variety of new initiatives for improved fishing management and marketing systems. Once the study has been completed, more money will be allocated to that endeavour.

• (1440)

Petro-Canada's budget has been substantially increased, from $900 million last year to $1.59 billion this year. The recently announced Norman Wells pipeline project will cost over $1 billion. When you add the development which will take place in the field to the cost of the pipeline itself, these amount to very substantial increases. The list is very long and amounts to hundreds of millions of dollars and, indeed, even to scores of billions of dollars if you add the private sector financing which will apply to all these items.

The answer to my honourable friend's question is that it is going on all the time.

Senator Donahoe: Honourable senators, if I may, I will read what would have been the text of my supplementary question. I did not ask for or expect the minister to make specific announcements today, but I proposed to ask him if he would indicate the areas of the economy in which the government is likely to provide a stimulus. He has indicated projects which are in hand and which the government is now undertaking.

As a result, I am prompted to ask him this simple and single question, and I would greatly appreciate a definite yes or no answer: Is any one of the projects to which he has just referred, and which he says the government is undertaking, a remedial program designed to augment the failure of the budget and to provide employment to offset the difficulties that this country is undergoing?

Senator Olson: Of course, in order to answer that kind of question one would have to agree with the preamble to the question which, in my opinion, is absolutely false. We do not accept that there are any failures in the budget.

Some Hon. Senators: Ha, ha!

Senator Donahoe: There's none so blind as he who will not see.

Senator Olson: Or he who will not hear.

[Senator Olson.]

EMPLOYMENT AND IMMIGRATION

REFUGEE STATUS DETERMINATION PROCESS

Hon. Stanley Haidasz: Would the Leader of the Government inform us of the changes the government has introduced, if any, to improve the refugee status determination process in view of the criticism from many concerned quarters about the disappointing decisions of the Refugee Status Committee?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

Senator Haidasz: Perhaps the Leader of the Government could try to answer this somewhat similar question, or take it as notice: Is he able to tell us today whether the Immigration Appeal Board will be expanded to include a special refugee panel to assist that board in its difficult work?

Senator Perrault: The question will be taken as notice.

FOREIGN AFFAIRS

CONFERENCE ON SECURITY AND CO-OPERATION IN EUROPE

Hon. Peter Bosa: Honourable senators, my question is for the Leader of the Government in the Senate. There have recently been reports of alleged disagreement among the western nations in relation to the adjournment of the Conference on Security and Co-operation in Europe now being held in Madrid. Can the Leader of the Government throw any light on this subject?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I had hoped to have an update, as of today, on this subject. However, it can be said that in a statement at the Madrid meeting of the CSCE the Secretary of State for External Affairs deplored the current situation in Poland, which calls into question the commitment of the Polish authorities to the principles of the Helsinki Final Act. He reiterated the Canadian government's call for national reconciliation in Poland.

The Secretary of State for External Affairs further stated:

> In our view the actions of the military authorities in Poland and the pressure exerted by the Soviet Union to reverse the legitimate process of renewal and reform in Poland constitute serious violations of the Helsinki Final Act. As a signatory of the Final Act it is our right and obligation to call attention to these violations in the strongest terms. We place great value on the CSCE process but in light of developments in Poland do not consider it possible simply to return to "business as usual" in Madrid. In order to protect what has been achieved thus far and to preserve the CSCE process for the future it might be advisable to adjourn the Madrid Meeting for a period of time; such action however can only be decided in Madrid with the consensus of all participating states.

Further information will be sought on this question and an update brought to the Senate as soon as possible.

THE SENATE

OTTAWA WINTER CARNIVAL—PARLIAMENTARY HOCKEY MATCH

Hon. P. Derek Lewis: Honourable senators, I have a question for the Leader of the Government. Is he aware of the brilliant fashion in which the honour of the Senate was upheld last night? I understand that in a parliamentary hockey game on the Rideau Canal one of our members, Senator Graham, scored two goals in a rather lopsided 9-to-0 victory over the opposition.

Some Hon. Senators: Hear, hear.

Hon. Raymond J. Perrault (Leader of the Government): I thank Senator Lewis for bringing this information to the Senate in the spirit of the freedom-of-information approach of this government.

Indeed, a trophy-winning victory of notable and historic dimensions, 9 to 0, was scored by Liberal parliamentarians over a combined and very badly disorganized Progressive Conservative-NDP opposition.

Hon. Orville H. Phillips: Are we going to give them a new contract?

Senator Perrault: Senator Graham also scored two assists.

PARLIAMENT BUILDINGS

DECORATION OF ROOM OCCUPIED BY CANADIAN PRESS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a reply to a question asked yesterday by Senator Donahoe. The allegations made by the honourable senator yesterday have been under intensive scrutiny during the past 24 hours.

He asked about the decoration of certain offices of the Parliamentary Press Gallery. He said that these offices were occupied by the CBC. This is not the case. These offices are occupied by Canadian Press, a co-operative news agency owned by private industry.

Senator Donahoe objected to a picture of the President of the U.S.S.R. in that office. I am advised by the office of the President of the Privy Council that perhaps Senator Donahoe did not notice the cartoon pasted on the President's forehead which read, "Blame it on the Press!" I am also informed that a staff member of Canadian Press, who is interested in the re-decoration of their recently enlarged offices, has asked the Privy Council Office for a picture of Her Majesty the Queen of Canada.

Incidentally, I am informed that the two young women who were present at the time of the senator's entry into their office resent that he mistook them for young men.

Some Hon. Senators: Shame! Resign!

ELECTRICITY AND GAS INSPECTION BILL

THIRD READING—ORDER STANDS

On the Order:

> Third reading of the Bill C-11, intituled: "An Act relating to the inspection of electric and gas meters and supplies".—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators will recall that when consideration of this bill was adjourned yesterday I asked that it stand in order to give the Standing Senate Committee on Legal and Constitutional Affairs an opportunity to study the implications of the Interpretation Act section which appears not only in this bill but also in the Pest Control Products Bill.

Since we may not receive a report from the committee on that subject matter for a week or so, I feel we should stand this matter for at least a week. Therefore, I recommend that this order stand until at least next Wednesday.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Order stands.

CANADA ELECTIONS ACT

BILL TO AMEND—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Austin, seconded by the Honourable Senator Goldenberg, for the second reading of Bill S-11, intituled: "An Act to amend the Canada Elections Act".—(*Honourable Senator Macquarrie*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have an interim report for Senator Macquarrie, Senator Murray and others who are interested in this subject matter.

Bill S-11 deals with the subject of what has come to be called "the electoral clock." Honourable senators will recall that there were two other bills before Parliament dealing with the electoral clock. One was a bill which at one time was known as Bill C-237, a private bill sponsored by Mr. Clarke—not the Leader of the Opposition in the other place; and there was also a private bill, Bill C-626. So, in all, on the electoral clock, we had Mr. Kilgour's Bill C-626, Mr. Clarke's Bill C-237, and Bill S-11. I understand that the House of Commons Committee on Privileges and Elections studied Bill C-237 and made a report. The government is studying that report. I hope we can come up with something dealing with the whole subject of the electoral clock.

● (1450)

Bill S-11 and Bill C-626 are almost identical, I believe. Bill C-237, while it deals with the electoral clock, does not make the same recommendations nor does it contain the same provisions.

Honourable senators, that is an interim report. We are continuing with our inquiries, and I hope that within a week or two I will have further news on the subject of the government's position.

Order stands.

CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUR

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on Health, Welfare and Science entitled: "Child at Risk", tabled in the Senate on 16th October, 1980.—(*Honourable Senator Bonnell*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I am informed by Senator Bonnell that Senator Croll would like to speak on this order before it is considered to have been debated. It might be appropriate, therefore, to have this order adjourned in Senator Croll's name.

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

Hon. Senators: Agreed.

Order stands.

OFFICIAL LANGUAGES

SECOND AND FIRST REPORTS OF SPECIAL JOINT COMMITTEE ON OFFICIAL LANGUAGES—ORDERS STAND

On the Orders:

Consideration of the Second Report of the Special Joint Committee on Official Languages.—(*Honourable Senator Guay, P.C.*).

Consideration of the First Report of the Special Joint Committee on Official Languages.—(*Honourable Senator Murray*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I am glad to see that Senator Murray is still in the chamber. Orders 7 and 8 both deal with reports of the Special Joint Committee on Official Languages. The order concerning the second report stands in Senator Guay's name, and that concerning the first report stands in Senator Murray's name. Senator Guay tells me he and Senator Murray agree that it is more appropriate to have the debate on the first report first.

Senator Murray, I believe, may not be in the chamber next week. I suggest that these orders stand for a couple of weeks so that he and Senator Guay can sort out the chronology, and we might deal with both of them in the same week.

[Senator Frith.]

Hon. Lowell Murray: That would be completely satisfactory, and I thank the Deputy Leader of the Government for his suggestion.

Orders stand.

EL SALVADOR

POLITICAL, MILITARY AND SOCIAL SITUATION—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Macquarrie calling the attention of the Senate to

(1) the increasingly dangerous political, military and social situation in El Salvador;

(2) the compelling hazards of third party interventions and the possibility of the escalation of hostile actions within El Salvador;

(3) the further compelling importance of the resolution of the conflict by means of a political settlement rather than through recourse to sustained and bloody armed conflict; and

(4) the value of Canadian encouragement and support of the efforts of those individuals and groups seeking mediation of the conflict in El Salvador.—(*Honourable Senator Murray*).

Hon. Lowell Murray: Honourable senators, I should like to point out that I adjourned this matter many weeks ago simply to keep it open for any honourable senator who may wish to speak on the subject so that the events could be discussed as they unfold in that country. At this moment I do not have any personal intention of speaking to this order.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I wonder if the Honourable Senator Murray would consider now, or perhaps at some point in the future, treating this order as having been debated. I make the suggestion for this reason: Senator Macquarrie maintains a close interest in this subject. I think there are now questions on the Order Paper dealing with the position of the government in regard to observers at the proposed election in El Salvador, and so forth. I wonder whether that subject might better be dealt with in ongoing questions during Question Period. The matter would then always be up to date, and we could then consider this order as having been debated. Of course, we can always initiate another inquiry.

Senator Murray: I would like to consult with my colleague, Senator Macquarrie, at whose suggestion I adjourned this matter, before I agree to that request.

Order stands.

[*Translation*]

NORTH ATLANTIC ASSEMBLY

TWENTY-SEVENTH ANNUAL SESSION, MUNICH, WEST GERMANY—DEBATE COMPLETED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Bonnell calling the attention of the Senate to the Twenty-seventh Annual Session of the North Atlantic Assembly, held at Munich, Federal Republic of Germany, from 11th to 16th October, 1981, and in particular to the discussions and proceedings of the Session and the participation therein of the delegation from Canada.—(*Honourable Senator Leblanc*).

Hon. Fernand-E. Leblanc: Honourable senators, the inquiry of the Honourable Senator Bonnell calling the attention of the Senate to the 27th Annual Session of the North Atlantic Assembly, held at Munich, Federal Republic of Germany, from October 11 to 16, 1981, and in particular to the discussions and proceedings of the Session and the participation therein of the delegation from Canada is most deserving in my opinion. It gives us a chance to throw some light on some of the problems facing the members of this Assembly and to make Canadians more aware of the active participation of the Canadian delegation.

During his intervention on October 28, 1981, Senator Bonnell described in detail the makeup of the Canadian delegation and the composition of the various committees. He spoke eloquently about the work of the committee on which he sat, namely the Scientific and Technical Committee. I wish to congratulate him, not only for having developed his subject matter so ably, but also for having promptly informed the Senate of his own findings.

The next day, October 29, the Honourable Senator Yuzyk, who is here today, also spoke about the work of the Canadian delegation and stressed especially the important sessions of the Subcommittee on the Free Flow of Information and People. I want to congratulate him also for having expressed his thoughts on this subcommittee very clearly. It is indeed unfortunate that his mandate should have expired since he has ably served the cause of international freedom and democracy.

I am pleased to associate myself with these honourable senators in congratulating Leonard D. Hopkins, M.P., Chairman of the Canadian NATO Parliamentary Association and leader of the Canadian delegation to this 27th annual session.

I had the privilege of sitting on the Political Committee, presided over by Mr. Robert McCrindle, member of the British Parliament, and I would like to take a few minutes to tell the Senate about the work of this committee. Those who represented Canada on this committee were, in alphabetical order, the Honourable Senators Hastings, Leblanc and Murray and Messrs. Harvie Andre and Leonard D. Hopkins, members of Parliament.

I do not intend to discuss all the work done by this committee in detail. However, I would like to give a brief summary of our main discussions.

The first speaker was Mr. Norman Bailey from the United States, Head of the Planning and Evaluation Department of the National Security Council. His conference was entitled "Problems and Outlooks of the Economic Policy of the United States and its International Impact". Mr. Bailey talked about the confusion surrounding the phenomenon of high interest rates. He also outlined the American policy on East-West economic relations. The position of the United States is that the Soviet bloc should not be given direct or indirect assistance to update or expand its military forces. According to Mr. Bailey, western nations should avoid becoming dependent upon Soviet resources. I will get back to that subject later on when referring to the establishment of the East-West economic relations subcommittee. Mr. Bailey's remarks did raise objections and questions on the part of many delegates from various countries and they were followed by a very interesting discussion.

After that we heard a statement by Uuve Jenisch of the Federal Republic of Germany on "The Worldwide Implications of the Law of the Sea Conference", followed by a discussion on the rights of nations to develop offshore resources, and we know that we also have that problem between Canada and the United States. Later, Mr. P. R. Odell of the Netherlands spoke on "The Future of Petroleum". Unlike others, Mr. Odell had a very optimistic outlook on worldwide energy resources and the choice of a world energy strategy.

Then we heard France's Senator Lacouret, chairman of a task force on Portugal, who tabled a draft resolution on "Portugal's Economic Situation and Need for Assistance". In the conclusion of that resolution they express the unanimous desire to see Portugal bolster her economic potential. Indeed, that task force was authorized to monitor and, if possible, lead the economic recovery of Portugal.

At a subsequent sitting, the commission reviewed the report of the economic commission general rapporteur, Senator Frans Uijen of the Netherlands, on "The Economic Aspects of Atlantic Safety". This prompted a very lively debate which eventually paved the way for certain amendments.

Our Canadian representative, Honourable Senator Hastings, general rapporteur on energy policy, presented to that commission a very exhaustive report on "The Atlantic Alliance and the Energy Challenges". I am pleased to extend to him my most sincere congratulations for the high quality of his report which raised many questions without leading into a controversy.

I would be remiss if I did not mention the setting up of a subcommittee on East-West economic relations, more especially since its proceedings began in December 1981. I had the privilege to be called to sit on that committee established as a result of the report presented by the general rapporteur, Senator Frans Uijen of the Netherlands, which, as I mentioned earlier, was discussed at length. The report mentions several times East-West exchanges and I will quote briefly a few relevant excerpts about the setting up of the subcommittee: On page 7 of the report, in clause 22, the following can be read:

> —the economic relations between member countries of the Alliance and the COMECON countries have given rise to a growing controversy among allied Western countries and some political groups.

And on page 8, clause 23, we find the following, and I quote:

> However, for some economic sectors, exports to Eastern countries are important in terms of employment and production.

On Page 9, clause 26, and I quote once more:

> Undoubtedly East-West trade has much more interest for some member nations of the Alliance than for others. This is the case in particular of the F.R.G. and its geographic location.

Moreover, resolution 109 on the economic aspects of Atlantic security, passed by the North Atlantic Assembly, mentions in part, and I quote from clause 4 of the report on the resolution:

> —to maintain and develop East-West trade relations in order to help improve the political climate between the two blocs;

Since the Federal Republic of Germany has the biggest stake in this matter, not surprisingly the first meetings in December were held in West Berlin, Cologne and Bonn. These were strictly information sessions for the following delegates: Mr. Pierre Bassetti, member of the Italian Parliament, chairman of the subcommittee; Dr. Ludolf Von Wartenberg, member of the Federal Republic of Germany's Parliament, rapporteur of the subcommittee; Mr. Peter Manning, M.P., Federal Republic of Germany; Mr. Robert McCrindle, M.P., United Kingdom, who is also chairman of the Economic Committee to which the subcommittee reports; Senator Frans Uijen, Netherlands, who is the general rapporteur of th Economic Commission and also a member of the subcommittee; Mr. Franz Klein, director of the economic commission, International Secretariat, Brussels; Miss Paula Rogness, Research Assistant, International Secretariat, Brussels.

During the delegates' first meeting, we established the following objectives: First, collecting all existing but not readily available data and statistics on East-West economic relations. Second, gathering various opinions on the matter, which, by the way, were obtained during the sessions of the Economic Commission hearings held in Munich. Thirdly, making recommendations to the economic commission and therefore to the North Atlantic Assembly.

As you can see, the aim is to study the problem in depth before making sound recommendations.

Our meetings and discussions during those two days dealt exclusively with those goals. Incidentally, I prepared a detailed report, which I shall not be reading here because it is too long, that was recently submitted to the Canadian NATO Parliamentary Association.

I wish to commend the members of the subcommittee for their hard work and keen interest, in particular its devoted chairman, Mr. P. Bassetti, the delegate from Italy. Our thanks are extended to both representatives of the International Secretariat for their courtesy and co-operation.

[*English*]

• (1500)

Hon. Stanley Haidasz: Honourable senators, before the conclusion of the debate on this report, I should like to ask the Honourable Senator Leblanc whether, even in October 1981, there was any discussion during the assembly deliberations concerning the lack of unity in its stand with respect to the crisis in Poland.

[*Translation*]

Senator Leblanc: I am grateful to Senator Haidasz for his question. However, I do not think that this issue was raised before the Economic Committee I was sitting on. I am sure, though, that it was raised before the committee of the whole during the last two days. Member countries, of course, were trying to find solutions to the most critical problems.

The Hon. the Speaker: If no other honourable senator wishes to speak this inquiry is considered as having been debated.

The Senate adjourned until Tuesday, February 16, 1982, at 8 p.m.

THE SENATE

Tuesday, February 16, 1982

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

Prayers.

NEWFOUNDLAND

LOSS OF DRILL RIG *OCEAN RANGER* AND RUSSIAN CARGO VESSEL *MEKHANIK TARASOV*—MOTION EXPRESSING SYMPATHY TO BEREAVED FAMILIES AND FRIENDS

Hon. Frederick W. Rowe: Honourable senators, the Senate, in common with all of Canada and indeed the whole world, will have learned with shock, regret and grief of the terrible tragedy that has stricken Canada and, in particular, the province of Newfoundland during the past few days. The details are well known to all who have been following the developments as they have been given to us by the news media.

Disaster is, of course, common to all of Canada from time to time, but it has visited no part so often as it has visited what is now the province of Newfoundland. Ever since Newfoundland was populated by settlers from the British Isles and other parts of Europe we have known a disproportionate number of disasters. I recall that in my own lifetime there have been scores of vessels lost. At a time when 600 schooners a year were sent down that bleak and stormy coastline of Labrador, not a season passed without the loss of some ship. Indeed, in one storm 40 ships were wrecked. Our bank fishery has also suffered disasters. As those great banking schooners, which are comparable to the well-known schooner from Lunenburg, endeavoured to navigate the bank fishery, they, too, were subjected to the hazards of ice, both in the form of icebergs and, as may not be generally known, in the form of ice which coats a ship and which causes it to lose its stability. "Lost with all hands" is, of course, the result. Perhaps the most tragic disaster at sea was the loss of *Southern Cross*, which went down with 176 souls—none survived.

• (2005)

Honourable senators, we in Newfoundland had hoped that with the advent of new technology such losses would not recur. I am sad to say, though, that we still suffer them. It was only a few years ago this month—in fact, this very week—that *Blue Foam* was lost with all hands because of ice formation. A few years later *Blue Mist* was lost, again with all hands.

Those who carry on their livelihoods off the coast of Newfoundland do so with the full knowledge that they are subject to hazards of the most serious nature—fog, ice, blizzards and hurricanes such as we have experienced this past week. Often this type of disaster has been referred to as "an act of God." However, I can assure this honourable house that not all of these occurrences have been acts of God. Some of them, I regret to say, have occurred as a result of other characteristics exhibited by human beings.

Honourable senators, I move, seconded by the Honourable Senator Doody, with leave of the Senate and notwithstanding rule 45(1)(h),

> That this house extend its deepest sympathy to the families and friends of those who lost their lives on the *Ocean Ranger* drill rig operating off the coast of Newfoundland and assure them that our thoughts and prayers are with them in this time of deep personal tragedy.

• (2010)

At the same time, honourable senators, I should like to include a reference to the Russian ship which unfortunately sank in the vicinity of *Ocean Ranger*. It was an heroic action on the part of the crew of that Russian ship to change course and head towards the scene of the *Ocean Ranger* disaster with the intention of giving whatever help was possible, and it is to the great sorrow of everyone that that ship, too, became a victim of the tremendous blizzard, also involving a heavy loss of life.

I am sure my seconder, Senator Doody, and other honourable senators will want me to include in my motion a note of regret and grief to be extended to the families of those gallant Russians, our comrades in grief and suffering.

Hon. C. William Doody: Honourable senators, before the motion is put, may I say just a few words in addition to those sentiments expressed so well by Senator Rowe?

It is, indeed, a tragic day in St. John's, a city not unused to marine disaster. I grew up in that city and I remember well the grief that often overcame it. Indeed, that is true of most of the towns and villages of Newfoundland.

Senator Rowe has mentioned some of the more recent tragedies with which we are familiar, but in a maritime environment such as we live in, instant exposure to the sea, and perhaps too close an exposure to the sea, is a fact of life. People who make a living from the sea are expected to pay a high price for it. It is a price which many of us in other parts of Canada are not all that familiar with.

As I second this motion expressing sympathy to the bereaved, I should like to add a compliment, if I may, to the air-sea rescue people for their heroic work, once again, in conditions almost beyond imagination, taking their helicopters out to the scene of a wreck and, in the face of 50- to 60-foot waves, attempting to lower crew members to haul bodies from the water. Theirs was an incredible effort and one for which all Canadians should be grateful and proud.

I join Senator Rowe and other honourable senators in this expression of sympathy.

Motion agreed to.

PARLIAMENT BUILDINGS

DECORATION OF ROOM OCCUPIED BY CANADIAN PRESS—QUESTION OF PRIVILEGE

Hon. Richard A. Donahoe: Honourable senators, I rise on a question of privilege. I am intrigued by the brouhaha which my question concerning the propriety of hanging the portrait of Leonid Brezhnev in an office in Canada's Parliament Buildings has raised both in the press and in other media.

My question of privilege consists of three brief statements concerning the events which surrounded the incident. First, I stated that the office was occupied by the Canadian Broadcasting Corporation. That was in error. The office was occupied by Canadian Press.

Hon. Jack Marshall: Just as bad!

Senator Donahoe: Theirs is the sole responsibility. I regret the misunderstanding.

Second, I employed the words, "seated therein were four or five young men." It appears that some of the persons present were ladies. I apologize to those ladies, and I can only explain by saying that I looked directly at only two persons and spoke only to those two persons, both of whom wore heavy black beards and were obviously not ladies.

• (2015)

My third point deals with the fact than an explanation appeared in the press to the effect that the large portrait or photograph of Leonid Brezhnev bore the printed caption "Blame the press". I do not understand the caption, nor do I say that it was not there. I say only that I was never told by any person in the room, male or female, that the portrait about which I was complaining was hung on the wall as a joke. I had to read my newspaper in order to find that out.

I was told by the Leader of the Government in the Senate that there were pictures of animals involved, and I can only say that I did not see any. I say further that the only framed picture which I observed on the wall was a picture of Leonid Brezhnev.

As my final word on the matter, I neither suggested nor requested that a picture of the Queen of Canada be placed on the wall. I can only trust that a portrait of the Queen has not been hung on the wall beside the portrait of Leonid Brezhnev with the same derogatory intent.

CUSTOMS TARIFF

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. Salter A. Hayden: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e) I move:

[Senator Doody.]

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the subject matter of Bill C-90, intituled: "An Act to amend the Customs Tariff and to repeal certain Acts in consequence thereof", in advance of the said bill coming before the Senate, or any matter relating thereto.

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

Hon. Senators: Agreed.

Motion agreed to.

• (2020)

QUESTION PERIOD

[*English*]

ECONOMIC DEVELOPMENT

ASSISTANCE TO INDUSTRY—STATEMENT BY MINISTER

Hon. Guy Charbonneau: Honourable senators, I should like to direct a question to the Minister of State for Economic Development. The minister was quoted as having told student Liberals at the University of Victoria last Friday:

> We're going to stop propping up mature industries that will never be competitive in this generation, like textiles, clothing, footwear and a number of others.

Would the minister confirm the accuracy of that quotation?

Hon. H. A. Olson (Minister of State for Economic Development): It is not accurate, and I underline the word "not."

Senator Charbonneau: Would the minister tell us exactly what he said?

Senator Olson: I would be glad to, although I do not have a manuscript. I said, "some industries like textiles."

Hon. Martial Asselin: You said it.

Senator Olson: Over 90 per cent of the textile industry in Canada is competitive now. That comment was included at the same time, but, for a purpose unknown to me, the reporter in his interpretation left it out.

I also talked about the need for emphasis on the competitive advantage of Canada's vast natural resources. I said very clearly that we would maximize the advantage that we have by upgrading our natural resources to the highest possible level. Those remarks are contained in some press releases and not in others. I have some copies of press releases here in which I was quoted accurately on that matter.

Senator Asselin: Table a copy.

Senator Olson: In other press releases that part of the comment was omitted. I do not like to complain about being misquoted but, in this case, I believe I was selectively underquoted to advertently or inadvertently leave a distorted whole interpretation of the message I was delivering.

Hon. Jacques Flynn (Leader of the Opposition): Poor you—persecution.

Senator Olson: No, it is not persecution.

Hon. Royce Frith (Deputy Leader of the Government): Poor, incompetent press.

Senator Asselin: Do you want to re-phrase your own speech?

Senator Olson: Everyone in this chamber knows that when he makes a speech the press may report remarks out of context. I do not usually complain. The Leader of the Opposition knows that very seldom do I complain about reporters.

Senator Charbonneau asked me for an explanation, and I am now telling this chamber what I actually said. Perhaps my honourable friend does not want me to answer the question.

Senator Charbonneau: I would ask the minister a supplementary question concerning the textile industry which, of course, is based largely in Quebec and is, therefore, of particular interest to senators from Quebec.

As I recall, the government instituted the Canadian Industrial Review Board to look into the situation regarding various Canadian industries. Is not the minister infringing upon the function of the board? What is the point of having such a board if the minister, before the board issues a report, comes out and says what is to be done?

Senator Olson: Honourable senators, that interpretation of the function of the board is not complete. The board has already been given the task of looking into the textile, clothing and footwear industries along with what we think is sufficient funding so that those industries which are not now capable of being competitive in the real world of the marketplace can be upgraded. The board is also charged with the duty of finding an alternative to those industries which it decides ought not to be upgraded. It is not just a matter of looking into the whole general question; the board has been given a term of reference along with $275 million to do the most effective possible job in the area I have just described.

• (2025)

THE CABINET

MINISTER OF CONSUMER AND CORPORATE AFFAIRS—USE OF PRIVATE RAILWAY CARS

Hon. R. James Balfour: Honourable senators, I address my question to the Leader of the Government in the Senate. Would the leader explain the jaunt taken by the Minister of Consumer and Corporate Affairs, his family and staff, to Quebec City last weekend in two private railway cars with the services of a chef? Would the leader tell us how that is tied in with the Prime Minister's admonition to the people of Canada that they must tighten their belts?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that question will be taken as notice. I have no information on that particular subject at this time.

GRAIN

CROWSNEST RATES—GOVERNMENT NEGOTIATOR—TERMS OF REFERENCE

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I wish to direct a question to the Minister of State for the Canadian Wheat Board with respect to the study to be conducted by Dr. Clay Gilson. I congratulate the minister and the government on securing the services of Clay Gilson because he is a man of probity, but is it true that the government has given instructions to him to the effect that the meetings he will conduct in the west are to be held *in camera*?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I can tell Senator Roblin that I have no knowledge of any such instructions. As a matter of fact, I had an opportunity to have a quite lengthy discussion with Dr. Gilson this afternoon, and there was nothing said during that discussion which would suggest to me that he was under instructions of that kind.

Perhaps I should not speculate on this, but I would imagine that he would make his own decision as to how he intends to conduct these negotiations, but that was not part of the conversation.

Senator Roblin: I hope I will not offend my friend's feelings if I say that I do not regard him as a reliable reporter on this subject, because the last time he was asked as to whether or not an announcement was going to be made with respect to the Crow rate—which was on a Thursday—he said that he had no knowledge of that announcement, although it was in the public print and it was made on the following Monday. I must tell him that the newspaper reports are quite clear that these meetings are to be held *in camera*.

Senator Argue: Are to be?

Hon. Royce Frith (Deputy Leader of the Government): That was not your question.

Senator Argue: That was not your question. Your question was whether Dr. Gilson is under instructions, and my answer is that I have no knowledge of such instructions.

Senator Roblin: Would my honourable friend inquire to determine whether Dr. Gilson is under instructions, because if he is under instructions to hold these meetings *in camera* I shall have more to say on the subject.

I now ask my honourable friend if it is also true—and he may not be able to answer this at once, although I shall be surprised, because he seems to know all about the wheat business and Crow, because he has been eating a lot of crow recently—that the Government of Canada has given instructions that the provincial administrations not be included in this round of consultations?

Senator Argue: No, I am not aware of that either. I am not sure whether Dr. Gilson will be interviewing the provincial governments or not, but if he does, I would think that it would be on the basis of not asking them to underwrite any part of the federal jurisdiction under the Constitution with regard to railways, the transportation of grain, and so forth.

While I am on my feet, perhaps I could refer to the reply I gave to Senator Roblin on the Thursday prior to the Monday announcement.

I said to him at that time—and I just paraphrase my own remarks—that I had no knowledge that there was definitely going to be a news conference slated for the Monday. As a matter of fact—and it is a matter of fact—the decision leading to that news conference was not taken until a cabinet meeting on Friday. On Thursday the decision had not been taken.

Hon. Raymond J. Perrault (Leader of the Government): That is correct.

Senator Roblin: I would not accuse the minister of deliberately misleading the Senate. I do not intend to do that.

Senator Argue: You should not because that would not be true.

Senator Roblin: I think the minister gives us the best answers he can, but they are still not very good answers.

Senator Argue: It was an accurate answer and it was the truth.

Senator Roblin: It may have been the truth, but I want to ask my honourable friend why he did not attend the cabinet meeting at which this decision was made. He has been actively involved in the Crow rate business, and one would really expect that he would lose no opportunity to express his views.

● (2030)

Senator Argue: I had another engagement that I did not want to miss. As I understand it, although I was not here, the decision made at that meeting concerned the choice of the person who would do the negotiating. I knew that I would not be at the cabinet meeting, since I felt I should keep the engagement that I had already agreed to undertake.

Senator Roblin: The minister is entitled to his own views as to the priorities he adopts, but I must say that it is passing strange to some of us that he should find that sufficient excuse for being absent.

Coming back to the original point, namely, the discussions being held by Professor Clay Gilson, my third question is, what will be the status of his findings? In other words, this gentleman is being asked to try to negotiate a meeting of minds between the railways and the farmers, presumably not including the provincial governments. What will be the status of his findings when he reports to the federal government what he has been able to achieve during his consultations? Will they be binding or not?

Senator Argue: Is the question, will they be binding or not?

Senator Roblin: That is part of it.

Senator Argue: I do not think that Dr. Gilson, or anyone else, would expect that he has been clothed with the authority, in the discussions that he is undertaking, to make a settlement of the issues. As a government, we have a lot of faith in Dr. Gilson. His appointment was generally very well received, and I would think that when he does make recommendations to the

[Senator Argue.]

Minister of Transport those recommendations will be taken very seriously indeed.

Senator Roblin: I am sure that is a correct statement, but it is going to be a rather tragic situation if the government does not accept the general purport and tenor of his findings. However, I am willing to wait—

Hon. H. A. Olson (Minister of State for Economic Development): Are you suggesting otherwise?

Senator Roblin: If my honourable friend is willing to wait until I have finished my statement, I was saying that I am willing to wait until I hear what Professor Gilson has been able to achieve.

WHEAT—COST OF PRODUCTION—PROPOSED STUDY BY SPECIAL JOINT COMMITTEE

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should now like to ask the minister responsible for the Canadian Wheat Board a question with respect to wheat on a different level. He will remember that on October 23 and 24 of last year there was a meeting of the subcommittee of the Canada-United States Inter-Parliamentary group in Washington with particular emphasis on wheat. One of the conclusions of that meeting was that Canadian parliamentarians should ask the government to consider the establishment of a joint committee of the Senate and House of Commons which might consider, first by themselves and then later in conjunction with the Americans, ways and means of getting the cost of production covered in the wheat pricing formula that we have in the world today.

I believe my honourable friend has been asked on several occasions what the attitude of the government is with respect to that request, and I do not believe he has answered. We will be meeting again soon, and I should like to be able to take them a message from the minister that, on the part of the Canadian government, we are prepared to proceed with the proposal.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I am not sure I understood the question correctly. Are you asking about a proposal to have a joint committee of the House of Commons and the Senate to look into this question, or is it some other aspect of their findings?

Senator Roblin: My honourable friend may recall a series of letters from Mr. Jack Murta, M.P., who was co-chairman of the Canadian section of the joint operation dealing with this matter, and it is on that point that I am raising my question which involves the advisability of a joint committee of the House of Commons and the Senate to discuss this question in the first instance.

Senator Argue: No decision has been made on that request.

Senator Roblin: The Canada-United States subcommittee meets in the early part of March. Can my honourable friend give me any hope that after some five months of study he will be able to give us an answer in time for that meeting?

Senator Argue: I do not know that it has much to do with that meeting itself. I believe that meeting will proceed anyway. It is a continuing committee. The suggestion was that there should be an additional committee set up in Canada—a joint committee of the House of Commons and the Senate—and no decision has been made on that suggestion.

Senator Roblin: I can tell my honourable friend that that item is on the agenda, placed there by the Americans. I would like to give a constructive answer to them, and I wish my honourable friend would give me some help in providing one.

● (2035)

ENERGY

ALSANDS PROJECT—GOVERNMENT OFFER TO PARTICIPATING COMPANIES

Hon. R. James Balfour: Honourable senators, I wish to pose a question to the Minister of State for Economic Development. Is the minister able to confirm the report in *La Presse* to the effect that the Minister of Energy, Mines and Resources has indicated that neither the Canadian nor the Alberta government intends to modify the offer to the companies participating in the Alsands project?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I cannot do that this evening. I have not seen the article referred to. I have another problem with that question. I could take the question as notice and look into it, but under our rules it is clearly improper to ask for comment on the accuracy of newspaper reports.

Hon. Heath Macquarrie: An escape clause if ever there was one.

OIL EXPLORATION—SAFETY OF MARINE DRILL RIGS

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government relating to the tragedy which has occurred in connection with the *Ocean Ranger*. In view of the frightening circumstances, has any thought been given to why an oil rig of that size could not withstand the heavy seas; and has any consideration been given to the effect of high seas on other oil rigs in the area, in order to give the personnel on them a sense of security? Evidently even the major scientists are unable to offer any constructive recommendations for coping with such conditions.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that question will be taken as notice.

NEWFOUNDLAND

LOSS OF DRILL RIG *OCEAN RANGER* AND RUSSIAN CARGO VESSEL *MEKHANIK TARASOV*

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have additional information regarding *Ocean Ranger*. The Minister of Transport, the Honourable Jean-Luc Pepin, and the Minister of Energy, Mines and Resources, the Honourable Marc Lalonde, have announced that the federal government will hold a formal inquiry to investigate all aspects of the loss of the drilling rig *Ocean Ranger* off Newfoundland early yesterday. It has been announced that Chief Justice Hickman of the Supreme Court of Newfoundland will conduct the inquiry. He will be relieved of his current responsibility with respect to the inquiry into *Arctic Explorer* because of the urgency of the present situation.

I have additional information regarding the disaster which befell *Ocean Ranger*. In sequence it is as follows: A report received by telephone at 9.30 this morning stated that seven offshore supply vessels were at the site and that an eighth vessel was en route. The fisheries vessel *Hudson* was reported to be proceeding to the site where *Ocean Ranger* had been stationed. The Coast Guard vessel *Gilbert* was at the *Ocean Ranger* site and had been sent to the Russian vessel *Mekhanik Tarasov*.

The Coast Guard vessel *Barlett* had at that time left St. John's for the *Ocean Ranger* site. The fixed wing Aurora and Buffalo aircraft were on patrol and helicopter aircraft were on stand-by at St. John's.

The weather report at 9.30 this morning indicated winds at 35 knots gusting to 50 knots and freezing spray, which confirmed the information provided by some honourable senators from Newfoundland with respect to possible icing conditions.

The Russian container vessel *Mekhanik Tarasov* had departed from Trois-Rivières. The estimated time of its sinking was 0500 hours Newfoundland time. There were 37 personnel on board, of which 23 have been accounted for and 14 are still missing. The Danish ship *Sigurfari* picked up five survivors and the Russian ship *Dvorsky* picked up four bodies.

It should be pointed out—and this confirms the statement made earlier by Senator Rowe—that at the time of the sinking, the *Mekhanik Tarasov* had diverted from its course and was speeding to the side of the *Ocean Ranger* disaster in an effort to save the Canadians and others who had been on board the drilling rig. A tragedy of this kind transcends all ideological, national or racial differences. All Canadians should be grateful for the great sacrifice made by those who served on that Russian ship in their efforts to aid those on *Ocean Ranger*.

● (2040)

With regard to the status of the disaster as of now, the following information should be put on the record. The rig is owned and operated by Ocean Drilling and Exploration Company of New Orleans, and was chartered and operated for drilling by Mobil Canada. The rig was inspected by the United States Coast Guard, classification society, American Bureau, and the Department of Energy, Mines and Resources.

Ocean Ranger had been stationed at the Hibernia site, well J-34, since November 29, 1981. This is 165 miles off the Newfoundland coast. It had been operating off eastern Newfoundland since November 5, 1980.

The first and only distress from the rig was relayed through the United States Coast Guard, New York, at 0112 Newfoundland time, February 15. The next distress, to the effect that the rig was being abandoned, was relayed by another rig, SEDCO 706, at 0155, Newfoundland time, February 15. Between the first distress call and the notice of abandonment 43 minutes elapsed.

The rig disappeared, and it is presumed—of course, it is known now—sunk. The position is marked by anchor buoys that are still visible. An extensive search and rescue operation has been mounted. The *Ocean Ranger* had 84 people on board. Only one body has been recovered so far from a lifeboat. Numerous bodies and debris have been sighted. The rig had three lifeboats and 10- 20-man life rafts. Three lifeboats have been observed, and several life rafts, but no sign of any survivors. No survivors are now expected. Weather conditions remain poor, but the search continues.

Three inquiries of a preliminary nature have started by the combined Canadian Coast Guard and Energy, Mines and Resources, the Royal Canadian Mounted Police on behalf of the Newfoundland government, the United States Coast Guard, and now a fourth inquiry, announced today in both houses of Parliament, the Hickman inquiry, which is being instituted immediately. The federal and Newfoundland governments had announced earlier that they would hold public inquiries. The details of the federal announcement have now been made known.

ENERGY

OIL EXPLORATION—SAFETY OF MARINE DRILL RIGS—DEPARTMENTAL RESPONSIBILITY

Hon. Jack Marshall: Honourable senators, in spite of the comparatively short history of oil drilling and oil rigs, this area of activity has had more than its fair share of tragedies. I am concerned about what is going to happen in the future, with particular regard, for instance, to the effect of icebergs, which the scientists say the oil rigs can withstand, although it is quite obvious that there is something wrong in this area, whether they are stating this as the truth or not.

How can we make sure that there will be no more tragedies such as the one we have seen in the past few days? Might it not be wise to stop our greed and hold up oil drilling until we can assure the people of Canada and everybody else that it is safe to have these drilling rigs in the oceans where they are so dangerous?

Hon. Raymond J. Perrault (Leader of the Government): The Honourable Senator Jack Marshall raises concerns which are in the minds of many Canadians tonight. I will take his question as notice. I hope that a statement dealing with the questions which arise on the subject of oil rigs and their safety can be brought to the Senate as soon as possible.

Hon. C. William Doody: Honourable senators, could I ask a supplementary question of the minister while we are on that subject?

[Senator Perrault.]

Several times the minister has mentioned the Department of Energy, Mines and Resources as a body that has been involved in this matter. I presume that it is that federal government department that has the responsibility for the rigs. However, I am not quite sure of that; it may or may not be so. Perhaps the minister can confirm it for us.

Is it indeed the Department of Energy, Mines and Resources or is it the Department of Transport that has this responsibility? It appears to me that the Canada Shipping Act and the various other acts which govern the regulation of ships at sea should have an involvement here.

There was discussion of life rafts and survival suits and of the various pieces of lifesaving equipment and techniques that are necessary at sea. Is this a Department of Energy, Mines and Resources responsibility, or is it a matter for the Department of Transport? These are the people who have the expertise and knowledge. It is their aircraft and their ships that are called on.

Senator Perrault: Honourable senators, there is more than one jurisdiction involved here. As far as the Department of Energy, Mines and Resources is concerned, there is an inspection procedure every two weeks; but as far as the rig itself is concerned, it is positioned outside the 12-mile limit, and its initial inspection and certification was received from United States authorities.

I have been informed that a certificate of seaworthiness is a United States certificate, but there is an involvement of both levels of government in establishing the various safety standards. One aspect, I understand, relates to the marine construction standards of the rig itself, and the other inspection—the Department of Energy, Mines and Resources inspection—relates to the method by which the energy resources are being extracted from the sea bottom, and the safety procedures relating to the extraction of those resources.

Honourable senators, I understand that the construction aspects of such rigs are not subject to Canada shipping inspection regulations, because the rigs are stationed outside the 12-mile zone. At this point, however, I do not wish to offer any random or unsubstantiated opinions. It is an important subject, and the disaster which has occurred is profoundly saddening, especially to the people of Newfoundland.

I think it would be in the interests of the Senate to have a complete statement prepared on the subject relating to inspection procedures, in as much detail as possible.

The information with respect to the involvement of United States authorities in the basic structural approvals given to the rig has this evening been received by me in brief form only, and it does not purport to be the final information on the point.

Senator Doody: Honourable senators, I appreciate the answer given by the honourable senator, and I understand that it is a complex issue. I wish it were not as complex as it appears to be, because with these various jurisdictions involved it would appear, on the surface, at least, that perhaps some of the fundamental aspects of safety at sea have not been

assigned to any particular area of responsibility. I sincerely hope that I am wrong in that regard.

My understanding of the matter is that when a rig is in tow, or in motion, it is then considered a ship and is subject to the Canada Shipping Act and Regulations, when it is within the 12-mile limit of Canada. When it is stationary, offshore, then some other set of regulations comes into play.

If it is possible that the regulations of the United States Coast Guard are to govern the activities of these oil rigs off our shores, which are primarily populated by Canadians, then surely we have been very lax somewhere along the line in looking after the safety of these people. Perhaps the honourable leader could look into that aspect of it for me as well. It is a very important matter.

Senator Perrault: Honourable senators, I have before me a response given by the Minister of Transport in the other place this afternoon.

In response to a somewhat similar question he said:

> Madam Speaker, under the Canada Shipping Act my department has no jurisdiction over foreign registered ships past the 12-mile zone; that is pretty fundamental. Thus, as Minister of Transport, I cannot go and inspect rigs or ships in that area.
>
> With respect to seaworthiness of ships or rigs, the general principle in marine equipment as well as in air equipment is to accept the system of the foreign country involved. If my hon. friend wants to read the Dubin report, for example, Mr. Justice Dubin repeatedly said that we should not try to second guess the system of another country, particularly if it is one that is as involved as the United States of America is in this subject. The principle of reciprocity applies here in matters of marine transportation as well as in matters of air transportation.

● (2050)

Honourable senators, I suppose that there are unique characteristics to an oil rig; it is not precisely a ship and it is certainly not a plane. The fact is that many Canadians work on them; indeed, a disproportionately high percentage are thus working off our shores aboard a foreign-approved piece of equipment. I believe that the honourable senator raises an interesting point and further information will be obtained in that regard.

Senator Doody: If I may ask a supplementary question, honourable senators, without trying to monopolize the time of the Senate, there are other rigs working offshore at this time. There will be another eight or ten, perhaps, when the weather clears up and there are three or four off the coast of Labrador, all of which will be operating under two sets of Canadian regulations.

Can the minister undertake to try to see that some sort of safety regulations falling under some jurisdiction are put in place on these rigs while this investigation is being conducted? The fact that we have had one tragedy should not steer us away from providing protection for those people working off the coasts of Nova Scotia and Labrador and on the Grand Banks during the coming season.

Senator Perrault: I am sure that all honourable senators appreciate the great and special concern of Senator Doody. That question will be directed immediately to the Minister of Transport and other ministers whose departments are said to be involved in the inspection process, one being the Minister of Energy, Mines and Resources.

Hon. G. I. Smith: Honourable senators, I wonder if I might direct a supplementary question to the Leader of the Government in the Senate with reference to the same subject matter. I noticed, when he was referring to what might be considered life-saving equipment available to those aboard this drilling rig, that he made reference to a number of life rafts. I could not help but wonder how long life could be sustained by means of a life raft in this kind of weather. Is it really a substantial adjunct to the life-saving equipment aboard any such rig?

Senator Perrault: The Honourable Senator Smith raises a good point. In discussing this tragedy this afternoon, I was informed that in this Atlantic winter weather, with a standard lifebelt and without additional special cold weather survival gear, life expectancy is something in the order of six or seven minutes. With a life suit, which preserves certain additional thermal values, life expectancy is one hour at a maximum. In the reported 50-foot waves and hurricane-force winds which caused the rig to go down within 43 minutes, and under the impossible flying conditions for the helicopters and desperately bad conditions for the lifeboats, the odds may have been almost completely against the possibility of anyone surviving. The question of whether techniques can be developed which would provide a greater measure of protection for those who work aboard such rigs will, I am sure, command the attention of scientists and engineers in the weeks and months to come.

I repeat that the Honourable Senator Smith raises an excellent point. I am sure that he is more familiar with the conditions which can develop on the Atlantic at this time of year than are most other senators in this chamber. He may have other information about life expectancy under these drastic winter conditions. If so, I am certain that he will share his knowledge with all members of the chamber.

Senator Smith: I thank the Leader of the Government for his kind reference to my own knowledge of these matters, which I am afraid I cannot confirm except to say that I have, from experience, come to the conclusion that the usefulness of a life raft in winter weather on the Atlantic Ocean is limited to the extent that the honourable gentleman referred to in his answer. Therefore, it would seem to me that life rafts are indeed of less than great value in the attempt to have sufficient life-saving equipment available on such rigs.

Senator Perrault: Honourable senators, I have been further informed that, even should rigs be equipped with standby helicopters, icing conditions caused by freezing spray can be such that rotors freeze and it is simply impossible for helicopters to get aloft.

There are, therefore, all sorts of questions which arise from this tragedy. Certainly, the government will be forthcoming in its efforts to improve the safety margin on those rigs. All of the questions which have been asked this evening have been taken as notice, and a determined effort will be made to find answers to them.

Hon. Hartland de M. Molson: I wonder if I can direct a supplementary question to the Leader of the Government. With regard to the standards of seaworthiness in this case, where the owner or the lessee of a vessel or a rig is a Canadian individual or corporation, is the acceptance or otherwise of the standards of another nation affected in any way? Does the certification of seaworthiness of another nation—in this case, the United States—come into the equation?

Senator Perrault: Honourable senators, the question will be taken as notice.

Hon. Andrew Thompson: Honourable senators, I wonder if I could ask a supplementary question of the Leader of the Government? When he makes a report to us on the question of the safety equipment, could he also inform us whether there is a captain of such a rig when it is actually stationed? If so, is he a seagoing man who has actually had experience in the lowering of life rafts and in the giving of orders for abandoning ship?

Senator Perrault: Honourable senators, the question will be taken as notice.

Senator Smith: I wonder, honourable senators, if I might presume upon the good nature of the Leader of the Government to ask another question with regard to jurisdiction. I am not sure of the jurisdiction under which licensing would fall at that particular distance from the coast of Newfoundland. However, if it is within some Canadian licensing jurisdiction, either federal of provincial, would it be possible to tie the licensing requirements to the provision of adequate safety measures in operating a drilling rig?

Senator Perrault: Honourable senators, that question will be taken as notice.

CANADA-UNITED STATES RELATIONS

INTERNATIONAL JOINT COMMISSION—MEMBERSHIP—REQUEST FOR ANSWER

Hon. Heath Macquarrie: Honourable senators, I may say that my question is not prompted by the minister's answers to the questions raised by my colleagues, Senator Marshall, Senator Doody, Senator Smith and others. I am in no position to comment upon the specific content of his answers, but I do compliment him for what I think is the attitudinal revelation contained in those answers. I am no expert on these matters. The closest I come to being a naval expert is the fact that my father served in the Canadian Navy in the Great War—a navy referred to by Conservatives, of which he was one, as the "tinpot navy," but one which I think did quite well.

[Senator Perrault.]

I am prompted to ask my question by the pertinent, concise, and, as always, appropriate questions posed by Senator Roblin with reference to certain Canadian and American organizations. The organization I have in mind is an extremely important one about which I have questioned the minister more than once in the past many months—the International Joint Commission. When I think of this vast country—from the Skagit, where the minister comes from, to the Garrison, through the problem of acid rain down to the Georges Bank dispute, where I come from, and many irritants in between—to use the current buzz word—I wonder why there has not been a completion of the Canadian side of the IJC. Why must we wait further to get this tremendously important, historic executive organization on the road? If I were as scriptural as I was a week ago, I would say, "How long, O Lord, how long are we to wait?"

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I want to state emphatically that I agree with the honourable senator that appointments to the International Joint Commission should be made just as soon as possible. It is of urgent importance to many provinces across this country.

GARRISON DAM PROJECT—McCLUSKEY CANAL—WATER LEVEL

Hon. Joseph-Philippe Guay: Honourable senators, I rise to ask a question of the Leader of the Government in the Senate.

● (2100)

On several occasions, including Tuesday, February 2, I have asked questions of the Leader of the Government in the Senate respecting the Garrison situation in Manitoba and southern Saskatchewan. I think we have to realize that while we are pondering the matter in the Senate from one week to the next the Garrison project is going relentlessly ahead. In fact, certain United States senators are asking for considerable amounts of money—not just a few millions of dollars but many millions of dollars—to proceed with the Garrison project.

The people of Manitoba and southern Saskatchewan are concerned at what could well be a disaster if the project is ever allowed to proceed to fruition.

I agree with Senator Macquarrie that the matter of the International Joint Commission appointment should be made as soon as possible, because the matter is urgent.

On top of that, the most recent development is that Senator Mark Andrews from North Dakota is asking for the removal of the plugs in the McCluskey Canal which keep the water out of the Hudson Bay basin. Surely that gives new urgency to the Manitoba government's proposal to set up an appropriate lobby in Washington. Apparently they have the blessing of the Canadian embassy in that particular regard.

Honourable senators, I feel I must emphasize that this is a matter on which the government must take some quick action. It is not sufficient for us to rise week after week merely to ask questions. Canada must express its concern in action.

Does the Leader of the Government have any favourable comment in that regard?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I do have some information on the letter that is purported to be from Senator Andrews to the Department of the Interior.

As some honourable senators may be aware, it is reported that Senator Andrews of North Dakota has written to the U.S. Department of the Interior apparently proposing that water be allowed into an additional segment of the McCluskey Canal. That canal is now partly filled with water, and it is not clear why the senator put forward that proposal.

We are aware of recent reports regarding that letter. On preliminary examination, his proposal, if implemented, would not in itself appear to present any problem or direct risk to Canada. We are endeavouring to ascertain the contents of the letter and have already expressed our concern to the U.S. Department of the Interior regarding any proposals which could conceivably affect Canadian interests.

We have discussed this matter with Manitoba, and federal and provincial officials will take it up with United States authorities in Washington on February 24, when they meet to discuss the current status of Garrison, including recent developments. So there will be a key meeting, honourable senators, on February 24 in Washington.

Senator Guay: Very good.

CANADA DEVELOPMENT CORPORATION

ACQUISITION OF INTEREST IN SAVIN INC.

Hon. Nathan Nurgitz: Honourable senators, I have a question for Senator Austin, the minister responsible for the Canada Development Corporation. In the course of his discussions with the chairman, president, directors and the management of the corporation, as he outlined to us a couple of weeks ago, has the minister satisfied himself that CDC has made a good deal in paying $75 million in U.S. funds for approximately 57 per cent of Savin, a photocopier manufacturer which has a debt of some $216 million U.S., more than twice its shareholder equity of $93 million?

Hon. Jack Austin (Minister of State): I have not completed my own review of that transaction, but the board of directors is obviously satisfied with its decision. I have not discussed that decision with the board of directors.

Senator Nurgitz: I have a supplementary, honourable senators. I take it that Senator Austin has not yet reviewed that decision. Do I take it as well that a review of such decision will be made?

Senator Austin: Senator Nurgitz, I propose to conduct myself in a way that allows me to understand the nature of the CDC, its assets and its business decisions, but it does not necessarily flow from that that I will hold myself open to make public comment on the course of business of a company which is not an agent of the Crown.

Senator Nurgitz: I have a further supplementary. Having regard to the purposes of the Canada Development Corporation, to help develop and maintain strong Canadian control and manage corporations in the private sector and to give Canadians greater opportunities to invest and participate in the economic development of Canada—I am reading from the announcement of the establishment of that corporation—I should like to know the minister's view on whether the purchase of that kind of company is consistent with CDC's mandate as defined in the act.

Senator Austin: I have heard no suggestion that the board of directors of the CDC is acting contrary to its statutory powers or objectives.

Senator Nurgitz: I appreciate the difficulty the minister is describing to me, but will he endeavour to find out, since the people of Canada have a substantial investment in the CDC and, accordingly, in Savin, and report to us on the employment benefits to Canada of this Savin purchase?

Senator Austin: I will consider whether it is within the proper scope of my role to comment on the business of the CDC in this chamber. I will advise Senator Nurgitz in due course.

Hon. C. William Doody: Honourable senators, I have a supplementary for Senator Austin on the CDC purchase of Savin. Did I understand Senator Austin to say he did not know whether it was proper for him to discuss Savin in this chamber, and that he will make some inquiries to that effect?

Senator Austin: What I said, Senator Doody, was that I am not certain that it is my role or responsibility to comment in this house on the activities of the CDC in terms of the business judgments of its directors. The CDC is a private corporation. My responsibility is to hold shares of the government, and I certainly will answer questions about government purposes. But I do not know that it would be proper for me to answer questions that are properly directed to the board of directors of the Canada Development Corporation. I will look into the question.

I simply wanted to express to Senator Nurgitz my grave reservations that I would be acting properly to respond to the question he asked.

Senator Doody: Honourable senators, I certainly do not want to put the minister in any area of impropriety, so if my question tends in that direction I can well understand the minister's reluctance to answer it. I recognize the fact that the CDC is not a government-owned or taxpayer-owned corporation in the strict sense of the words, but my understanding of the matter is that the taxpayers do own almost 50 per cent of the shares—48 per cent or 49 per cent. That is close enough, really, for the Senate to have a reasonable interest in the activities of the company.

Perhaps I could deal with a matter of government policy rather than a matter of corporate business. I have heard the purchase being described as the second part of a knockout punch aimed at reducing Canada's $1.2 billion deficit in office and computer products. Could the minister describe how the

purchase of a company with all its operations outside Canada will reduce the deficit? How is the purchase of a Canadian company with no operations in Canada going to help the Canadian economy?

• (2110)

Senator Austin: The honourable senator has taken the same line of questioning taken by Senator Nurgitz, and I can only repeat the answer I gave, which would not inform him any more fully than it informed Senator Nurgitz. However, I do find it interesting that a member of the opposition would suggest to me that I have a responsibility to report for the Canada Development Corporation in this chamber when a quite opposite view was taken by Senator Roblin and Senator Smith on February 2, both of whom had very grave apprehensions over my taking any interest whatever in the CDC. In any event, my answer will remain that I shall review the propriety of any line of answers which would in effect exposit the decisions of the board of directors of the Canada Development Corporation, which is not a crown corporation.

Hon. G. I. Smith: Honourable senators, I have a supplementary question. Would the minister explain why, since he rejected what he thinks were the implications of the questions asked by Senator Roblin and me about the propriety of his becoming engaged in this affair, he should now consider it strange that we should ask how he is carrying out or intends to carry out the duties which he then claimed were perfectly proper and desirable for him to carry out?

Senator Austin: What I said on February 2 was that I had become the representative for the principal shareholder, as is provided for in the legislation establishing the Canada Development Corporation. I believe it was expressed that I might do something which would interfere with the independence of the board of directors to conduct the business of the CDC. What I am doing in replying to Senator Nurgitz and Senator Doody is taking into account that sensitivity, and I do wish to examine very carefully my proper role with respect to the government as a shareholder in the CDC in terms of commenting on the conduct of the business of that corporation by its board of directors.

HEALTH AND WELFARE

HOSPITAL AND MEDICAL SERVICES—ALLOCATION OF FEDERAL FUNDS

Hon. Stanley Haidasz: Honourable senators, I should like to ask the Leader of the Government in the Senate a question. In view of the fact that the recurring interruption of hospital services, as is taking place in Alberta with the strike of the hospital nurses, and the withholding of medical services by many physicians and surgeons in Ontario on a rotating basis, is being blamed on underfunding, would he care to inform us whether the Minister of National Health and Welfare or the Minister of Finance will allocate more federal funds to the hospital medical insurance programs so as to ensure the universal availability of high-standard health care to all Canadians?

[Senator Doody.]

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice, honourable senators.

ROYAL CANADIAN MOUNTED POLICE

ASSERTIONS BY THE CANADIAN CIVIL LIBERTIES ASSOCIATION

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate. Does the government accept the assertion of the Canadian Civil Liberties Association that, by failing to prosecute law-breaking by the Royal Canadian Mounted Police, it runs the risk of undermining public respect for the law?

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice.

Senator Nurgitz: Honourable senators, I have a supplementary question. While the Canadian Civil Liberties Association brief does not assert it, I certainly do not mind doing so myself. By according what is obviously special status to the RCMP, the government runs the risk of undermining public respect and support for the police force itself. Has the government decided unequivocally not to prosecute the outstanding cases of RCMP law-breaking which are currently pending?

Senator Perrault: The question will be taken as notice. In taking the question as notice, may I say that millions of Canadians over the years have been very grateful for the outstanding service performed on their behalf by the Royal Canadian Mounted Police.

Senator Nurgitz: And so am I, honourable senators, but not when they break the law.

THE ECONOMY

ALBERTA—CANADIAN FORCES—IMPACT OF COST OF LIVING

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Marshall on November 26, 1981 concerning the impact of the cost of living on members of the Canadian Forces stationed in Alberta.

The government, through the Treasury Board, recently approved a three-part increase in the pay and benefits for the Canadian Forces which should alleviate the hardships to the lower-ranking servicemen posted to high cost-of-living areas such as Alberta.

The three-part increase consists of a pay increase averaging 3 per cent, effective October 1, 1981. This is in addition to the pay increase averaging 12 per cent granted last April 1. It also consists of an accommodation assistance allowance for personnel in rented accommodation, to be paid on a monthly basis effective November 1, 1981, to those posted in areas where rental costs exceed the national average by more than 12.5 per cent. This allowance is in recognition of unique conditions of service for military personnel and, more particularly, for those who are ordered to serve in areas of high costs of accommodation. The third portion consists of a posting allowance of up to

one month's pay when a member is transferred from one duty assignment to another. This allowance is granted in partial recognition of the personal and social disruption created by postings of military personnel. Payment of posting allowance will take effect next April 1.

Before these latest increases in pay and benefits were granted, it was possible that a few servicemen and their families would have qualified for welfare under the Alberta system. These would certainly be exceptions that could not be verified and ascertained through National Defence records, a request for welfare payments being a private matter between individuals and the appropriate provincial authorities. A likely scenario for such an exception could be the case of a private or corporal with few years of service, married with more than one child, just posted to a high-cost area where married quarters were not available, and who had to accept whatever costly civilian accommodation was available at the time—or any combination of the above factors.

FISHERIES AND OCEANS

REQUEST FOR REPRESENTATION OF FISHERMEN ON EAST COAST FISHERIES TASK FORCE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Muir on February 3 concerning the representation of fishermen on the special task force on the Atlantic fisheries.

When we announced the appointment of a special task force on the Atlantic fisheries just over a month ago, the Prime Minister said that in carrying out its work the task force would consult with all those who have a role to play in the fishing industry. The task force is to recommend how to achieve and maintain a viable Atlantic fishing industry, with due consideration for the overall economic and social development of Canada's eastern provinces.

This small group of highly experienced individuals will ensure that every sector of the industry is heard from, that every aspect of the industry's fundamental problems is examined, and that the views of anyone who wishes to make a meaningful contribution to the search for long-term solutions will be most welcome and will be given full consideration.

The Atlantic fishery includes a large number of interest groups: part-time fishermen, full-time fishermen, inshore fishermen, offshore fishermen, labour organizations, large processing companies, small processing companies, financial institutions—to enumerate only the obvious ones. As well, there are provincial governments which also have a role to play in the future of the fishing industry. The task force is aware of the many different voices that this encompasses, and its members will do their utmost to make certain that all are heard.

Members of the task force are actively considering all possible mechanisms of consultation, so that the complete magnitude of the fishery's inherent problems are accurately understood, and that every viable option and alternative for long-term economic health is explored. One of these mechanisms could take the form of some type of advisory committee with representation from each of the five eastern provinces.

The Honourable Senator Muir asked why there is no one on the task force serving as a co-chairman to represent the fishermen. He based that complaint on his incorrect assumption that Mr. Peter John Nicholson, an economist who recently resigned his position as an executive of a large processing company, is serving as a co-chairman representing the corporate sector.

Honourable senators, there is no co-chairman of the task force. Furthermore, no one on the task force has been engaged to act as a lobbyist or to represent the vested interests of any single group.

DISTRIBUTION OF INFORMATION TO SENATORS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Marshall on February 3 concerning the distribution of material from the Department of Fisheries and Oceans to the Senate.

Sufficient copies of all Department of Fisheries and Oceans reports tabled in the House of Commons, press releases and public speeches made by the Minister of Fisheries and Oceans are delivered to the distribution centre at the House of Commons for distribution to all members of Parliament and senators.

FOREIGN AFFAIRS

EL SALVADOR—ATTITUDE OF CANADIAN GOVERNMENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Macquarrie on February 9 regarding whether or not Canada will be sending observers to the elections in El Salvador.

The Secretary of State for External Affairs informs me that no decision has yet been taken and the government is still studying the situation.

ENERGY

BRITISH COLUMBIA—AWARD OF EXPLORATION PERMITS TO PETRO-CANADA

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked on February 10 by Senator Balfour regarding the awarding of exploration permits to Petro-Canada for 5.8 million acres off British Columbia's coast.

The federal government did not consult with the province of British Columbia on this matter because the leases were issued for exploration to be carried out solely on Canada lands. Otherwise, Petro-Canada is adhering to the exploration moratorium ordered by the British Columbia government for carrying out environmental studies in its own areas of jurisdiction.

FISHERIES AND OCEANS

NEWFOUNDLAND—ANNUAL SEAL HUNT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to another question asked by Senator Marshall, this time on February 10, 1982. It concerns the action that the Minister of Fisheries and Oceans will take to protect this year's seal hunt.

Honourable senators, I am assured by the Department of Fisheries and Oceans that appropriate physical and human resources will be made available to ensure compliance with the seal protection regulations.

FOREIGN AFFAIRS

CONFERENCE ON SECURITY AND CO-OPERATION IN EUROPE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Bosa on February 11, 1982 concerning alleged disagreement among the western nations in relation to the adjournment of the Conference on Security and Co-operation in Europe.

Canada is presently consulting with like-minded countries about how to proceed from this point. Canada's objective is to maintain unity between like-minded countries on this matter.

• (2120)

ENERGY

NEWFOUNDLAND—OFFSHORE OIL RESOURCES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, in answer to a question asked by Senator Marshall on February 10 last regarding the government's position respecting offshore resources, I would quote a statement made by the Right Honourable the Prime Minister in the House of Commons on February 12:

> For some 14 years now we have been setting aside the question of ownership and not referring the matter to the Supreme Court because we hoped to reach a political, negotiated solution which would be to the advantage of the people of Newfoundland and of the people of Canada. This has been our position since I have been in office, but years go by and the offshore is in a state of uncertainty as to the regulations which prevail. There was a case brought before the courts by the Seafarers' International Union. Apparently Newfoundland is still unable to reach a decision to negotiate with us in good faith while the ownership question is held in abeyance. This has been the situation for 12 or 14 years. The hon. member should not ask why we are not prepared to set ownership aside. We have done nothing but that in order to try to reach a negotiated agreement.
>
> Sometime last July I wrote to the Premier of Newfoundland saying, "We cannot wait any longer, beyond the next six months, but let us try to reach a negotiated agreement by the end of February. I am just telling you that if we cannot, we will certainly take a reference on our own. We have been trying for years to obtain a negotiated agreement with you or, alternatively, to obtain a joint reference. You have been unable to do either. Newfoundland did not want to join the other maritime provinces when we signed an agreement in 1977. Please let us try to do it before the end of February".
>
> Now, three weeks before the deadline, Premier Peckford is apparently waking up to I do not know what new reality, but he sent a telegram which indicated what I have been saying for 14 years—let us reach an agreement without going to the courts. I am not saying that it is a matter that the courts will never determine. It may be determined, for all we know, in the SIU case. What we are saying is that if we negotiate in good faith we can reach an agreement without knowing who really is owner under the Constitution, because the courts will not have decided by the end of February.

Honourable senators, I also have the text of a telex sent by the Right Honourable the Prime Minister to Premier Brian Peckford concerning negotiations on the same subject. I would ask that this telex be printed as an appendix to today's *Debates of the Senate*.

The Acting Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*For text of telex see appendix p. 3629.*)

CANADA ELECTIONS ACT

BILL TO AMEND—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Austin, seconded by the Honourable Senator Goldenberg, for the second reading of Bill S-11, intituled: "An Act to amend the Canada Elections Act".—(*Honourable Senator Macquarrie*).

Hon. Heath Macquarrie: Honourable senators, may I say a word on a procedural matter? Regrettably, the Deputy Leader of the Government picked one of the very rare days when I was absent from this chamber to make a comment regarding this order. I noticed his remarks, and I read them with great care. All I can say in reference thereto, now that about 15 weeks have passed, is that I think it is time for the government to decide whether it is behind this measure, because I cannot deliver my pearly, eloquent speech without knowing whether the measure upon which I am making my remarks is, in fact, a government bill.

As long as this bill is before us in the name of Senator Austin, it looks as though it is a government bill. The honourable members of the government—and there are four illustrious ones in this great chamber—will have to decide whether this is to be a government bill, and we will all proceed accordingly, or whether some procedures must be put in force whereby it becomes what it was at the beginning—to use an

unusable expression—"a private senator's bill." After that, I shall elocute to my heart's content and, I am sure, to the delight of my colleagues.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, motivated by an impatience to hear Senator Macquarrie, which is, I am sure, equal to his impatience to deliver his speech on the subject, I have made further inquiries.

I understand that a bill dealing with the subject matter of Bill S-11 is under active consideration by the government. I agree with the position taken by Senator Macquarrie that, if the bill is to proceed as a private member's bill, it should not stand in the name of a minister of the Crown and that we should know, as soon as possible, whether we are going to proceed with the subject matter of this bill in the form of a private member's bill or in the form of a government bill.

I would ask the honourable senator to give me two more weeks to ascertain the situation in this regard. If by that time the government has not made up its mind, I see no reason why it would not be useful to proceed to debate the bill in the form of a private member's bill since I am sure the subject matter of the study in government and the subject matter of this bill are so similar that we can deal with it one way or another.

It seems to me that the issue, as the honourable senator has suggested, is a procedural one. I should like to clarify this matter, and I would ask the honourable senator to allow me two more weeks in order to do so.

Senator Macquarrie: Honourable senators, I am a very agreeable man, especially on Tuesday nights. However, I do have in mind the danger of wine changing from the mellow to something else if it is delayed for too many weeks. Having already given the honourable senator 15 weeks, I shall be delighted to give him another fortnight.

Order stands.

ENERGY

GOVERNMENT POLICY—MOTION TO REFER SUBJECT MATTER OF INQUIRY TO BANKING, TRADE AND COMMERCE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Murray, seconded by the Honourable Senator Flynn, P.C.:

That the subject-matter of the inquiry of the Honourable Senator Argue, P.C., which appeared on the Orders of the Day on November 20, 1980, be referred to the Standing Senate Committee on Banking, Trade and Commerce.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this order, which stands in my name, is for the resumption of the debate on Senator Murray's motion. It will be remembered that I have been trying to persuade Senator Murray that the subject matter of his motion has already been partially dealt with in some parts of the legislation pertaining to the National Energy Program and that other items will be coming forward, all of which relate to the inquiry and to his motion.

However, I understand that Senator Murray is away on parliamentary business for at least the balance of this week. Of course, I would not want to deal with this matter while he is not present. Therefore, I suggest that this order stand for one week.

Order stands.

EL SALVADOR

POLITICAL, MILITARY AND SOCIAL SITUATION—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Macquarrie calling the attention of the Senate to

(1) the increasingly dangerous political, military and social situation in El Salvador;

(2) the compelling hazards of third party interventions and the possibility of the escalation of hostile actions within El Salvador;

(3) the further compelling importance of the resolution of the conflict by means of a political settlement rather than through recourse to sustained and bloody armed conflict; and

(4) the value of Canadian encouragement and support of the efforts of those individuals and groups seeking mediation of the conflict in El Salvador.—(*Honourable Senator Murray*).

Hon. Heath Macquarrie: Honourable senators, I am in the same position Senator Frith was in regarding the third order. After consulting with my admirable and erudite colleague, Senator Murray, I would ask that this order stand.

Noting what Senator Frith said on Thursday, I am prepared to speak on this matter tomorrow and close the debate.

Order stands.

STATUTE LAW (MILITARY AND CIVILIAN WAR PENSIONS, COMPENSATION AND ALLOWANCES) AMENDMENT ACT, 1980

CONSIDERATION OF REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on Health, Welfare and Science entitled: "They Served—We Care", tabled in the Senate on 20th October, 1981.—(*Honourable Senator Thompson*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I spoke with Senator Thompson about this order earlier today. He advised me that he was in the process of consultation in preparation for his speech in this

debate and, therefore, I would suggest that the order stand for one week.

Order stands.

LEGAL AND CONSTITUTIONAL AFFAIRS

REPORT OF COMMITTEE ENTITLED "CERTAIN ASPECTS OF THE CANADIAN CONSTITUTION"—DEBATE CONTINUED

The Senate resumed from Thursday, June 18, 1981, the debate on the inquiry of Senator Lamontagne calling the attention of the Senate to the report of the Standing Senate Committee on Legal and Constitutional Affairs entitled: "Certain Aspects of the Canadian Constitution," tabled in the Senate on November 26, 1980.

Hon. Jack Marshall: Honourable senators, unfortunately you cannot go home just yet. At the outset, I would apologize for the delay in responding to the inquiry of Senator Lamontagne calling the attention of the Senate to certain aspects of constitutional reform.

Since it is so long ago that the report of the Legal and Constitutional Committee was tabled and discussed in this chamber, I feel that I should remind honourable senators of the two subjects that were addressed. Part I is entitled "Toward a Renewed Federation", and deals with current proposals concerning alternative institutional arrangements to the present Senate that would enable provincial governments to have a more effective input in the exercise, by the federal government, of its overriding constitutional powers.

Part II is entitled "Toward a Renewed Senate," and it rejects proposals favouring a unicameral Parliament, and puts forward proposals for reform of the present Senate as an appointed and genuinely federal institution.

May I also take this opportunity to pay a deserved tribute to both Senator Goldenberg and Senator Lamontagne and, indeed, to all members of the subcommittee for the comprehensive analysis which they made, and to commend them for their efforts and understanding of the various issues which have been the basis of controversy for so long. I would also commend them for their initiative and for their final recommendations, most of which are worthy of support.

Much of what I have to say, honourable senators, will be repetitive. As you are all no doubt aware, there is no political subject that provokes more public comment than the Senate of Canada. There is no better subject for the media to fall back on. When it has nothing better to write about it takes another crack at the Senate. It is very rare that more than a few days pass before some self-appointed constitutional expert is advocating reform of this chamber or its abolition so that, in his or her view, Parliament will be a better place.

I have gathered more articles from papers on reform of the Senate than on any other subject. They all say the same thing, but in a different manner. The only good I can see that comes out of it is that it helps to keep the paper industry in production. We have had more task forces, committees and commissions appointed to investigate reform of the Senate than any other matter, and the result only reflects the futility of the exercise and the lack of understanding of what is real. I wonder when and how it will all end.

There have been many articles introduced in this chamber with titles such as "Structural Reform of the Senate;" "To End or Mend the Senate;" "New Initiatives in Canadian Senate Procedure;" "Should Canada Abolish the Senate?" and others too numerous to mention.

• (2130)

Besides these experts we have the copycats, those who suggest that we should copy the systems of other countries, such as the Federal Republic of Germany and its Bundesrat, Australia or the many other countries mentioned. Then there are the new experts who have come out of the woodwork in the last months, those who wish to change "The Senate" to such ridiculous names as "The House of the Provinces" or "The House of the Federation," as if changing the name of the Senate is suddenly going to produce answers to the problems facing the country.

More recently, a new style of learned reformist has reared its head in the form of members of the other place getting into the act by proposing private members' bills on the reform of the Senate. One of those members does not even know what party he belongs to. They seem to have all the answers about what is wrong elsewhere, instead of looking in their own backyard and clearing out the mess that exists there.

Dealing with Part I of the report, which addresses concerns to give the provincial governments a more effective input, it is difficult for me to understand where the problem lies when the report specifically points out what the Fathers of Confederation intended—that is, that senators were to represent regions and provinces, not provincial governments. They were not intended to play any significant part in protecting the jurisdiction of the provincial legislatures, because the courts would do that. Our responsibility was to protect the individual and collective rights of the citizens of the province, which are too often left unprotected and ignored by all levels of government. Unfortunately, the committee did not have the time to deal with that important aspect, but I cannot for the life of me see how it can be determined that the provincial governments do not have more effective input. They just have a stubborn federal government which will not listen.

Certainly, honourable senators, hardly a day goes by when a federal minister and his provincial counterpart do not meet, either here in Ottawa or in a particular province, to discuss the problems of one or the other in their relationship on a particular issue, or to sound out one another on proposed legislation. How many meetings are there in a year when provincial ministers from across the country meet on mutual problems having to do with national issues? In most cases, the appropriate federal minister is in attendance.

The recent constitutional debate was a good example of provincial input and allowed both levels to come up with a package which was at least satisfactory to nine of the provinces, but while it satisfied the provincial governments to a

point it certainly is debatable whether or not it satisfied the people of Canada whom they represent.

Even though the Special Joint Committee on the Constitution did such excellent work on the proposed Constitution, its recommendations were downgraded by the first ministers because of political trade-offs rather than for the good of the country. Those failures were admitted by the Prime Minister himself and many of the premiers. So, insofar as the title reflects our concern over changing the Senate to give the provinces more effective input, it is certainly not valid and reflects the fact that they are ignoring the real changes that are evolving in the governing of our country, without even realizing it. The country is now being governed by those in the Langevin Block and the PMO.

While some people feel that the present Senate is not representing the provinces, let me say that insofar as Newfoundland is concerned there are six senators from that province who I am sure would be ready, willing and able to help give regional representation to the 561,000 Newfoundlanders if someone, including the provincial government, recognized that we are here and knew why we are here and showed one bit of recognition of the role we could play on behalf of our province or region. Certainly, more could be done to achieve regional representation, but they should recognize that it is a two-way street.

From the opposition point of view, as Newfoundlanders, I am sure that Senator Doody—who has a vast knowledge of current provincial problems, having held at least six portfolios in the Government of Newfoundland, notably Mines and Energy, Finance, and President of the Executive Council—and others with experience in the other place could contribute something to regional representation if we were not completely ignored. I am equally sure that Senator Rowe—who was one of the first ministers in the provincial government at the time of its entry into Confederation and who held many portfolios—could be a source of knowledge and representation of the province of Newfoundland. So could Senator Cook, the champion of Newfoundland's rights, and Senators Petten and Lewis, despite their support of the other party in this chamber. I am sure that they would work, regardless of partisan politics, for the good of the province.

How anyone can say that there is no representation of the provinces is beyond imagination.

Taking, again, the province of Newfoundland as an example, with its population of 561,000, there is one representative for every 44,000 Newfoundlanders. Again, if we take into consideration that there are 52 members of the provincial government, there is a government representative for every 12,000 citizens of Newfoundland. That is pretty good representation, honourable senators. I only wish I had the figures for the number of municipal elected officials across the province, because they have access to both levels of government, and the figures for the decentralized personnel of federal and provincial departments who are spread across the province. I dare say that if we counted all of them and divided their number into 561,000, the representation by appointed, elected and hired government officials to whom the citizens of Newfoundland have access, or should have access, would be staggering to the mind.

With apologies to Senator Macquarrie, if we were to take the 121,000 citizens of the province of Prince Edward Island and divided their number by the number of officials, I am sure it would almost be on a one-to-one basis.

There are more government officials travelling back and forth across the country, falling all over themselves, holding meetings and seminars, creating new bureaucracies, supposedly to help the people and provide input to government, but in most cases they are causing confusion rather than helping, and yet some are concerned that the provinces and regions are not represented and they say that is the fault of the Senate.

I do not know about my colleagues, but I will have been here for four years next month, and not once have I received a phone call, a letter or any kind of message to seek support on any issue or any problem on behalf of the Government of Newfoundland. Any letters I have received have been in reply to ones I have sent myself. There have been many visits by ministers of the Government of Newfoundland to Ottawa, and on not a single occasion have I been asked for support on a provincial issue. The premier of the province himself has not contacted me for support on a provincial issue. The only contact I have with my province is from individual citizens who seek representation or assistance through me only because they do not know who else to turn to.

Honourable senators, I have probably said too much already, but moving to Part II of the report entitled "Toward a Renewed Senate," it is difficult for me to understand, first of all, those who suggest that senators should be elected rather than appointed. Despite the fact that I have tried to follow their reasoning, I still cannot see how, if all the senators in this chamber ran in the various sectors of the country and won, that would inject a new spirit of wisdom into their blood that would straighten out the country, or, from the point of view of those who advocate different appointments by the provinces, how a defeated candidate in some provincial election who was appointed to the Senate, or some new suggested formations such as the House of the Provinces, can suddenly be stricken from the heavens with a magical knowledge that could reduce unemployment to zero, or provide a home for every Canadian as a gift, or balance the budget, or ensure that Canada would become a Shangri-la for every one of its citizens.

Far be it from me to compare my abilities with those of the appointed members of the executive branch of the United States government, but everyone is aware that the President reaches into all sectors of society to choose members of the administration which governs the United States. Despite the fact that they make mistakes of judgment and are not infallible, I do not hear anyone in the United States yapping and barking in the wind that if they were elected they would be any better or worse.

• (2140)

The other question that I address, honourable senators, is against those proponents of Senate reform who say things in Parliament would be better if we change the Senate makeup. I take issue with their reasoning. I should like to give one example having to do with the legislative process and the influence on legislation by the government in power.

It is certainly obvious that a good deal of the legislation passed by Parliament over the years has not been the best in the world. It should also be obvious that legislation evolves as a result of influence, not from advice of the government or the government or opposition members of Parliament, but from the lobby of such organizations as the Canadian Chamber of Commerce, the Federation of Independent Business, the labour unions and the powerful corporations and social organizations, and as a result of discussions with the first ministers of the provinces at their conferences, which are becoming more numerous.

Legislation is introduced in the house and goes through various stages. I know that little attention is paid to protests by the opposition, and amendments are rarely accepted. Filibusters are thwarted by the introduction of rule 75, and, unless there is a minority government, there is not much the opposition can do to stop bad legislation. There are many able debaters in the other place—many wise and capable Canadians—but for some reason or other, despite the points they score in debate and despite the embarrassment they cause to the government in power, they have little or no influence over legislation. But we do have, honourable senators, or we can have, depending on what happens when the Constitution arrives back in Canada. We could have stopped that legislation if we had exercised our veto power and not allowed ourselves to be called "toothless tigers" and other such names.

Unfortunately, we have been exploited by the government in power to the point of non-effectiveness as relates to our effect on the legislation which comes before us. Instead of giving us the time to ensure that the legislation is beneficial to Canadians in all walks of life, it is sent to us under demand, duress or threat that it be given royal assent and, in most cases, within set time limits. This is for political gain rather than for the benefit it provides the people of the country.

The only way this can be changed for the better is by our declaring independence, or as Sir John A. Macdonald so aptly stated:

> There would be no use of an Upper House if it did not exercise, when it thought proper, the right of opposing or amending or postponing the legislation of the Lower House.

He also said:

> It must be an independent house, having a free action of its own.

Further, he related:

> The Upper House is only valuable as a regulating body to consider legislation and to prevent any hasty or ill-considered legislation which may come from that lower body, but it will never set itself in opposition against the deliberate and understood wishes of the people of Canada.

Honourable senators, I can accept change in the Senate that will make it a better place and will allow us to perform our duties, as the Fathers of Confederation laid down. I can agree that through the passage of years, and as changing conditions dictate, changes are required to meet those new conditions.

I can agree with many of the conclusions reached by the committee, primarily the one that relates to the pre-study of bills and, particularly, the conclusion that the internal operation could be improved. But I will not accept, on the other hand, the ridiculous declarations by the government which state that the Senate has failed in its function as the voice of the regions when they themselves are the cause of the democratic system's not working.

When referring to representations, I ask one question: What kind of government is it when two cabinet ministers, one of whom is fairly senior, have to write a letter to the Prime Minister to make a suggestion or to make representation? That same Prime Minister stated quite emphatically that the Senate has failed to provide regional representation. The person of whom I am talking is one of the best ministers I have ever known, the Honourable Monique Bégin. It seems to me ridiculous that she, as a top member of the cabinet, cannot go up to the Prime Minister and say "I would like to discuss with you the problems in Quebec."

Honourable senators, after the recent Economic Summit Conference of First Ministers, the Prime Minister, in summing up, said:

> So true political leadership I believe consists in solving problems well before they turn into emergencies. It also consists of more than pointing a finger at the other guy, in this case the federal government, and saying, "It is all his fault."

With the greatest respect to that Prime Minister, we can say, "Neither does true political leadership point the finger at another guy," the Senate, and to say, without just cause, that what is wrong with the parliamentary system of government is all the fault of the Senate.

On motion of Senator Stanbury, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 3624*)

ENERGY

NEWFOUNDLAND—OFFSHORE OIL RESOURCES—TEXT OF TELEX FROM PRIME MINISTER TO PREMIER OF NEWFOUNDLAND

February 12, 1982

The Honourable Brian Peckford
Premier of Newfoundland
St. John's, Newfoundland

I have reviewed your telex of February 10, 1982, regarding the negotiations we are currently conducting on the subject of offshore resource management and revenue sharing.

I would like first to deal with what appears to be a misunderstanding on your part of the basis on which we have been negotiating.

The federal government's offer to negotiate the offshore issues of resource management and revenue sharing was contained in my telex to you of July 27, 1981. In that telex, I clearly and explicitly set out the federal position on ownership as follows:

> The legal position of the federal government is predicated upon the 1967 judgment of the Supreme Court to the effect that rights to offshore resources on the West Coast belonged to the federal government. It has always been our position that this judgment applies as well to the East Coast offshore. Our divergence of views on ownership has introduced an element of uncertainty which would eventually impinge adversely on an orderly development of these resources. We are both aware that the ownership issue cannot remain unresolved much longer. This leaves the federal government with no alternative but to see that this matter is resolved by one means or another through the legal process.

You will also recall my position that if we failed to reach an agreement on resource management and revenue sharing by this month of February, "we should await the outcome of the legal process, which would of course mean that any future negotiations would start from a different base." The federal government has in the past proposed to the Newfoundland government that a direct joint reference to the Supreme Court, with wording agreeable to both of us, is one method of obtaining a clear legal judgment. This proposal was never accepted.

I also referred in the telex to the appeal by the Seafarers' International Union to the Federal Court of Appeal in the following terms:

> If I understand you correctly, you suggest that the federal government not present its arguments on the jurisdiction issues raised by that case. I would like to point out that it is not the federal government that has raised the ownership and jurisdiction question in the context of the SIU case.
>
> The federal government, like the Newfoundland government, is only an intervenor in the case and does not control the issue on which the court is asked to decide. It is the principal parties in the case which placed this issue before the Federal Court for decision, partly in response to an earlier decision by the Newfoundland Labour Relations Board which dealt with the matter of ownership and jurisdiction.
>
> In any event, the issue will be heard by the Court regardless of the position taken by the federal government or for that matter, the Newfoundland government.

I took particular care to reaffirm the federal government's position on ownership and to respond to your concerns over the SIU case in order that there would be absolutely no misunderstanding of the nature of our offer to negotiate the issues of resource management and revenue sharing.

From the fact that you accepted the invitation to negotiate contained in my telex of July 27, 1981, I could only conclude that you understood my position and were willing to negotiate in that context the issues of offshore resource management and revenue sharing.

Nevertheless, as Mr. Lalonde has pointed out in his recent discussions and correspondence with Mr. Marshall on February 9, the federal government was prepared to remain neutral on the Newfoundland government's motion to delay proceeding with the SIU case. As you know, the Court denied that motion this week.

The history of negotiations and agreements on the offshore has been quite different in Canada than is suggested by the Australian experience you use in your telex. In the Canadian case, there was no legal resolution of the ownership issue, (which we believe would provide the most secure and enduring basis for any agreement on resource management and revenue sharing), and successive governments at both the federal and provincial levels, have changed their positions; in one case—concerning the 1977 Memorandum provincial government walked away from an arrangement which had been signed in good faith by a previous government.

I should note that from the moment the current negotiations began, federal officials have made it abundantly clear that this government viewed the resolution of our offshore dispute as one that would proceed on three tracks. On one track, the ownership question would be resolved by the courts. But more importantly, on the second track we would aim in our talks to reach—by February 28, 1982—a pragmatic agreement on a

long-term, stable, resource management and revenue sharing arrangement to which both parties would commit themselves regardless of any court decision on ownership. A third track was discussed as well, that of ensuring that Newfoundland captures as many of the economic benefits as possible from the development of the offshore. Mr. Lalonde articulated this view again with Mr. Marshall during their meeting on January 8.

In other words, in view of the possibility of third-party actions (like the SIU case), the challenge was to arrive at a fair settlement regardless of ownership, but to ensure that that settlement would stick, if and when ownership was eventually decided by whatever means in favour of one side or the other.

Consequently, we must ensure that any settlement we reach contains enough safeguards to prevent its abrogation by either party. I hope that our teams of negotiators can devise such safeguards to ensure that each party remains committed to implementation of the agreement. It has always been my position that we could reach a long term agreement without determining ownership. I continue to believe that in the next two weeks we can achieve such an agreement which would survive any decision on ownership by the courts.

As you are aware, the details of our proposal require further elaboration. The appropriate way to pursue these matters is to resume discussions at the level of Ministers and senior officials. Mr. Lalonde is prepared to continue to meet with Mr. Marshall on an urgent basis over the next two weeks.

Finally, I would simply like to reiterate a point made in my July 27th telex to you. I wrote then that "the jurisdiction issue should not be allowed to obscure the requirement to find a solution that best meets the needs of the people of Newfoundland and all Canada". That solution, of course, encompasses a cooperative approach to both managing the resource and sharing the revenues it generates. In many areas, such as forestry, our two governments have in recent years cooperated to encourage resource development regardless of who owns the resource.

I am sure that you share my hope that we shall arrive this month at a settlement which will reflect the interests and responsibilities of both governments. More than that, it must respond to the pressing energy security and economic development needs of Newfoundlanders and all Canadians.

I am confident that, even with the short time remaining, we can build the framework for cooperation which will ensure the best possible development of our rich offshore oil and gas resources.

"P. E. Trudeau"

THE SENATE

Wednesday, February 17, 1982

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

Prayers.

THE SENATE

REFORM—QUESTION OF PRIVILEGE

Hon. Jack Marshall: Honourable senators, I rise on a question of privilege. I draw to the attention of honourable senators an article that appeared in the *Citizen* today. The article begins by saying:

> An internal reform movement aimed at introducing elections and proportional representation to the Senate is taking shape in the cloisters outside Canada's upper chamber.

In the body of the article, Senator Frith, as Deputy Leader of the Government in the Senate, is quoted. For the benefit of other senators, who do not have the privilege of being included in what might be called an elitist group, would he explain the purpose and the objectives of the reform referred to in the article? I ask this question particularly because there appear on the Order Paper recommendations for Senate reform which contradict those contained in the press report, if indeed that report is true.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have nothing to add to what is said in the article, which I read only a few minutes ago. I do not know of any elitist group within the Senate. The article has quoted my views and the facts correctly. I would not be surprised if the fact that the Senate is debating the inquiry referred to by Senator Marshall is one of the things that caught the attention of the press. I do not understand debate on that inquiry to mean that nobody is allowed to disagree with what is in the report, particularly when we are debating a report that does not agree with what some senators appear to believe. I do not think there was anything by way of surprising news to senators there. Senator Roblin was, I am sure, correctly quoted and we know at least some of his views.

For those reasons I do not think it is a matter of an elitist group, nor do I think there is anything I can add to what was said in the article. From what I read, it seemed to be quite accurate.

I hope that all senators will feel free in the debate to disagree with what the report says. I, apparently along with some reporters, am looking forward to hearing what senators have to say on the subject of Senate reform, using the inquiry as the springboard for doing so.

Senator Marshall: It seems obvious to me, senator, that you are falling into the same trap the media fall into, that when they have nothing better to do they pick on the Senate and start printing ridiculous things.

I just want to know what is going on. It is obvious that things are happening in the Senate that all are not privy to. However, I accept the deputy leader's explanation and I will leave the matter for the time being.

Senator Frith: Incidentally, I did not think that the article was at all unfavourable to either the Senate or senators. However, that is an opinion which may or may not be shared.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I be allowed to follow up on the question, albeit not strictly in accordance with the rules? In the statement that appeared in the press the Deputy Leader of the Government has been quoted as saying:

> The time has come for the Senate to lead, not follow, the debate on its future.

I ask him now whether it is his intention, therefore, to take part in the debate we have engaged in so that he may have an opportunity to give us either his or the government's views on the matter.

Senator Marshall: A good point.

Senator Frith: The answer is, yes. I should, however, say that the views I express will quite likely be my views. If I am able to find out the views of the government and am given the authority to express them, I will do that as well.

I should also like to add that in my view we might advance the procedure to consider Senate reform by not just letting it peter out at the end of this inquiry. However, that is something we would have to discuss. Because I believe that if, for example, we were to attempt to have a resolution of the Senate, without establishing in advance any agreement on the result of the resolution, the procedural form it should take, if it takes any form beyond what it has now, should be on a bipartisan basis, and we should agree on what procedural device or form we will use.

At the moment I think we should leave it that we will bring forward our views on the subject of the inquiry now before us, and I do hope to engage in that debate myself.

Senator Roblin: May I assume from what my honourable friend has said that it is his intention to place before the house the resolution on the future of the Senate, for which he might hope to get bipartisan support?

Senator Frith: That is not quite accurate. It is my opinion that it would be desirable for the Senate to introduce a resolution on what the Senate thinks is the best direction for its reform. In this way the Senate could lead the debate on its reform. At the moment, however, I have no intention of

bringing in such a resolution without the agreement of both sides of the chamber as to the form of the resolution and the procedure we should follow.

Senator Roblin: Now my honourable friend has me thoroughly confused because he seems to be speaking for the government, as Deputy Leader of the Government, when making the statement about seeking the agreement of both sides of the house. Yet he previously said that he would probably be speaking in his own capacity on the matter, rather than dealing with it as Deputy Leader of the Government. I wish he would clear up this discrepancy, because it is very important to me.

I respect my honourable friend's opinion as a member of the house, and he has a perfect right to give it, whatever it might be. But in view of his capacity, under normal circumstances one has to link what the honourable senator says with government policy, and I think that this is something we should have clarified.

Senator Frith: I agree, honourable senators. I want to make it very clear that what I have said on this subject today and what I have been reported in the press and elsewhere as saying on the matter up until now has been my own opinion. I am not speaking for the government. As I said earlier, when I can speak for the government I shall do so, and I shall make it very clear that I am speaking for the government. Otherwise, it can be taken for granted that I am speaking as a senator and am expressing my own views.

Let me also clarify the question of procedure. My personal objective is to have the Senate lead the debate and to have introduced a resolution or statement which puts forward, either by resolution or otherwise, the Senate's recommendations on Senate reform. Of course, we will not know whether this is possible until we attempt it, but if the Senate is to introduce a resolution, then it seems to me that it must take a form other than the form that is before us now, namely, that of an inquiry on a report. As we all know, our procedure on inquiries is that when everyone who wishes to has spoken on the topic it is treated as debated and that is the end of the matter. So, in terms of the procedure we should follow, my concern is as to where we would go from that point, and that is what I wish to discuss with my honourable friends.

Hon. Jean-Paul Deschatelets: Honourable senators, on the same point, I ask the Deputy Leader of the Government whether there has been any indication that we are coming to the end of the session and that we will therefore be beginning a new session with the usual Speech from the Throne?

Senator Frith: Honourable senators, there have been many such indications, but as far as I am aware, through my discussions with the Leader of the Government in the Senate, no decision has been made on the matter.

Hon. W. M. Benidickson: Honourable senators, I take it from what the Deputy Leader of the Government has said that he considers the item on the Order Paper now a matter of inquiry. Frequently, following an inquiry a motion is moved that the subject matter be sent to a special committee. Has the deputy leader any procedure like that in mind, or, if this inquiry is considered as having been debated, are we precluded from having another inquiry on the same subject until a new session?

Senator Frith: Honourable senators, the question raised by Senator Benidickson is relevant to the procedural matter we were discussing. Of course, we will take his observation into account in the discussions. There are many dimensions to the procedural aspect. At the moment, I think that the objective of having the country hear the views of honourable senators on Senate reform is well served by the procedure we are now following, namely, the inquiry on the report of the subcommittee of the Standing Senate Committee on Legal and Constitutional Affairs.

• (1410)

ENERGY

OIL EXPLORATION—DRILL RIG *OCEAN RANGER*—SAFETY-INSPECTION REPORTS

On the tabling of:

Safety-Inspection Reports on Offshore Drilling Operations, dated January 6, January 21 and February 3-4, 1982, relating to the drill rig *Ocean Ranger* (*English Text*).

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, these reports are rather interesting. In their present form it may be difficult to include them as an appendix to today's *Debates of the Senate*, but there may be merit in that procedure if honourable senators wish it. However, they may be obtained from the Table in the usual way.

I would depart from the usual practice to say that the most recent report concerning *Ocean Ranger*, dated February 3-4, contains such references as "Housekeeping on drill floor: Good;" and "Moonpool area: Very good." Comments on potential hazards call for the installation of a proper rail around the diving winch control balcony and repair of the burn basket.

I am sure that those interested in the whole enigma of *Ocean Ranger* will find these reports of interest.

QUESTION PERIOD

[*Translation*]

FOREIGN AFFAIRS

EL SALVADOR—VISIT BY COMMONS SUBCOMMITTEE—POSSIBLE PARTICIPATION BY SENATORS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government. It seems that yesterday the House of Commons decided to send a group of members to examine the situation in El Salvador. I wonder whether it has occurred to the Leader of

the Government that perhaps one or two senators could join the members of the house on this mission.

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the idea is a good one. I was in conversation this morning on precisely that point. I suggested that, if possible, senators be included on that mission.

Senator Flynn: The Leader of the Government should inform the Senate of the decision as quickly as possible since I understand that the members of the House of Commons will be leaving on Saturday or Sunday. If senators are to participate, we should have at least 48 hours' notice before being invited to do so.

NEWFOUNDLAND

LOSS OF DRILL RIG *OCEAN RANGER* AND RUSSIAN CARGO VESSEL *MEKHANIK TARASOV*

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, my question relates to what was said yesterday concerning the tragic events involving the drill rig *Ocean Ranger* and the Russian ship.

Has the Leader of the Government checked the allegation that the Russian ship changed course in order to assist the crew on board *Ocean Ranger*? We have heard a different story indicating that the Russian ship had begun to list long before there was any sign of danger on board *Ocean Ranger*.

Hon. Raymond J. Perrault (Leader of the Government): I can assure honourable senators that prior to Question Period yesterday evening I was visited by a representative of the Ministry of Transport who provided me with the information contained in my answer. The information he had received indicated that the Russian ship had changed its course toward the scene of the *Ocean Ranger* tragedy and, in the course of so doing, had begun to list. I can only refer again to the official information received from the Ministry of Transport.

Senator Flynn: I would ask the Leader of the Government to ascertain whether that was the situation because, according to the press, it was somewhat different.

[*Translation*]

TRANSPORT

AIRLINES—SALE OF NORDAIR

Hon. Martial Asselin: Honourable senators, my question is directed to the Leader of the Government. For the last year and a half I have been questioning the Leader of the Government about the future of Nordair and about the possibility that Nordair might go into partnership with Quebecair. The media have been struggling to get specific information on this subject from the Minister of Transport. The Leader of the Government has, from time to time, answered my questions by saying that the minister was still considering the matter and that no decision had been made.

On February 11, in a letter to the president of Air Canada, the minister gave the president the assurance that Nordair would remain the property of Air Canada. In the same letter, the minister also said that if the Government of Quebec dropped its $15 million investment in Quebecair, perhaps it would be possible to arrange for Nordair and Quebecair to go into partnership.

My question is: What is the basis, what is the rationale for the Minister of Transport's objection, namely, that since Quebec had invested $15 million in Quebecair, the minister could not allow Quebecair to go into partnership with Nordair and thus achieve a better balance of air transport in eastern Canada?

• (1415)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the proposal made by Senator Asselin will be brought to the attention of the Minister of Transport and other members of the cabinet. The balance of the question will be taken as notice.

[*Translation*]

Senator Asselin: I have a supplementary. Can the Leader of the Government inform us whether the decision to maintain Air Canada's ownership of Nordair is a final decision by cabinet or whether there is still hope that negotiations will continue between Nordair, Quebecair and another Ontario airline, so that the present Minister of Transport will be able to keep the promise made by his predecessor, the Honourable Otto Lang? Mr. Lang told Air Canada that it would retain ownership of Nordair for one year only, and that at the end of that year the shares held by Air Canada would have to be transferred to another air carrier in the private sector.

[*English*]

Senator Perrault: Honourable senators, a statement on the situation will be made to the Senate, and that question will be addressed at that time.

ENERGY

ALSANDS PROJECT—GOVERNMENT OFFER TO PARTICIPATING COMPANIES

Hon. R. James Balfour: Honourable senators, I have a question for the Minister of State for Economic Development. Is the minister in a position today to state whether or not it is correct that the Minister of Energy, Mines and Resources has indicated that neither the Government of Canada nor the Alberta government intends to modify the offer to the companies participating in the Alsands project?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I think it is known that there is an important meeting taking place today respecting that matter. In any event, I will refer the question to the minister and ask him whether or not he has made that assertion. Hopefully, there will be an agreement reached very shortly.

Indeed, today would be a good day for reaching that agreement.

ECONOMIC DEVELOPMENT

MEGA-PROJECTS

Hon. Peter Bosa: Honourable senators, I have a question for the Minister of State for Economic Development. Recently, considerable attention has been given to the mega-projects. There has been some confusion arising out of the attention being given to that subject. Are the mega-projects in the conceptual stage? Have they been initiated? When can we see something real in connection with those projects?

Would the minister advise the Senate as to whether any of the mega-projects are in the main stream at the present time?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I think I read a short list of projects that came within the definition of "mega-projects" a few days ago. The financing for a number of others has also been committed. At the present time, regarding the mega-projects identified by the major task force committee, of which over 22 are under way, I believe that all of the financing has been committed to those projects. If honourable senators are interested, I will try to find a list of those projects for you.

• (1420)

Senator Bosa: I have a supplementary question. Would the minister please list those projects?

Senator Olson: Honourable senators, in the private sector the following mega-projects have been committed: The synthetic crude oil refinery and benzene plant at Scotford, Alberta, an investment estimated at $600 million; TQ&M Pipeline, an investment estimated at $861 million.

Hon. Jacques Flynn (Leader of the Opposition): That is not true.

Senator Olson: There is the Alaska Highway gas pipeline, an investment estimated at $5.1 billion; Beaufort Sea drilling for this year and part of next year, an investment estimated at $700 million; the Revelstoke hydro project in British Columbia, an investment estimated at $1.1 billion; the Cheekye Dunsmire transmission project in British Columbia, an investment estimated at $576 million; the Sheerness thermal plant in Alberta, an investment estimated at $607 million; the Genesee thermal generating station in Alberta, which is under way, an investment estimated at $595 million; the Darlington generating station in Ontario, an investment estimated at $2.5 billion; the Bruce "B" generating station in Ontario, an investment estimated at $2.2 billion.

Hon. C. William Doody: Would you move farther east?

Senator Olson: We are moving in that direction.

There is the Atikokan generating station in Ontario, an investment estimated at $563 million; the La Grande, Phase I, in Quebec, an investment estimated at $9 billion; the James Bay transmission networks, an investment estimated at $3.719 billion; the Point Lepreau generating station No. 1, which is in the advanced stage, an investment estimated at $1.3 billion; the modernization and expansion program, Cominco Ltd., in British Columbia, an investment estimated at $700 million; the Quintette coal development, an investment estimated at $700 million to $800 million; the Potash Corporation of Saskatchewan rehabilitation and expansion program, an investment estimated at $2 billion; and the Grande Baie aluminum smelter in Quebec, an investment estimated at $500 million.

There are a number of others, but those mentioned involve the private sector and crown corporations. We also have another long list of commitments that have been made by the federal government. If honourable senators would like me to list those I would be glad to do so.

Hon. Martial Asselin: I have a list here of lost jobs.

Senator Flynn: It would be superfluous because it is all the same.

An Hon. Senator: Let's hear it.

Hon. Raymond J. Perrault (Leader of the Government): Let's hear the good news.

Senator Flynn: The news is not new!

Senator Olson: The news is not new because it has been announced before, but—

Senator Flynn: Some of them have been announced for ten years.

Senator Olson: —if you would like a compilation of the list of major projects, I would be glad to provide it to you.

An Hon. Senator: Go ahead.

Senator Olson: For example, all honourable senators will know that we made an allocation of $267 million to modernize the textile, clothing and shoe industry.

Senator Perrault: Hear, hear.

Senator Flynn: That's old stuff, too.

Senator Olson: They will know that we increased the funding to $276 million for pulp and paper modernization.

Senator Perrault: Hear, hear.

Senator Flynn: That is old stuff, too.

Senator Olson: There is an additional contribution to the Space Program to bring it to more than $475 million.

Senator Perrault: Hear, hear.

Senator Olson: There is allocated $900 million over three years—that is, $300 million a year or so—to match the "credit mixte" terms offered by foreign governments.

Senator Perrault: Hear, hear.

Senator Olson: There is increased funding to $128 million for the Defence Industry Productivity Program—that is the DIP Program—which is extremely useful for this country. There is an additional $27.5 million allocation to Telidon, and $12.5 million to the Office of the Future program. We have extended the Special Electronics Fund to $93 million. We have

approved a $350 million ILAP program. We have approved the construction of a $1 billion oil pipeline and oil field development for Norman Wells. We have extended Petro-Canada's capital spending program to $1.6 billion from $900 million, and we have guaranteed 80 per cent or $184 million of the capital requirements for the northeast British Columbia coal development. We have approved $47.7 million to increase the handling capacity of the Roberts Bank port facility. We have contributed $43.9 million to the construction of the Panamax dry dock in Halifax. Incidentally, a large part of that will be built in Quebec.

• (1425)

Senator Flynn: That is three years old.

Senator Olson: No, it is not three years old. The employment associated with that is not yet under way. We have also increased allocated funds to the Federal Business Development Bank to $475 million in order to assist small business.

Those are some of the highlights. If honourable senators wish a more complete list, I will be glad to read it out or to bring to the Senate a copy of the list.

Hon. Royce Frith (Deputy Leader of the Government): The Conservatives accept good news only on division.

Senator Flynn: Most of them were decided when we were in office.

Hon. Harry Hays: Honourable senators, might I ask the minister when we can get $15,000 to fix up the tunnel between the Centre Block and the East Block?

Senator Perrault: That is on page 3!

Senator Flynn: I am surprised that the minister did not mention that.

Senator Perrault: He is only on page 1; that's why.

ENERGY

ALASKA HIGHWAY GAS PIPELINE

Hon. Ernest C. Manning: Honourable senators, can the Minister of State for Economic Development advise whether there has been any progress so far on the financing of the Alaska Highway pipeline on the American side?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I cannot give specific details of the financing package that has been put together, but I have held a number of meetings recently, including one with the Federal Inspector in the United States, Mr. Jack Rhett. Indeed, we have heard from a number of people, without their being identified, in the financial community, advising us that progress to date is ahead of the targets that were anticipated when they started to put together that very large package.

I might also say that some of the speculation in the press about the cost of this has been exaggerated. The estimated cost in Alaska has been reported to be going up to $27 billion, $30 billion—and $40 billion; and sometimes we even hear $50 billion. The latest figure that has been made available to me is $24 billion, which is in line with what has happened in connection with the prebuild in the southern part of Canada and all through the sections that were built in the United States, namely, that each one of those sections has been built ahead of schedule and under budget.

Hon. Royce Frith (Deputy Leader of the Government): More glad tidings.

EDUCATION

UNIVERSITIES—POSSIBILITY OF DIRECT FEDERAL AID

Hon. Heath Macquarrie: Honourable senators, after listening to Senator Olson's bulletin, I feel buried in bucks and smothered in simoleons. I am going to ask a question which also has to do with expenditure.

• (1430)

I read with much surprise an item in the *Globe and Mail* which was based upon information supplied by the Honourable Gerald Regan, Secretary of State, and Mr. Phil Bryden, an officer of the Department of the Secretary of State, and is to the effect that the Government of Canada is now studying a plan to pay directly to the universities more than $3 billion in yearly revenue for post-secondary education, thereby removing the provinces as a factor in this movement of funds.

Honourable senators, the area of education has, since the time of Confederation, been a provincial jurisdiction. The reason given for this change is that more credit will be given to the federal government. As well, the federal government will thus be able to keep a closer tab on the use of the transferred money.

I submit that this is much more than a little alteration on a balance sheet: this is a fundamental change in functioning federalism. It occurs at a time when the frail fabric of federation is pretty tatty. I hope, honourable senators, that this is not an accurate reflection of the minister, nor of the officials, and certainly not of the government. I hope that the Leader of the Government can assure me that my view is not ill-formed.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the federal government maintains its active, lively and concerned interest in the promotion of higher education in this country. A number of avenues are being studied whereby we may achieve the highest possible standards in this country.

The question will be taken as notice, however, and perhaps a statement can be brought to the Senate which will reassure the honourable senator.

ENERGY

OIL—GOVERNMENT POLICY RE SELF-SUFFICIENCY

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like to address a question to the Minister of State for Economic Development—and what?

Hon. H. A. Olson (Minister of State for Economic Development): —Economic and Regional Development.

Senator Roblin: Economic and Regional Development, thank you. I will try to get that into my head a little more firmly, though I must say that I liked his old title better.

When I listened to the recital of mega-projects that has just been given to the chamber, it crossed my mind that it is rather a pity that the million unemployed of this country are not on the Senate *Hansard* distribution list. They would no doubt feel a lot better after hearing the minister's statement. I should like, however, to ask him a question about the energy situation in the country. I wonder whether it is still the policy of the government to secure self-sufficiency in oil by 1990.

Senator Olson: Honourable senators, first of all I will make one or two comments regarding the preamble to the question. I want to say that I like the term MSERD. I prefer the insertion of the word "Regional" because it imparts to the people of this country an indication that the federal government intends to co-ordinate its activities throughout the nation. I believe that this change is meaningful and relevant, and I am very pleased with it.

I will say, also, that I agree with Senator Roblin's view that many people in this country ought to hear facts such as those I read out to this chamber a few moments ago. If they did, they would have more confidence in the future of this country. As was pointed out, there are billions of dollars in the private sector that are already committed to going ahead with the mega-projects, and some indication of what the national government is doing. Anything that my honourable friend could do to spread that encouraging word to the people of this country would be appreciated.

With regard to the last part of the question, which is whether the government still has the objective of being self-sufficient in oil by the end of this decade, the answer is yes.

Senator Roblin: I quite agree with my honourable friend when he says that the private sector is doing quite a job in Canada these days.

Senator Olson: A good job.

Senator Roblin: My point, however, is that it could do a much better job if that were made possible by means of budgets that were directed toward development, savings, investment and productivity, instead of toward goals that the government sets for itself and, of course, inflation. I have a question on that subject as well, if I have time to get around to it.

If my honourable friend wants to secure energy self-sufficiency by 1990, I then ask, does he regard the stalled projects in Alberta and Saskatchewan as being essential for the achievement of that goal?

Senator Olson: Honourable senators, if self-sufficiency is to be reached and if there is a projection of additional supplies that will be required by the end of this decade, it seems perfectly obvious to me that it is necessary to bring on more production. More production is necessary, not only for the increased consumption resulting from the growth in our economy but also to offset the decline in some of the traditional fields that are in existence. I do not think that a great deal of rationalization is needed to agree that we must have some of the projects on stream by the end of this decade if we are to achieve our goal. We have confidence that this will happen.

We on this side of the chamber understand just as well as senators opposite that problems were encountered until an energy agreement was reached between the producing provinces and the national government. That, however, has now been achieved. I believe that a great deal of exploratory work will take place in the sedimentary basin in western Canada during both the coming summer and the one following that.

I would point out that the self-sufficiency objective did include some of the major projects that have not been fully committed. My friend opposite likes to use the term "stalled." I am certain, honourable senators, that anyone making a commitment on multiple billions of dollars would like to consider the situation rather carefully. We certainly intend to do our part, without giving away the shop, to see that those projects go forward.

I might make one further comment, which is that my honourable friend made some allusion to the role that the private sector is playing in this country. I believe that the statement I read out to you a few moments ago indicates that there is some confidence on the part of the private sector in the economic development in Canada.

Senator Roblin: I agree; the more people who hold that view, the better. It seems to me, however, that the government does its best from time to time to foster a contrary opinion.

Senator Olson: The record shows exactly the opposite of that.

Senator Roblin: The record does not show exactly the opposite of that. The record shows an entire chapter of misused opportunities. I am telling my honourable friend that he is well on the way to missing the opportunity with those mega-projects in Alberta that I spoke about, because he knows—although he may not be willing to admit it to this chamber—that the trend in oil prices today, when added to the trend in interest costs today, makes it quite unlikely that anyone will go ahead on those projects without some substantial re-engineering of the terms and conditions that have been played down by the governments concerned.

My question is devoted to encouraging my honourable friend to apply his undoubted talents to producing a formula that will enable these projects to go ahead.

Senator Olson: My honourable friend should simply look at the record and at the terms and conditions, for example, of the new energy agreement which was signed last September 1. The basic price for new oil at January 1, 1980 was slightly under $20, and rose to $45.92. If he does not agree that that change in the basic price constitutes an incentive, then I do not know what he requires. If my honourable friend looks at the netback to the company, which occurs after all of the taxes and other levies have been paid, he will notice that it has doubled from

what it was before, which was slightly less than $9 a barrel on conventional oil. If my honourable friend cannot understand that that is a significant incentive to the private sector, I suppose I do not know what would persuade him otherwise.

Senator Roblin: My honourable friend has very nicely succeeded in mixing up two questions. One question has to do with the price of new discoveries of conventional oil in Alberta, with regard to which he gave the price schedule. The other question has to do with the price to be established for the unconventional production of oil in the tar sands and in the heavy oil sites in western Canada. Those are two quite different questions requiring different price schedules and involving different economic problems, and he knows that perfectly well. He also knows perfectly well that nobody is going to get his $42 a barrel—

● (1440)

Senator Olson: I didn't say $42 a barrel.

Senator Roblin: Well, whatever it is—in new oil discovered, unless they are able to find some, and that brings up the question of cash flow. We debated that before. But I tell my honourable friend that he cannot confuse everybody in this country with his rather ingenious—I won't say "misleading"—statement on that particular topic.

I want to ask my honourable friend another question. The other day the Minister of Finance admitted that the deficit would be larger than the one planned for in his budget. Will my honourable friend give me some reasons why the Minister of Finance made such a statement?

Senator Olson: The Minister of Finance made such a statement for a very clear, logical reason, one that I am sure is well known; indeed, I would venture to say that Senator Roblin could remember that from what he read. The Minister of Finance said that when the economy takes a downturn—and that has happened—government revenues go down a bit too; in some cases costs do not. There does not seem to be any mystery to that. That is what the Minister of Finance said.

Let me make one other comment here. My honourable friend seems to want to claim that I am trying to confuse him.

Hon. Jacques Flynn (Leader of the Opposition): No, no, not him; the public.

Senator Olson: Well, I guess that is what happens—

Senator Flynn: You may confuse the public in general, but you will not confuse us; don't worry about that.

Senator Olson: That is what happens, if you cannot follow the completely logical, reasonable scenario with respect to our incentives and what is involved in the development of oil discoveries and oil production programs—and that brings us to his original question, whether it is our objective to achieve self-sufficiency.

It seems to me that he should understand, as I understand very clearly, that that self-sufficiency depends on several components or parts, including further discoveries in the sedimentary basin in western Canada and other places, part of the frontier oil being brought on stream, and also the larger projects in both heavy oil and oil sands. Those have been in the program all along.

I think my honourable friend ought to be a little bit careful when he tries to make the claim that new discoveries, exploration and so on, in Canada are not favourable areas to operate in or make those investments in. Almost everybody who understands the geological data available agrees that the chance of finding oil from exploratory work in Canada is five times greater than in the United States.

Senator Roblin: Of course, my honourable friend forgets that we originally started out by talking about the oil sands in Alberta.

Senator Olson: You talked about oil self-sufficiency.

Senator Roblin: That is right, and I asked whether those oil sands in Alberta were part of the government's program. Then the minister is the one who expanded the terms of the debate.

Senator Flynn: As usual.

Senator Roblin: Yes. No one is saying that it is not profitable or not interesting to invest in oil exploration in Canada. With a 92 per cent government refund in the Canada lands, how could it fail to be interesting? The only question is that in the provincial lands it is only good if you have the money. The argument there is the question of cash flow.

Senator Olson: That is just not the right statement at all. There is what is called the Petroleum Incentive Program in Alberta, which is being administered and paid for by the Province of Alberta. He knows that. He also knows that new oil discoveries in Alberta or Saskatchewan or Manitoba—and there are some in Manitoba, too—come on at a price that is now the new oil price, which is double what it was previous to the agreement, and that the netback to the oil companies is more than double what it was then. Why doesn't he admit those things?

Senator Frith: Hear, hear.

Senator Olson: They are pretty important incentives.

Senator Flynn: You never admitted during the campaign that you would do that.

Senator Roblin: Well, my honourable friend can make his case, but I will come back to these oil sands in Alberta, because they are the ones that attracted my notice as to whether or not they are part of the campaign, and whether or not they will come on stream in time to enable the government to reach its goal. So we will wait and see what happens at this meeting on Alsands in the next day or two, and we will certainly be asking my honourable friend to give some explanation of what transpires on that occasion.

INTERNATIONAL TRADE

GOVERNMENT POLICY RE EXPORTS TO IRON CURTAIN COUNTRIES

Hon. Duff Roblin (Deputy Leader of the Opposition): I want now to ask the Minister of State for Economic Develop-

ment another economic question having to do with the policy of the government with respect to exports of Canadian products of various kinds to countries behind the Iron Curtain.

I want to know what the policy of the government is with respect to subsidies of Canadian exports to these countries, either in terms of the Export Development Corporation's allowing less than market rates of interest or in terms of direct government subsidies, which have already been referred to in another connection. I want to know with respect to future transactions with the Iron Curtain countries whether the government's policy of subsidized exports of one kind or another is to be modified.

Hon. H. A. Olson (Minister of State for Economic Development): Well, honourable senators, my friend is asking whether or not we will have a hard and fast policy against any calculation that would appear to be a subsidy to the so-called iron curtain countries. He ought to know that there are certain competitive factors out there. One of them is what is commonly referred to as concessional financing. Even though you may have the right product and the capability of delivering it, and so on, one of the fiercest aspects of international competition at the moment is the kind of financing involved. In the list I gave I mentioned the $900 million added to credit mixte so that we can, indeed, be competitive. I am not suggesting that there will be any different policy with respect to that, except that I do know that Canadian exporters, who are trying to make the kinds of deals they have made before, have required us to respond to the situation with respect to concessional financing. I can also tell my honourable friend that there has been a measure of agreement among a number of countries with respect to this concessional financing, so that in terms of lowering rates the competition will not be quite as vigorous as we have experienced in the past.

Senator Roblin: Well, of course, it is much more than a question of these concessional rates that is at issue here, as my honourable friend knows perfectly well. The question is whether or not the government will facilitate the conduct of trade with eastern bloc countries by using economic inducements from the west.

My honourable friend knows perfectly well that the EEC and NATO are at the present time discussing this whole question of the extension of credit to eastern bloc countries. He says that the Canadian policy is vague. I ask him what it is and he says that, well, he doesn't know what it is.

Senator Olson: No, I did not say that.

Senator Roblin: Well, whatever it is, he will have a chance to tell me again what he thinks it is.

I want to know from him whether Canada is taking any part in these discussions within NATO, or in consultation with the EEC or with the United States, concerning this problem of credit in transactions with the eastern bloc countries.

Senator Olson: Yes, Canada is an interested participant in all the NATO discussions, as my honourable friend knows. I hope he does not suggest that I should announce what those NATO countries are going to decide before they have made their decision.

ECONOMIC DEVELOPMENT

MEGA-PROJECTS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a supplementary question on mega-projects for the minister. He has given us quite an exhaustive reply.

Hon. H. A. Olson (Minister of State for Economic Development): It was just a partial answer.

Senator Flynn: That suits me fine.

Hon. Royce Frith (Deputy Leader of the Government): You found his reply exhausting, but not exhaustive?

Senator Flynn: I don't think so. The reply was rather exhaustive, but let's say it is incomplete. I suppose the reply to my question will be the same—not exhaustive but just partial.

The minister mentioned a number of major or important projects in both the private and public sectors. Most of them have been announced over the years. Some of them go back ten years now.

Senator Olson: Oh, no.

Senator Flynn: Oh, yes, certainly. For example, the James Bay project has been on the books for a long time. At any rate, I am asking him now if he will provide the Senate with a list of those important projects, in both the private and public sectors, that have been abandoned or stalled during the last year, for instance, as a result of the high interest policy of the government.

Senator Olson: I think it would be a rather short list.

Senator Flynn: Well, don't decide in advance. Give it to me.

Senator Olson: I could try to look that up, but the other problem—

Senator Flynn: It is important.

Senator Olson: No, no. The problem that the Leader of the Opposition has is, of course, that he says "stalled." Well, what does that mean?

Senator Flynn: I said "abandoned or stalled," and you can start with the Alsands project.

• (1450)

Senator Olson: That matter is under active negotiation. In any event, I like to respond to a question accurately. Senator Bosa asked me for a list of the mega-projects that were under way, and that is what I gave him.

Senator Flynn: But I am asking the minister to provide me with the list for which I have asked. After all, if the object of the government in maintaining high interest rates is to fight inflation, it is only logical to think that some projects will be abandoned, otherwise the policy will have no effect at all. The government speaks of restraint in the public sector, so it

accepts that unemployment will rise. But I do not understand how the minister can reconcile what he is saying with the policy of the government with regard to high interest rates. He cannot have it both ways. In any event, will the minister assure me that he will produce the list I have asked for?

Senator Olson: Honourable senators, I think that some of the truth is now coming out—

Senator Flynn: And it is coming from me, not you.

Senator Olson: —as to the interpretation and attitude of the opposition to the government's policy. The Leader of the Opposition does not seem to understand that the fight against inflation is to keep prices from rising as rapidly as they have, to dampen the price increases. The only thing in the mind of the honourable senator is that this fight can only be carried on with high levels of unemployment, and so on.

Senator Flynn: That is what you are saying.

Senator Olson: That is the basic difference between the philosophy of the opposition and ours.

Senator Flynn: That is what you are saying.

Senator Olson: I did not say that. That is your interpretation.

Senator Flynn: The government is saying that.

Senator Olson: It would be very difficult for me to do my honourable friend's homework for him—

Senator Flynn: You can't do your own, so how can you do mine?

Senator Olson: —and to try and find out from every company in the country whether they are stalling or abandoning certain projects. I suppose we could make some inquiries, but I know that the Leader of the Opposition has his own interpretation of the matter, and he can probably do his own homework better than I.

Senator Flynn: But how can the honourable senator reconcile the government's policy on high interest rates with unemployment? If everything is going so well as this exhaustive, or, perhaps, better yet, this not-so-exhaustive, list of mega-projects would seem to indicate, how can the minister explain the fact that there are one million Canadians unemployed? For goodness sake, he seems to be satisfied with a very poor situation.

Hon. Martial Asselin: He laughs at the people who are unemployed.

Hon. R. James Balfour: You joke.

Senator Olson: No, I do not. We do not even smile. In fact, we spend our time trying to find solutions to these kinds of problems. We do not sit there like the Leader of the Opposition—

Senator Flynn: You have had your smile.

Senator Olson: —and come up with the kind of logic of which he and his party are capable, namely, that the only way to fight inflation is with high unemployment, and so on.

Senator Flynn: That is what you say.

Senator Olson: That is not what I said. That is your interpretation.

Senator Asselin: That is the philosophy of the Minister of Finance.

Senator Flynn: The minister should read what the Prime Minister has been saying.

Hon. G. I. Smith: Face up to the facts.

Senator Olson: It is our wish to maximize the job opportunities in this country while, at the same time, slowing down the rate of price increases.

Senator Flynn: But the basis for your job opportunity program is one million unemployed.

Hon. Jack Marshall: Would the Minister of State for Economic Development advise me whether in his list of mega-projects—if, indeed, they can be called mega-projects—there is any money available for the development of the Lower Churchill River, which is so vital in the area of alternative energy?

Senator Olson: Honourable senators, $200 million has been allocated for the Lower Churchill River hydro development. As my honourable friend knows, there are two prospective sites for development, one at Gull Island and the other at Muskrat Falls, which represent a generating capacity in the order of 2,300 megawatts. Planning is apparently under way, but my honourable friends opposite also know that, first, we must reach some kind of agreement with the Province of Newfoundland with regard to this project.

Senator Marshall: Is the minister saying that subject to agreement the money will be available, or that it is available now?

Senator Olson: I said that $200 million had been provided in the energy budget last fall for that project. If the honourable senator would like more detail as to the state of the negotiations, then I shall have to refer the matter to the minister directly responsible for those discussions.

Senator Marshall: When the minister is ready to sign the agreement, will he follow the same procedure as the Minister of Transport and sign it in a hotel room or with the premier in the House of Assembly?

Senator Olson: I am not sure where the agreement will be signed. Perhaps they will go to the site.

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): That is a very important question.

Senator Olson: Perhaps the honourable senator's question has for him some comical overtones, but to me it is very important that the government is acting in a relevant and meaningful way for the economic well-being of Canadians throughout the country. When there are people who would get in the way of the federal government's demonstrating that it is interested and involved in the economic enhancement of this

country, then I think we have a responsibility to carry out our job properly.

Hon. C. William Doody: Honourable senators, I hope the minister will entertain a supplementary question on this subject.

Senator Flynn: He is quite entertaining.

Senator Doody: This subject is one of great interest to the Province of Newfoundland. If the $200 million is indeed available for the development of the Gull Island and Muskrat Falls sites on the Churchill River, would the minister inform honourable senators as to the conditions under which this money is available so that we may convey the message to the provincial government and perhaps urge it to co-operate? It is my impression that the Newfoundland government is most anxious to get either project under way and that the problem is one of funding and of transmission. Perhaps the minister could elaborate on the subject.

Senator Olson: Honourable senators, my honourable friend has just raised a number of matters which must be negotiated with respect to Newfoundland, and there is also the matter of the transmission line. It seems to me that if the honourable senator already knows as much as he does, then he would also know that the Minister of Energy, Mines and Resources, who is the minister involved in these discussions and negotiations, is, in fact, carrying on these discussions. I am afraid that I cannot accommodate the honourable senator when he asks that we let all the senators know, because I do not think that he was serious when he suggested that senators be the intermediaries in this matter.

Senator Smith: What's wrong with that?

Senator Marshall: What's wrong with that? That is the whole bloody trouble with regional representation.

Senator Doody: Honourable senators, if the Senate is not to be informed of the status of the project, if the representatives of the provinces in the Senate are not to be informed of the status of the project, and if there are so many obstacles to overcome before the project even becomes a project of any size, then why put $200 million in the envelope? Why does the government not put in $500 million and really make a big show, or put $1 billion in and flood the entire outfit? What I mean is, the government obviously does not have anything in sight.

Senator Olson: Honourable senators, here again I think we have a difference of philosophy.

Senator Flynn: Are you going to use that one again?

Senator Olson: The $200 million allocation was arrived at after following the usual serious procedures. It was not allocated merely for show, as senators opposite might have done.

Senator Flynn: You are only saying that to convince yourself.

Senator Smith: Honourable senators, I would like to explore the minister's extraordinary comment that he did not think it was a good idea to let senators know what is going on with regard to the Churchill River project.

[Senator Olson.]

Senator Olson: I did not say that.

Senator Smith: Of course you did. It is on the record. The trouble is you do not know what you say most of the time.

Senator Olson: My memory is far more accurate than yours most of the time.

Senator Smith: In any event, if that is the minister's philosophy, then I would like to know the reasoning behind it. I thought that senators were entitled to know all the confidential information, and that it was their duty to find it out, and the minister's duty to pass it out if he can get it.

Senator Olson: And there goes my honourable friend, Senator Smith, again—completely misunderstanding what Senator Doody said and, even worse, my response, which I gave with absolute clarity. I did not say that senators should not make inquiries or seek to be informed. What Senator Doody asked was that senators be the intermediaries. I do not believe that the Minister of Energy, Mines and Resources needs a senator or anyone else as an intermediary between him and the Government of Newfoundland.

Senator Smith: Honourable senators, the Minister of Energy, Mines and Resources needs an awful lot of intermediaries if he is going to get these projects going. The honourable gentleman and I can look at *Hansard* tomorrow and determine which one of us is right, but I say to him again that I think that he will find that he said exactly what I said he said, namely, that it was not a good thing to give information to senators.

• (1500)

Senator Olson: No, honourable senators, I said that I said what I said.

Senator Frith: Well said!

Senator Marshall: That is not what you said you said.

Senator Doody: I would ask for clarification.

Senator Flynn: Oh, no—what an optimist.

Senator Doody: Not being absolutely certain about what was said, but if it were said, I am sure that it would have been better said in another forum.

Apparently, $200 million is available for the development for either or both of the Lower Churchill sites. Under what conditions is the $200 million of financing available for the development of these sites and, indeed, is the $200 million a concrete amount? If it is not, I would suggest that a figure of $500 million or $1 billion would be more appropriate. If it is a real figure, under what conditions will that $200 million be made available?

I may not be entitled to convey any information I receive from the minister to the Newfoundland government. Perhaps the honourable ministers opposite have a better rapport with the administration in St. John's than I do, although there are those who might feel that that is not necessarily so.

Senator Olson: Honourable senators, that amount of $200 million was provided in the Energy envelope and assigned to the development of the Lower Churchill Falls.

I could refer the portion of the question dealing with terms and conditions to the Minister of Energy, Mines and Resources, and I suppose the answer we would receive would be a realistic one, and I like to deal with the real world.

Senator Flynn: Occasionally.

Senator Olson: The answer most likely would be that the terms and conditions under which that funding will be made available will depend on the negotiations which take place between the two levels of government.

Senator Doody: Presumably the terms and conditions will be made known to someone somewhere along the line.

Hon. Duff Roblin (Deputy Leader of the Opposition): Sometime.

Senator Doody: They may even be attached to the cheque, and that is fine. If the minister or his associate goes to Newfoundland with that $200 million cheque with all the terms and conditions attached, I think I can arrange a meeting at the Hotel Newfoundland, the Confederation Building or anywhere else the minister may choose, because the people of Newfoundland are most anxious to have that or any other project go ahead.

Senator Olson: Honourable senators, I hope Senator Doody realizes what he has just said. He wants to know the terms and conditions now, and have us announce them unilaterally without negotiation with the Newfoundland government, the owners and future operators of this energy source. I think the honourable senator is not serious in making that request.

Senator Doody: I was very serious. If the honourable minister will now state the terms and conditions under which the government is prepared to spend $200 million, the people of Newfoundland would very much like to know what those terms and conditions are. My comment was certainly not made lightly. My question was: Can he tell us what the $200 million offer entails? It was posed in complete sincerity and in good faith.

It is easy to say that $200 million is available. As I said earlier, why not make the amount $500 million or $1 billion, which, in my opinion, would be a more appropriate figure?

Senator Olson: Honourable senators, the reply I gave several moments ago completely answers that point.

Senator Doody: I believe I have taken the levity out of the conversation.

Hon. Charles McElman: Honourable senators, I should like to address a question to the Minister of State for Economic Development but, before so doing, I would join my honourable friend, Senator Roblin, in commenting on the revised Ministry of Economic and Regional Development.

Those of us who come from that part of Canada which benefited most from DREE realize that, although a lot of good was done industrially and in providing an infrastructure, there seemed to be a lack of cohesion and co-ordination as between the various federal departments. Some line departments that should have been assisting in the development of the Atlantic area were saying, "Leave it to DREE," and were not carrying out their own responsibilities. One hand did not know what the other was doing.

I am delighted to see that there may now be some co-ordination and that our colleague, the Honourable Bud Olson, will be exercising a good deal of influence in pulling it all together.

Some Hon. Senators: Hear, hear.

Senator Argue: He will do it.

Senator Doody: He might look for a transfer.

Senator McElman: My question to the minister has to do with a mega-project which affects the Atlantic provinces and, more particularly, the maritime provinces of New Brunswick and Nova Scotia—the TQ&M pipeline.

In the news last night, and again this morning, it was reported that the same type of radical and renegade unions whose blackmail and gangsterism drove up the cost of the Olympics to such an extravagant degree are now exercising their untoward influences upon the workers on the TQ&M pipeline in Quebec. Although the construction of that pipeline very much affects Quebec, it also affects my own province greatly and that of our colleagues from Nova Scotia.

The eventual cost of the gas to be delivered through that pipeline is dreadfully important to the provinces of New Brunswick, Nova Scotia and, although not so directly, Prince Edward Island.

I am sure that other senators from the maritime provinces share my concern that this gangsterism, which also had a great effect on the costs of the James Bay project, would be permitted. It must not be allowed to destroy the benefits of this mega-project to an area of Canada that desperately needs help and assistance in energy as well as in other areas.

Since this project affects a number of provinces, what action can or will be taken by the Government of Canada, perhaps in concert with the Government of Quebec, to ensure that these people do not get away with their gangsterism which would drive these costs out of sight?

Senator Olson: Honourable senators, I will refer the question to the Minister of Labour for his reply.

The project comes under federal jurisdiction because it crosses provincial borders, thereby making it an interprovincial project. I believe that the labour unions involved are, for the most part, within provincial jurisdictions. They have various sub-contracts and that sort of thing.

Senator Flynn: It is not a question of labour unions coming under a particular jurisdiction; it is a question of whether the work comes under federal or provincial jurisdiction.

Senator Roblin: The work is federal.

Senator Flynn: The work is federal. It does not affect the status of the union.

Senator McElman: I have a supplementary question. The reports which I saw last night and this morning indicate that the union's actions of threatening workers on the job and their families surely fall within the scope of the Criminal Code. It seems to me that this should raise the interest of the federal authority in concert with the provinces to ensure that this action be immediately discontinued.

Senator Olson: I will also take that supplementary question as notice and refer it to the appropriate ministers for their comments and any other more substantive reply, if available.

• (1510)

ENERGY

CONSERVATION PROGRAM—DELAY IN PROCESSING OF APPLICATIONS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Marshall on December 10. At that time he asked about urea formaldehyde insulation. He asked for an investigation into the delays in processing applications under the Energy Conservation Program instituted in the Atlantic provinces.

In September, my colleague, the Minister of Energy, Mines and Resources, announced the official launching of the Atlantic Energy Conservation Investment Program (AECIP) which is aimed at accelerating energy conservation by private enterprise in New Brunswick, Prince Edward Island and Newfoundland. In Nova Scotia, a similar program is already in existence under DREE through the Canada-Nova Scotia Subsidiary Agreement for Energy Conservation.

AECIP will provide, over a five-year period, a total of $42 million in taxable grants for eligible energy conservation projects proposed by industry, business and private institutions.

According to Energy, Mines and Resources officials in the eastern region, in December 1981, when Senator Marshall posed his question, a backlog of 25 AECIP applications existed. This backlog was directly attributable to difficulties encountered in staffing some of the professional positions in the EMR regional office. Vacant positions are currently in the process of being staffed and this should result in the expeditious processing of applications in future.

OIL EXPLORATION—SAFETY OF MARINE DRILL RIGS—EFFECT OF LOSS OF *OCEAN RANGER*

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some further information on the *Ocean Ranger* disaster.

A *Globe and Mail* news item of February 16, under the heading "Rig Accident is a Set-Back for East Coast," draws attention to the delays that the loss of the drilling rig *Ocean Ranger* will cause in the east coast offshore development program. Drilling rigs of this type are in short supply because of the recent surge in exploration world wide.

[Senator Flynn.]

The $50-million *Ocean Ranger* was the biggest rig of its kind in the world. It was owned and operated by Odeco Drilling of Canada, an affiliate of Ocean Drilling and Exploration Co. of New Orleans, and built by Mitsubishi Heavy Industries Ltd. of Hiroshima, Japan in 1976. It was designed to operate in water depths of 1,500 feet and to drilling depths of 25,000 feet. It had worked off Alaska and the United States east coast before moving to Newfoundland 14 months ago. It was supposed to be capable of withstanding winds of up to 170 kilometres an hour and 110-foot waves, although the storm at the time was reported to be of considerably less force, 125-kilometre winds and 50-foot waves.

The numerous media reports on the accident do not refer to another factor relative to the matter of a possible setback for east coast oil development. This is the question of year-round operations. This was posed yesterday by one of the honourable senators. Up until 1980, drilling was stopped for four months during the winter season. The question may now be raised as to whether the reduced drilling season should now be reinstated.

The accident also raises a question about Mobil's proposal that production could be based on floating platforms. *Ocean Ranger*, being a semi-submersible rig, was in effect a floating platform. The plan would be to store oil on floating production platforms at well sites and remove it by tanker to land transportation facilities rather than by sea bottom pipelines. The *Ocean Ranger* accident therefore raises both exploration and production questions.

QUESTIONS ON THE ORDER PAPER

REQUEST FOR ANSWER

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government with respect to questions on the Order Paper. I should like to ask when I might expect an answer to Question No. 59, which has been on the Order Paper since April 1, 1981. That question has to do with President Reagan's visit. I am wondering if I can have an answer to that question before Her Majesty the Queen visits Canada, because I might have some questions to put on the Order Paper regarding her official visit.

Hon. Raymond J. Perrault (Leader of the Government): Is the honourable senator suggesting that the answer might be forthcoming on the first anniversary of its being put on the Order Paper? We hope to have it before then.

Senator Marshall: I would like to have it tomorrow.

ELECTRICITY AND GAS INSPECTION BILL

THIRD READING—ORDER STANDS

On the Order:

Third reading of the Bill C-11, intituled: "An Act relating to the inspection of electric and gas meters and supplies".—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this order stands in my name because we suspended debate on it while the point on the Interpretation Act is being considered by the Standing Senate Committee on Legal and Constitutional Affairs with respect to Bill C-45. That committee will meet tomorrow. There might be a chance of having a report from that committee on Tuesday, but not before then. I suggest that this order stand until at least next Tuesday.

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

Hon. Senators: Agreed.

Order stands.

LEGAL AND CONSTITUTIONAL AFFAIRS

REPORT OF COMMITTEE ENTITLED "CERTAIN ASPECTS OF THE CANADIAN CONSTITUTION"—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the inquiry of Senator Lamontagne calling the attention of the Senate to the report of the Standing Senate Committee on Legal and Constitutional Affairs entitled: "Certain Aspects of the Canadian Constitution," tabled in the Senate on November 26, 1980.

Hon. Richard J. Stanbury: Honourable senators, in November 1980 Senator Goldenberg, Chairman of the Legal and Constitutional Affairs Committee, tabled a report entitled "Certains Aspects of the Canadian Constitution". That report was prepared by a subcommittee of that standing Senate committee, which subcommittee was chaired by Senator Lamontagne. Senator Lamontagne spoke brilliantly at that time and gave us an overview of the report. He dealt briefly with Part I, entitled "Toward a Renewed Federation: A New Federal-Provincial Council," and Part II, "Toward a Renewed Senate". Senators Everett and Marshall spoke on this and did an excellent job of drawing attention to various aspects of the report.

I had the honour of leading the group which prepared Part II, and it is my purpose now to speak to you concerning that part of the report entitled "Toward a Renewed Senate". I suspect that announcing that intention is tantamount to administering a sleeping potion not only to you, honourable senators, but—

Hon. Jacques Flynn (Leader of the Opposition): We don't need it here.

Senator Stanbury: —to the people in the public galleries, if any; and I notice that my good wife and secretary have at least swelled the ranks!

Some Hon. Senators: Hear, hear!

Senator Stanbury: One has to bring one's own fan club. It is also tantamount to administering a sleeping potion to those in the press gallery, if any—and there is none—

Senator Flynn: As usual. At least you won't be misquoted.

Senator Stanbury: —and, indeed, tantamount to administering a sleeping potion to the people of Canada.

As Senator Marshall asked last evening, how many speeches have been spoken, how many articles have been written, how many committees have been struck and how many political promises have been made since Confederation dedicated to this important purpose? Yet here we are, largely unreformed, talking about it again.

Why do I think that we and the Canadian people might take it more seriously this time? True, those who grace this chamber have demonstrated their devotion to Canada, both before their appointment to the Senate and since. They respect themselves and the parliamentary process in which they are privileged to participate, and want to do the best and the most they can for their country during their parliamentary career. So, they want this chamber to be constructive and organized so as to allow them to make the greatest possible contribution. But so did their predecessors, and the reforms they accomplished were not very impressive.

I think there is a difference now. Much as we hated being forced to think about our Constitution, our civil rights and parliamentary institutions, we have finally begun to understand that they are the foundation upon which we must build our nation. We cannot live together in peace until we decide what the rules are. We cannot build a strong society without knowing our respective rights. We cannot build a vigorous economic base until we decide who owns what, the areas of responsibility, and how we can make it all work. We will be able to do none of those things until we have democratic institutions which reflect the aspirations of the people and provide inspired leadership.

This is a proud time for Canadians. It is the greening of Canada. It is our adolescence as a nation, and we have all the painful symptoms of that, but we are determined to mature, and mature we will.

Senator Lamontagne has shown us how our first ministers must mature from a caterwauling bunch of scrappy kids into a responsible and constructive federal-provincial council. We must have that institution. The first ministers will never abdicate their power in favour of any other institution. I believe that anyone who thinks otherwise is hopelessly naive. They need the publicity; they need the association in the public media with other first ministers; and, to be fair, they must retain the responsibility for the resolution of the national issues which mean the most to their electorate. In any event, those are not issues which can be dealt with in any kind of legislative body: they are for executive negotiation, followed by legislative implementation.

● (1520)

Assuming that sooner or later our leaders will accept the need for a federal-provincial council, what kind of Senate is required, if any?

Let us answer the first implied concern immediately. Do we need a Senate at all? Can a single parliamentary chamber, elected on a modified rep-by-pop basis, as in Canada, do

everything that needs to be done in a legislative sense for the people of Canada? Can it do justice to the policy considerations in proposed legislation, and, at the same time, see that the law works well mechanically? Can it take the time to investigate the operation of government and the large and long-term issues? Does it have the manpower to handle all of the international and national parliamentary responsibilities and fulfil all the requirements of public leadership? Can it keep track of the propriety of regulations and the other acquisitive proclivities of the executive and the public service? Can it safeguard the implementation of human and language rights?

Even if it could do all those things, would it be wise? Perhaps the best answer is to say that every federal democracy in the world, even the newest of them, has felt that the course of wisdom requires two legislative chambers.

It may have something to do with our aversion to putting all our eggs in one basket, or it may just be our feeling that the public should never find itself entirely in the hands of one group of people, no matter how conscientious and responsible, who make all the rules, have responsibility for administering them, reviewing them, revising them, and then determining how much information is dispensed to allow the public to judge their work and their behaviour. Somehow, two seem better than one.

Why, then, is there not unanimous praise for the role played by the Senate in Canada? E. D. Briggs, in *The Senate: Reform or Reconstruction*, said:

> The truth, of course, is that the Senate has long been badly misrepresented by both the general public and by many political scientists.

F. A. Kunz says that the vast majority of criticisms of the Senate have been based on misunderstandings of what the Senate is or was intended to be, of the nature of the political process in Canada, or of the contribution which the upper house has made to government.

It would be maudlin and foolish of us to take comfort in such statements. If we intend to respond to the need for vigorous institutions to serve Canadians during the vigorous future which faces us, then we must recognize that we can indeed make this chamber more vital and more useful to our people.

As McGregor Dawson said:

> —the Senate can be improved in so many ways that the multitude of alternatives smothers any particular measure of reform which may be advanced.

It was the task of our committee to identify the handicaps under which the Senate now operates and to choose, from among the alternatives, reforms which could overcome those handicaps. McGregor Dawson helped us to identify the handicaps. He said:

> The first great handicap which was placed on the Senate at Confederation was the system under which its members were appointed.

Since we are all products of "the system," it may be comforting, even if a little self-serving, to note that most authors hasten to state that—in the view of the author, of course—some appointments have been excellent, some have furnished the Senate with certain expertise, with representation of ethnic and religious minorities, with spokesmen for the provinces with certain qualifications, with members with a municipal background, with certain individuals of high intellect and political experience, and so on. Since I am sure that each of us feels that he falls within one of these apparently attractive categories—

An Hon. Senator: All of them!

Hon. Duff Roblin: Just one?

Senator Stanbury: —it makes one wonder just who are the appointees about whom the journalists and political scientists complain. They certainly are not journalists and political scientists, and clearly not us.

However, the question of the method of appointment persists. It is a natural question in a society which sees itself as the paragon of freedom and democracy. How else does one explain the insistence by some that we do not need a charter of rights? Some honourable senators have called for an elected Senate. Senator Everett came down on the side of a Senate elected on a proportional basis. I am not sure that everyone understands just what is meant by a proportional vote. The classic system, as used in Europe, requires each party to put forward a list of its candidates, chosen by the party, not by the people. The percentage of the vote gained by the party then determines the number of those named on the list, from the top down, to be elected to office. It is not a direct election of candidates known to the electorate. It is the indirect election of those who form the establishment of the party, with the assurance that, as long as they can maintain that position, they will continue to be the candidate at the top of the list.

Even in the European nations which have had many years of experience with this system of election, there is great unhappiness with the result. One of the causes of the attempted coup in Spain, I am told, was the fact that the members of Congress were not answerable directly to the electors. No matter how the people vote, they cannot get rid of the people at the top of each party list.

In my opinion, that is not a system that will be useful in our Canadian system of democracy. It will be at least as frustrating and as lacking in credibility as is appointment to the Senate at the present time. If we can improve the method of appointment and get public understanding of the complementary nature of a senator's role, we will arouse fewer false expectations and give better service to the Canadian people in the areas of competence of the Senate.

As a matter of fact, my own inclination, and that expressed by a number of other honourable senators, is to call for an elected Senate just to stop all the carping criticism based upon our appointed status. There are two problems. First, of course, it will not stop the carping criticism. Election has not stopped the complaints about the House of Commons. Secondly, I have

come to the conclusion that such a radical change in our system would do much more harm and much less good than a thoughtful and properly motivated reform of this body. Any more radical step would certainly have to be taken after, or at least in lock-step with substantial reform in the House of Commons and other governmental institutions.

The committee came to the conclusion that, to the extent that we continue to be committed to the pattern of the British parliamentary system, an elected Senate would be frustrated and frustrating unless it were a replica of the House of Commons, with similar roles and powers; and, in that event, a very different kind of governmental structure would have to be envisioned. Radical change in the Senate is not, by itself, going to do much to improve our parliamentary system.

We opted for substantial reform of an appointed Senate. In proposing those reforms, we accepted, as fundamental and unchangeable, certain principles upon which the Senate must operate:

1. The clear supremacy of the House of Commons.

2. The impossibility of radically changing the method of distributing the seats in the Senate.

3. The complementary role of the Senate: Legislative revision; delay rather than rejection of legislation to permit the development of public consensus; the investigation of major questions; the monitoring of executive and bureaucratic behaviour; acting as one of the forums for focusing federal attention on regional and minority interests; and providing continuing surveillance of the way in which human and language rights are being observed.

In recognition of the supremacy of the House of Commons, the committee recommended that the power of the Senate be limited to that of a suspensive veto, which would be overcome only on the expiry of six months, the reintroduction of the legislation in the House of Commons and its passage there. During such a period of suspension, the government, the House of Commons and the people would have the opportunity to develop a consensus so that the Senate would no longer be, in that respect, the chamber of sober second thought but, rather, the vehicle through which our democratic processes could be made more effective by creating the opportunity for sober second thought by the electorate.

● (1530)

The committee also suggested other ways in which the working relationship between the House of Commons and the Senate might be improved, such as the extension of the conference system, the broadening of the use of the Hayden formula, the narrower definition of money bills to allow initiation of legislation in the Senate to become more common.

We accepted the proposition that the present method of distribution of the seats of the Senate is difficult, if not impossible, to change. That does not mean that it cannot be modified. But anyone who now suggests that we follow the American model and go to equal representation in the Senate from each province and territory included in the federation does not understand the history and make-up of Canada. Quebec must always have a substantial representation in the Senate. So must the maritimes and Newfoundland. The fact that the western provinces and the territories have been unfairly treated is a matter to be remedied. The growth of population and economic power in the west entitles that region to much greater representation. We would provide for it by increasing the membership of the Senate to 126 from the present 104, with a doubling of the representation from Alberta and British Columbia and an increase of two-thirds in the representation from Manitoba and Saskatchewan. We have proposed an upward adjustment of the representation from Newfoundland and we should envision a further increase in numbers from the territories as their status progresses.

We have accepted the fact that the Senate must play a complementary role. It must continue to perform its function of legislative revision and review, using its right of delay to ensure correction and consideration. Its investigative role should be expanded and enlivened at the initiative of honourable senators. The standing committees of the Senate should ordinarily institute and carry on investigations in the fields assigned to them by the Rules of the Senate, as already do the Standing Committees on National Finance, on Agriculture and on Foreign Affairs.

The committee drew attention to a number of ways in which the Senate, contrary to its image, has given special emphasis to regional concerns and problems. We also recognized that it does not lie within the province of the Senate to resolve all regional difficulties. It can only play its part in concert with the performance of other players.

However, more systematic attempts must be made to reconcile the national interest with regional aspirations. The federal-provincial council proposed in Part I of our report would no doubt make the most significant contribution in this respect. The assignment to the Senate of a specific role in the Constitution would allow it to look, on a systematic basis, at the regional impact of federal policies and to supply a forum where regional grievances would be heard. To begin that process even now, we could form ourselves into all-party regional caucuses acting as sounding boards, identifying the changing aspirations, needs and grievances of the Canadian regions and monitoring the attitudes of provincial governments and legislatures toward federal legislation and programs. A new standing committee on regional affairs, of which the nucleus would be the chairmen of the various regional caucuses, would give substance to these considerations and would create a forum for their discussion in public.

The feeling of the committee was that the Senate could do much more than it has done for the protection of minority rights—

Senator Flynn: You can say that again.

Senator Stanbury: —and, more particularly, linguistic minorities. The Charter of Rights and Freedoms will not solve all the problems of these minorities. Moreover, the federal linguistic policies and programs require a more systematic parliamentary review than they have received in the past.

There is at the moment a Special Joint Committee of the Senate and House of Commons on Official Languages, but the Senate could exercise a watch-dog role on a continuing basis if honourable senators were to accept the recommendation of the committee to establish a standing committee on official languages made up of equal numbers of French-speaking and English-speaking senators.

In much the same way, the Senate should have a standing committee on human rights, with a specified procedure for dealing efficiently with those issues. Perhaps the most important and, at the same time, most neglected danger to our democratic processes comes from the unsupervised activities of our executive and public service. An enormous amount of legislation, and important legislation, is really made by regulation or other statutory instruments of the Governor in Council under authority supposedly granted by Parliament. The Standing Joint Committee on Regulations and other Statutory Instruments has lately begun to subject them to meticulous scrutiny according to a comprehensive list of specific criteria. But its only power is to report, and even if the committee reports that in its opinion a regulation or other statutory instrument is completely invalid, nothing happens. The instrument remains in force unless and until it is succesfully challenged in the courts.

Your committee believes that the Senate could be a powerful instrument for the protection of the rights of the citizen whenever those rights are invaded by any form of subordinate legislation. The protection of such rights ought to be a major activity of a reformed Senate and it should be given the power to make such protection effective. If the Senate is to be expected to perform its present duties in a more effective way and add to its responsibilities the exacting tasks which the committee recommends, it will have to consist of a body of men and women who have not only the capability but also the experience, the desire and the dedication to the well-being of the Canadian people to accept and perform these duties.

That brings us back to the method of appointment. We rejected the idea of the West German Bundesrat, which is made up entirely of the ministers of the provincial governments, because there is no similarity between the division of powers in Germany and in Canada. A Senate constructed like the Bundesrat would simply become a tool for provincial disallowance of federal legislation at a time when there is general agreement that there should no longer be federal disallowance of provincial legislation. In Canada the provinces are powerful units with their own clear areas of jurisdiction. In Germany almost all legislative power resides in the federal government.

We rejected the idea of a House of the Provinces, which would destroy the complementary role of the upper chamber as part of the federal legislative process. The Bill C-60 proposal would have made it a paper tiger, and that of the Government of British Columbia, a predatory lion. We recognized, however, that, if the Senate is to be given a role defined in the Constitution, calling upon it to deal effectively with regional and provincial concerns, and if we are going to organize ourselves on the basis of all-party regional caucuses and operate effectively a standing committee on regional affairs, then we need a close tie to, and the goodwill of, the provincial governments.

As a result, we recommend that all appointments to the Senate should continue to be made by the federal government, but that every second appointment should be made from a list of names submitted by the government of the province or territory concerned, and that consideration be given to filling a due proportion of the early vacancies from such lists.

To make sure that the procedure for evening-up the representation does not take too long, we propose that specific measures should be taken to encourage the retirement of the few senators who still have life tenure and who have reached age 75, and of others below that age under certain conditions. New appointments should be made for a 10-year term but renewable for further terms of five years on the recommendation, by secret ballot, of a special committee of the Senate—the purpose, of course, being to retain our independence and, at the same time, to develop a certain incentive in senators to impress their colleagues with their useful expenditure of energy.

For similar purposes, but also in pursuit of fairness, we propose that the retirement provisions applying to judges be implemented for members of the Senate. Any senator who has attained the age of 65 years and has been serving for at least 15 years, or who has attained the age of 70 years and has been a senator for at least 10 years, should be entitled to resign on full pension with the usual pension for his widow or her widower. A further incentive to attend would be that any senator who fails for two successive years to attend at least one-third of the sittings of the Senate in each of those years should forfeit his or her seat. That is a considerably different provision from the one under which we now operate, which provides that a senator forfeits his seat only if he fails to attend at all for two consecutive sessions.

● (1540)

If you adopt the recommendations of the committee, the property qualification for membership in the Senate would be dropped. There would no longer be a division of Quebec into senatorial districts, and the requirement that Quebec senators have their residence in a particular district would disappear.

Honourable senators, that deals with most of the reforms mentioned in the report. Senator Marshall pointed out last night that many of the reforms could be carried out by honourable senators without any action on the part of others. Immediate action should be taken in this house to implement those reforms.

There is no good reason why we should not take suspensive action on legislation where we cannot get satisfactory action or undertakings from the government. If we can reject legislation, it should not be beyond our genius or our jurisdiction to suspend it.

We can enter into negotiations with the government and the House of Commons to develop the system of conferences

between the two houses, to extend the operation of the Hayden formula, to get a narrower definition of money bills and to initiate more legislation in the Senate.

We can certainly extend our investigative activities. We can organize ourselves into all-party regional caucuses and begin the process of setting up the new standing committees on regional affairs, official languages, and human rights. The first step would be to initiate a study of the possible terms of reference for such structures.

We could survey our need for various types of expertise to allow us to carry on our work in the Senate, and urge the Prime Minister to have those requirements in mind when filling existing vacancies. We could request that he seek proposals for appointments from provincial premiers.

We could request legislation to change our retirement provisions to accord with those of the judges and make other provisions to encourage the retirement of those unable to participate fully in the work of the Senate.

With an enlarged Senate, with a new rationale for appointment, with new challenges in terms of responsibilities, with fresh opportunities for contact with and service to the public, your committee believes that the renewed Senate, conscious of the limitations under which it operates but determined to play an important role in the burgeoning growth of a new and independent Canada, will earn and keep the confidence of the people of Canada.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, February 18, 1982

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

Prayers.

PRINCE EDWARD ISLAND

MUNICIPALITY OF SOURIS—PRONUNCIATION

On the tabling of:

Memoranda of Agreement between the Government of Canada and (1) the Government of the Province of Alberta; (2) the Government of the Province of Manitoba; (3) the Municipality of Digby in the Province of Nova Scotia; (4) the Municipality of Souris in the Province of Prince Edward Island; and (5) the Government of Saskatchewan and certain municipalities in the Province of Saskatchewan, pursuant to section 20(3) of the *Royal Canadian Mounted Police Act*, Chapter R-9, R.S.C. 1970.

Hon. Heath Macquarrie: Honourable senators, as a total non-expert in the French language, may I say that in Prince Edward Island, the word "Souris" is, for some reason pronounced "Souree" while in Manitoba, where I used to live, it is pronounced "Souriss".

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I betrayed my western background there.

[*Translation*]

PEST CONTROL PRODUCTS ACT

BILL TO AMEND—COMMITTEE REPORT

Hon. H. Carl Goldenberg, Chairman of the Senate Standing Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, February 18, 1982

The Standing Senate Committee on Legal and Constitutional Affairs to which was referred Bill C-45, intituled: An Act to amend the Pest Control Products Act, has, in obedience to its Order of Reference of Wednesday, February 10, 1982, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

H. Carl Goldenberg,
Chairman.

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

Hon. Royce Frith (Deputy Leader of the Government) moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

[*English*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Bird be substituted for that of the Honourable Senator McIlraith on the list of senators serving on the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to.

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, February 23, 1982, at 8 o'clock in the evening.

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

Hon. Senators: Agreed.

Motion agreed to.

• (1410)

QUESTION PERIOD

[*English*]

THE SENATE

ABSENCE OF MINISTERS FROM CHAMBER

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, may I inquire of the Leader of the Government whether we in the chamber will be deprived today of the presence of his three colleagues in the ministry? What shall we do without them?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, one may still nurture the hope that our

distinguished colleagues will be here before our deliberations have ceased this afternoon.

Hon. Duff Roblin (Deputy Leader of the Opposition): What about Question Period?

Senator Flynn: We might as well adjourn the house now.

VETERANS AFFAIRS

McCRACKEN REPORT—STATUS

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate, and it deals with the McCracken report which was initiated by the Department of Veterans Affairs. Mr. McCracken was commissioned to look into the reasons for delay in the processing of pension applications, and the report was due a few days ago. I would ask that the Leader of the Government inquire as to its status and let us know, so that we of the very industrious Standing Senate Committee on Health, Welfare and Science may take the necessary action.

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice.

THE ECONOMY

JOB CREATION PROJECTS

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate. Is it the policy of the federal government to offer to expend new money, particularly on job creation projects, in provinces which agree to impose public service wage guidelines?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, at the recent meeting of first ministers, the Prime Minister suggested to his provincial counterparts that all levels of government exercise restraint in respect to those wage and salary areas under their jurisdiction—the public service, crown corporations and so on. The Prime Minister suggested to the premiers that this effort by both levels of government would free up additional amounts of money which could be used productively and beneficially to alleviate unemployment in the country and to stimulate the economy.

Hon. Duff Roblin (Deputy Leader of the Opposition): You have not answered the question.

Senator Nurgitz: Honourable senators, I have a supplementary question. There is some speculation in the Leader of the Government's home province of British Columbia that an announcement may be made tonight by the premier of his province indicating the imposition of public sector wage guidelines in British Columbia. As I understand it, the premier is also to announce some other programs forthcoming from the federal government as a result of the imposition of those guidelines. Would the Leader of the Government please elaborate?

Senator Perrault: Honourable senators, no specific arrangement has been made with the Province of British Columbia of the type described by the honourable senator. No package deal of the kind described has been offered to British Columbia or to any other province. However, I can report that last Thursday the Minister of Employment and Immigration sent telex messages to all the provinces urging them to participate in an employment-creating program which would see unemployment insurance payments to certain workers who are unemployed bonused, improved, or increased through the co-operation of provincial governments engaging in parallel action. In this way, a substantial number of unemployed workers could be put back to work on projects relating primarily to resource industries in the provinces.

To date, responses have not been received from a number of provinces. Some interest has been expressed by the provinces of Quebec, Manitoba and Ontario, which, of course, had entered into an agreement with the federal government. There has been no response from the other provinces.

Senator Nurgitz: I take it, then, that in the telex sent to the various ministers across the country there was no indication of the imposition of public sector guidelines?

Senator Perrault: Honourable senators, there is no reference in the telex to the conditions described by Senator Nurgitz. Indeed, I would be pleased to table the telex message sent to the premiers.

● (1415)

Senator Roblin: If the Province of British Columbia does announce wage guidelines for its civil servants, is it the intention of the Government of Canada to follow suit?

Senator Perrault: As Senator Roblin, with his experience in provincial government, is aware, it would be highly desirable to have united action on the part of both federal and provincial governments. The provincial budgets combined and in aggregate, together with municipal budgets, are larger than the total federal budget. A really effective economic policy would see a common thrust to meet some of these problems.

If there were that type of reaction from the Province of British Columbia and from other provinces, there would be a very positive response on the part of the federal government.

Senator Roblin: Would my honourable friend care to expand a little on that answer and tell us what would constitute sufficient inducement for the federal government to consider imposing on itself the policy that it recommends for others? How many provinces would have to adopt wage and price guidelines before the Prime Minister would be induced to follow suit and take his own advice?

Senator Perrault: I reject the notion that the Government of Canada has not exercised restraint in the areas under its responsibility. When one bears in mind that the total federal budget amounts to about $50 billion, with total federal discretion applying to something like 14 per cent of that amount, it is obvious that the task cannot be done by the federal government alone. Programs such as this must enjoy the co-operation

of the provincial governments. However, I will be prepared to make a statement on government policy to the Senate on this point.

Senator Roblin: I thank my honourable friend for that assurance because, surely, the wages paid to federal civil servants is an area which does come under the control of the federal government. In view of the lead given by the Prime Minister at the recent conference in inviting the leaders of the provinces to impose such a set of guidelines, one is curious to know under what circumstances he might consider doing it himself.

Senator Perrault: That question will be dealt with in the statement I will bring to the Senate.

EDUCATION

FEDERAL GRANTS TO POST-SECONDARY INSTITUTIONS

Hon. Heath Macquarrie: Honourable senators, perhaps I am leading to and expecting another statement from the Leader of the Government in the Senate when I allude to an issue that has troubled me for a long time and on which I have been asking questions for a long time. I refer, of course, to federal government financing of the educational institutions in our country.

I note with great anxiety, as the leader must, that university heads are quite disturbed about the prospects for the future. In the face of all the controversy concerning which level of government gets credit for doing what and the more important issue as to the grim or glum future for our university students, would the minister, who has no specific departmental responsibilities—nor should he have, since he has a very important role in representing this house in government—bring to the attention of his cabinet colleagues the concept that, before it is too late, there might be put in place in this country a meeting of federal, provincial and university people to look at the present situation and what is contemplated in reference to Established Programs Financing? Would he also bring to their attention all the other aspects of the budget which are frightening university students, and, I think, rightly so?

Hon. Raymond J. Perrault (Leader of the Government): The views of Senator Macquarrie will be brought to the attention of my colleagues in government. He has advanced an interesting and, perhaps, useful idea.

Senator Macquarrie: As a supplementary question, and to add further to the consideration given by the minister, and in the spirit of a comment in my old school book that one good turn deserves another, among his colleagues, it is my view that, considering the contradictory jurisdictions, our own leader may be the man to deal with the provinces and the universities. He may very well be the man to offer leadership in this matter and to preside over the conference.

[Senator Perrault.]

THE ECONOMY

INCREASE IN CAPITAL OUTFLOW

Hon. R. James Balfour: Would the Minister of State for Economic Development explain, if he can, why the outflow of Canadian capital in 1981 was six times greater than the average outflow of Canadian capital during the entire decade of the 1970s?

• (1420)

Hon. H. A. Olson (Minister of State for Economic Development): I will take that question as notice. It seems to me that the honourable senator is asking for some technical reason, and perhaps more than that, so I will take the question as notice because of the manner in which it was asked.

Senator Balfour: Contrary to what the Minister of State for Economic Development has said, this is a fundamental economic indicator for the Canadian economy. Surely the Minister of State for Economic Development would have at his fingertips both the statistics and some information as to why this phenomenon occurred.

Senator Olson: That may be, but the honourable senator has given me some figures, and usually one would like to check to see if it is six times greater than some other figure. He wants me to give reasons before I have even seen the analysis. That is why I have taken the question as notice.

NEWFOUNDLAND

LOSS OF DRILL RIG *OCEAN RANGER*

Hon. P. Derek Lewis: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. My question concerns the recent tragic loss of *Ocean Ranger*. In view of the claims of the Province of Newfoundland to jurisdiction in the offshore area and its imposing regulations therefor, I wonder if the Leader of the Government could tell us what, if any, Newfoundland provincial regulations exist with respect to the inspection and certification of seaworthiness of offshore oil drilling rigs; and whether, the province in fact, carried out any such inspections to certify *Ocean Ranger*.

I should also like to ask him what, if any, search and rescue facilities the Province of Newfoundland maintains; and, if it does, what part those facilities played following the loss of *Ocean Ranger*.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I had intended to provide further information on the *Ocean Ranger* tragedy by way of a delayed answer later this day. If I may have the indulgence of honourable senators, I will provide information on that at that time.

GRAIN

CROWSNEST RATES—GOVERNMENT NEGOTIATOR—TERMS OF REFERENCE

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have a delayed answer

to a question asked by Senator Roblin. It is rather lengthy, so perhaps it may be taken as read.

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

Hon. Senators: Agreed.

(*The answer follows*):

Dr. Gilson's terms of reference will be tabled by the Minister of Transport in the House of Commons as soon as possible. They are now being drawn up.

My response in the Senate to Senator Roblin was quite proper. The government has issued no instructions to Dr. Gilson to conduct the meetings with various interest groups *in camera*. The response being used by the Department of Transport is that Dr. Gilson and the other participants in the process who have been canvassed favoured holding the meetings in private. They felt closed meetings would provide a positive and constructive atmosphere in which to conduct the talks and avoid the posturing that so often accompanies television cameras.

Similarly with Senator Roblin's questions on the provinces, there were no instructions issued by the federal government to Dr. Gilson to exclude the provinces. Rather, when the process was devised it was decided that although grain handling and transportation is a federal jurisdiction, the Government of Canada will consult with the provinces.

It is clearly stated in the policy statement that "the Government of Canada will explain to the provincial governments the essential elements of the initiative it is taking."

Mr. Pepin has already met with two Manitoba ministers, the Hon. Bill Uruski, Minister of Agriculture, and the Hon. Sam Uskiw, Minister of Highways, and their officials to discuss the matter. He met with Alberta's Minister of Economic Development, the Hon. Hugh Planche, days before the announcement to explain its general thrust. The Deputy Minister of Transport met with Marj Benson, Associate Deputy Minister of Agriculture, and with officials associated with the Government of Saskatchewan, as well as Gerry Gartner, Deputy Minister of Agriculture, Howard Leeson, Deputy Minister of Intergovernmental Affairs, and a representative of the Premier's office after the announcement to explain its essential elements.

It is also clear in the policy statement that as the process proceeds, the government will wish to discuss with the provincial governments "possible complementary measures in their own spheres of jurisdiction". Such items, if any, will evolve as the talks continue.

As to whether Dr. Gilson's findings are binding, obviously he will make recommendations to cabinet which is charged with the final decision. That is the way the democratic process works in this country. Therefore, my response in *Hansard* of February 16 was entirely appropriate.

NEWFOUNDLAND

LOSS OF DRILL RIG *OCEAN RANGER*

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, as far as the *Ocean Ranger* situation is concerned, on the basis of preliminary inquiries, may I say that apparently Newfoundland has its own regulations with respect to the certification and inspection of the seaworthiness of offshore oil drilling rigs. The Province of Newfoundland claims to have carried out such inspection necessary for the granting of licences.

As far as officials at Transport Canada can determine, the Province of Newfoundland does not maintain its own search and rescue facilities.

It should be emphasized that both of these questions will probably be covered by the Commission of Inquiry to be chaired by Chief Justice Hickman, but certainly, honourable senators, the questions are very interesting and important.

TRANSPORT

AIRLINES—SALE OF NORDAIR

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Asselin on February 17 concerning the proposed sale of Nordair to Quebecair. It may be informative for honourable senators to see the letter from the Minister of Transport to Mr. Claude Taylor, President of Air Canada. I ask that it be incorporated into today's record as an appendix.

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

Hon. Senators: Agreed.

(*For text of letter see Appendix "A", p. 3657.*)

● (1425)

I believe it is self-explanatory in response to Senator Asselin's questions on the subject. If that is satisfactory, I would be pleased to provide copies of that correspondence in both French and English.

FOREIGN AFFAIRS

EL SALVADOR—VISIT BY COMMONS SUBCOMMITTEE—POSSIBLE PARTICIPATION BY SENATORS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Flynn on February 17 concerning the fact-finding trip to El Salvador.

We have looked into the matter. This is a House of Commons trip and the members on this visit will represent the House of Commons Subcommittee on the Caribbean and Latin America. Since senators are not members of this subcommittee, I do not see how they could go along on this particular visit. However, if honourable senators determine that there should be Senate representation on this visit to El Salvador, the best course of action would be to make that

proposal to our Foreign Affairs Committee, and then a separate trip, funded by the Senate, might be organized. The initiative would have to have the approval of the Senate, and a submission would have to go forward to the Internal Economy, Budgets and Administration Committee to secure the necessary funds for the visit.

POLAND—SHIPMENTS OF CANADIAN WHEAT

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have a delayed answer to questions asked by Senator Roblin and Senator Flynn on February 2 concerning Canada's position with regard to the sale of grain to Poland, and the credit terms.

The credit limit for the sale of Canadian grain to Poland was increased by $500 million to $1.225 billion in October 1981. This limit will provide sufficient credit for Poland to import the maximum quantities of grain called for under the long-term government-to-government agreement which expires on December 31, 1982.

The major western creditors of Poland agreed in March 1981 to a multilateral rescheduling over eight years, with a four-year grace period, of 90 per cent of Poland's principal and interest payments, which were due between May 1 and December 31, 1981. The amounts due to the Canadian Wheat Board in respect of grain sold under the long-term agreement accounted for the bulk of the moneys owed to Canada.

The government is maintaining the current line of credit for grain for Poland.

The government will honour its long-term agreement which provides for sales of up to 1.5 million tonnes of grain to Poland during 1982.

The Canadian government, along with other western governments, is monitoring the Polish financial situation closely.

The Polish government is making payments to its creditors when and as possible, including payments to the Canadian Wheat Board, under the rescheduling arrangement.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to ask a question arising from that reply. Is it a fact that the moneys that might be owed by Poland to the Canadian Wheat Board are fully guaranteed, as to repayment, by the Government of Canada itself?

Senator Argue: That is correct. The accounts of the Canadian Wheat Board are in no way in jeopardy. The moneys are guaranteed by the Government of Canada.

EDUCATION

CONCERN FOR FUTURE OF POST-SECONDARY INSTITUTIONS—DEBATE CONTINUED

The Senate resumed from Wednesday, December 2, 1981, the debate on the inquiry of Senator Macquarrie calling the attention of the Senate to the widespread expressions of concern from educational leaders concerning the future of post-secondary institutions in Canada, in particular with reference to governmental grants.

[Senator Perrault.]

Hon. Henry D. Hicks: Honourable senators, I think it was useful, indeed, for Senator Macquarrie to initiate this inquiry on December 2 last. I am sure that he is correct, in the words of the inquiry that he used, that there are "widespread expressions of concern from educational leaders concerning the future of post-secondary institutions in Canada, in particular with reference to governmental grants."

• (1430)

I would like to make some comments on the inquiry which I think will have the effect of putting the problem in a fairer perspective, particularly insofar as the role of the federal government is concerned with relation to the roles of the several provinces of Canada.

Almost exactly nine years ago—on February 14, 1973, in fact—I made what I thought was a major speech in this chamber on post-secondary education. At that time I traced the history of the participation of the federal government in the financing of post-secondary education from the time that Mr. St. Laurent first started to talk about direct federal government support to the universities in 1950. These grants were initiated on a modest scale in 1951 and since that time have improved continuously, though there have been significant variations in the basis on which they were made and on which they operate.

Honourable senators, that speech was made prior to the last modification of the established programs financing arrangements, which was made in 1977, and which program expires at the end of this fiscal year, being the end of March 1982. I shall refer to the effects of some of these changes later on in my address to you.

In my speech of more than nine years ago I dealt with this question of the federal government's responsibility for post-secondary education. I wish to refer briefly to one or two paragraphs that I read into the record at that time. I pointed out that:

> It is generally stated that section 93 of the British North America Act charges the provincial governments with the exclusive responsibility to make laws in relation to education in and for each province. However—and I stress this point—it is rather interesting that the inclusion of section 93 was rather to guarantee the rights of certain denominational schools in various parts of Canada than to allot, assign or apportion financial responsibility. It is also interesting to note, while it was quite clear that section 93 charged the provincial legislatures with the responsibility for education, that at the time the Fathers of Confederation thought the ultimate safeguard, in the event that provincial legislators did not do their work properly, was an appeal to, or an intervention by, the Government of Canada through the Governor General-in-Council.
>
> Section 93 was included in the British North America Act, in my judgment, for a very special purpose. We have to look to the great sections 91 and 92, which divide the

legislative responsibility among the federal government and the provinces. We have to consider the importance of the "peace, order and good government" provisions of section 91, and the various provisions of section 92, chiefly the "property and civil rights" one. Without prolonging this argument, I think that my friend, Dr. J. A. Corry, the former principal of Queen's, and one of the most distinguished constitutional experts in Canada, summed it up extremely well when he said that the provincial legislature must speak for the province, but the "federal government must speak for the nation." In Dr. Corry's view, section 93 of the British North America Act refers to the powers of the legislature "in and for each province," but Parliament has the requisite competence over needs that transcend provincial boundaries under the "peace, order and good government" clause. Dr. Corry is not the first person to make that observation, but, as he usually does, he makes it succinctly and well.

Honourable senators, I will not continue that argument today. I recognize that it is still an unpopular political argument to maintain that the federal government has the direct right to intervene in post-secondary education. However, the facts of the last 30 years have put the federal government in a very important position indeed with respect to the financing of post-secondary education. I point out that the first federal monies that went to post-secondary institutions—excluding certain technical and vocational education and certain expenditures made by the Department of Agriculture and the Department of Labour, along with some other specialized concerns which the federal government has been occupied with since before 1919 or thereabouts, certainly since the National Research Council was established and became a granting agency—were the grants instituted by Mr. St. Laurent in 1951, which were direct grants to the universities. These grants were distributed to the universities through the Association of Universities and Colleges of Canada, or its predecessor institution, which had a slightly different name. These continued as direct grants to the universities until 1967.

In 1967 the original cost-sharing post-secondary transfer program, whereby the federal government assisted the provinces, came into existence. It was designed to help meet the escalating demands arising from the baby boom of the 1950s. Honourable senators, that may be an over-simplification, but it is roughly true. The transfer was based on the greater of 50 per cent of post-secondary operating costs incurred in the province or $15 per capita. The per capita amount increased at the rate of growth of total post-secondary operating costs in all provinces. No program conditions were required for either form of transfer. The transfers were made in this way so as not to interfere with provincial jurisdiction over education. An obvious problem with the program was that the wealthier provinces received more funding, since they were in a better position to allocate more to post-secondary education facilities. As well, the cost to the federal government was open-ended, and federal transfers were escalating uncontrollably.

Thus, the 1967 formula—part of the Federal-Provincial Fiscal Arrangements Act of 1967—was modified in 1972, restricting the rise of the federal contribution to a maximum of 15 per cent annually.

The 1972 system of transfers was replaced in 1977 by the Established Programs Financing, generally referred to as the EPF, in which federal transfers to provinces for post-secondary education for the next five years—that is to say, from 1977 to 1982, and they are now expiring—were made on a per capita basis and escalated at the rate of growth of the economy.

The new system of transfers was half cash and half tax transfers. These new EPF arrangements did not place conditions on program standards, in keeping with the non-interference policy of the 1967 arrangements, although national standards of excellence were implicitly encouraged.

At the time I felt that this was not good enough, and said so. It has turned out, of course, that it has not been good enough to ensure that the aims which the federal government had in mind in making these transfer payments have been achieved.

Hon. Royce Frith (Deputy Leader of the Government): If I may interrupt you, Senator Hicks, could you tell us the date you are speaking of now?

Senator Hicks: I am now speaking particularly about the arrangements which were made from 1977 on, but, to a greater or lesser degree, my comments apply to the arrangements made from the time of the so-called Pearson formula, which was worked out in the fall of 1966 and became operative in 1967. This is when we transferred the money to the provinces without maintaining any federal hand on the expenditure of the money, or without requiring any accountability for it.

Senator Frith: When you say "this was the time," do you mean that the arrangements became what we call "block funding" in 1967?

Senator Hicks: It started in 1967, but the principle was really put into effect so that the federal government had virtually no say in, and received virtually no credit for, anything that was done after the Established Programs Financing Arrangements were entered into for the five-year period commencing in 1977 and ending at the end of March of this year. Moreover, the 1977 arrangements did not place any requirement on the provinces to account for their spending of the transfers.

Honourable senators, allow me to make a few comments on accountability and visibility. Accountability has now become a very contentious issue. Thus far, the provinces have not been obliged to account for their spending of federal funds on post-secondary education, nor are they obliged to spend as much on post-secondary education as does the federal government, even to the extent of the federal government transfers to them. While the transfers were intended solely to assist in funding post-secondary education, their destination was not guaranteed. As I have said before, I felt that this was a mistake at the time and, back in 1977, I felt that what has in fact happened today would be the inevitable result. The federal government, in my view, was not sufficiently concerned

about accountability or visibility when it made the arrangements in 1977. Moreover, as federal expenditures increased with the rate of growth of the economy and now exceed 56 per cent of the total, provincial expenditures have decreased to less than 30 per cent of total post-secondary education expenditures.

● (1440)

Honourable senators, at this point I should like to place on record 13 tables which I have categorized into three groups, and which I should like to have printed as an appendix to today's proceedings. If it is agreed that I may place them on record, I shall refer to them only briefly, but I think honourable senators will find them interesting to refer to.

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

Hon. Senators: Agreed.

(*For tables see Appendix "B", p. 3658.*)

Senator Hicks: Table 1 is entitled: "How Post-Secondary Education Operating Expenses are Financed: The Provincial View." With the exception of the last one, all of these tables were prepared by the provinces for a meeting of education ministers in 1981. You will note that the federal share in these does not include transfers under the revenue guarantee program, and I will have a little more to say about that later. In any event, for Canada as a whole they show that in 1974-75 the federal government was paying 48 per cent of the cost of post-secondary education across Canada. The provinces were paying 35 per cent, and that figure rose to 39 per cent for the provinces the next year. Other sources, such as fees and endowments, accounted for 17 per cent of the total post-secondary education expenses.

In 1981-82, the year just ending, the federal share has increased to 57 per cent, an increase of 9 percentage points, whereas the provincial share has decreased from 35 per cent, after going up to 39 per cent, to 29 per cent, for a decrease of 10 percentage points. The other sources have remained approximately the same, fluctuating between 14 per cent and 17 per cent.

Tables 1 and 2 are followed by tables giving a breakdown over the same period for each province. Honourable senators will find it interesting to look at the way education has been financed in their own provinces. If I may, I will make a brief comment on each of them.

In Newfoundland, for example, the federal share has increased from 62 per cent to 83 per cent during this period; the provincial share has decreased from 27 per cent to 8 per cent.

In the province of Prince Edward Island, the province of Senator Macquarrie who initiated this inquiry, the federal share has increased from 69 per cent of the cost of post-secondary education institutions to 110 per cent, so that the Province of Prince Edward Island is not transferring the money that it receives from Ottawa, calculated on post-secondary education costs, to the universities in that province. What has happened as a result is that, whereas in 1974-75 the Province of Prince Edward Island was paying 22 per cent of post-secondary education costs, they are now paying minus 30 per cent because, if you take the 110 per cent that comes from Ottawa and add to it the 19 per cent which is still paid in fees and from other sources in Prince Edward Island, the Province of Prince Edward Island has a benefit of about 30 per cent of the amount of those transfer payments. I am sure they are putting that to good use and that they are doing it quite legally, because we did not require the provinces to spend that money on post-secondary educaton. We only calculated the transfers in relation to post-secondary education. Obviously, the Province of Prince Edward Island is putting this money to good use, perhaps for highways or bridges or other services, and I am not criticizing that. At the same time, however, it does affect the intention of the federal government in supporting post-secondary education, and I must point that out.

Senator Frith: They sent us Senator Macquarrie—well worth the price.

Hon. Maurice Lamontagne: Maybe it is compensation for the export of brains.

Senator Hicks: In my own province, I am glad to say, the Government of Nova Scotia has held up fairly well. The federal share has moved from 51 per cent to 58 per cent, while the provincial share has moved up from 26 per cent to over 30 per cent and then back down to 26 per cent. So, over the period concerned the Government of Nova Scotia has been making constant contributions towards the cost of post-secondary education.

Another province that benefits to the point of not transferring all of its funds to the universities is New Brunswick, where the federal share has increased from 62 per cent to 98 per cent, while the provincial share has decreased from 17 per cent to minus 14 per cent. The fees and other sources account for the difference.

Quebec has a very good record. As a matter of fact, Quebec and Alberta make the largest proportionate contributions towards post-secondary education. In Quebec the federal share has remained constant, just around 50 per cent during the period concerned, while the provincial share has moved from 38 per cent up to as high as 44 per cent and then, in the current year, has decreased to 39 per cent. Quebec is therefore paying a larger proportion of its post-secondary education costs than any other province. That, I am sure, is why the universities of Quebec have seen such a significant growth in both quality and quantity during the last decade or thereabouts.

Ontario's record is not so good. The federal share in Ontario has gone from 46 per cent to 60 per cent, while the provincial share has gone from 34 per cent down to 22 per cent.

In Manitoba the situation is not so stable. The federal share has moved from 51 per cent to 68 per cent, while the provincial share has decreased from 30 per cent to 19 per cent.

In Saskatchewan approximately the same situation obtains, the federal share having moved from 48 per cent to 61 per

cent, while the provincial share went from 35 per cent down to 26 per cent.

Alberta has a record comparable to that of the Province of Quebec. The federal share in the province of Alberta has gone from 46 per cent to 51 per cent, while the provincial share has remained constant, with some fluctuation in the interim period. At the beginning of the period it was 38 per cent and it is 38 per cent in the current year, as estimated.

Finally, in the province of British Columbia, the federal share has moved from 43 per cent up to 54 per cent, while the provincial share has gone down from 39 per cent to 33 per cent.

Honourable senators, the last of the tables, table 13, which I would categorize separately, summarizes the whole situation with respect to transfer payments. The figures I am about to give you are not education figures; they are the figures which reflect the changes proposed by the Government of Canada for the years 1981-82 to 1986-87—the next five years. They show the effect of the whole of transfer payments in those years. These are not provincial figures but are figures from the federal Department of Finance. They attempt to predict what will happen to the transfer payments as a result of the new budget and the new budget arrangements.

Again, I repeat that these do not deal exclusively with post-secondary education but are projections for the whole of the transfer payments. Roughly, the aggregate of such payments in Canada in the current year is $15.2 billion. It is expected that that will rise to $26.5 billion by 1986-87, an increase of 68 per cent. Moreover, in no single year during that period will the increase be less than 10 per cent.

There then follows a breakdown of that aggregate into the totals by province, and with only one or two exceptions the increase provincially is at least 10 per cent each year for each province. However, over the five-year period the aggregate increase is 68 per cent.

Hon. Arthur Tremblay: Will the honourable senator permit me to ask a question with respect to the figures he has just given us in terms of the contributions by the provinces towards the financing of post-secondary education?

Senator Hicks: Certainly.

Senator Tremblay: The honourable senator mentioned other sources, including fees from students and endowments.

Senator Hicks: Yes.

Senator Tremblay: Do the figures he has given for provincial contributions include the contributions of the provinces to the financing of those fees in the form of scholarships and so forth? Or are they just rough figures which exclude scholarships and that sort of contribution by the provinces?

● (1450)

Senator Hicks: I understand Senator Tremblay's point but, unfortunately, I cannot answer with authority. I think that the fees are merely gross figures. In some provinces the provincial contribution to scholarships may be significant, but in my own province it is not significant. Perhaps, if it had been I would have delved into this question a little more carefully. However, I think that we must assume that these are merely gross figures. As I said, I was reading from tables which were prepared by the provinces for a provincial ministers of education conference.

In any event, it looks to me as though these figures show that the federal government has held up its end in support of post-secondary education institutions pretty well, and that it is the provincial authorities that ought to look to their own position and their own attitudes with respect to post-secondary education support.

I would like to say a word on visibility, which is another painful issue about which Ottawa was not much concerned as recently as five years ago, and it seems to me that they ought to have been. Of course, the federal government is more concerned about this issue today, and they regard it as a painful one.

Increased federal spending of Canadian taxpayers' dollars on post-secondary education has not been readily visible. Although the federal government must continue to respect provincial jurisdiction over post-secondary education, it also now realizes the need for:

(a) some recognition of its role in post-secondary education;

(b) some standardization between the two levels of government of post-secondary education goals because of "spill-over effects"—that is to say, students who move from one province to work in another province or to work for federal government agencies and so forth; and

(c) some accounting for how the transfers from post-secondary education are used.

To help fill these needs, the budget calls for a coordinated approach to post-secondary education based on co-operation between the two levels of government. I shall refer briefly to the budget proposals relating to this, but I will not go into any great detail as I realize that they have not yet become law and that it will be proper to examine them in greater detail when they have become more firmly established.

According to the Honourable Allan J. MacEachen, the basic thrust of the proposed federal-provincial fiscal arrangements is that they will "enable us to achieve the desired savings without affecting federal contributions to the financing of provincial . . . post-secondary education programs." I hope he is right about that. Mr. MacEachen proposed:

(a) to eliminate compensation for the 1972 revenue guarantee which was included in the EPF arrangements in 1977. This is fairly technical, and I think we can leave it at that for the present time. There will be a reference back to it in a moment.

(b) an improved equalization to replace the system that will expire on March 31, 1982.

(c) that transfers to the provinces over the next five years are still projected to grow at least as fast as the rest of our expenditures. I have already pointed this out in my reference to table 13.

(d) that the tax changes will automatically increase provincial revenues. All I can say there is *res ipsa loquitur*.

(e) and that the resulting increase in provincial revenues in 1982-83, the first year of the new arrangements, will virtually offset the reduction of transfers due to the elimination of compensation for the 1972 revenue guarantee, to which I referred a moment ago, and will cut that reduction by more than half in 1983-84.

I realize that these provisions have not yet the force of law, but I hope that the Minister of Finance's projections will turn out to be correct. Those are the facts that I wanted to put on the record.

Let me conclude by reiterating that I place myself among the very front ranks of those who appreciate the importance to our country, not only of our universities but also of our other institutions of post-secondary education. Perhaps in the highly technological society in which we are living today, some of these are even more important than the classical or traditional university.

I do not wish to see the finances of post-secondary education institutions diminished. Indeed, increases should more than keep pace with inflation and should enable universities to meet Canada's needs in the important years ahead in this century. It would seem to me, as I have said before, that the federal government's support is on the whole cognizant of these needs. I believe that provincial governments and provincial politicians must do more than talk about their provincial rights and responsibilities in education; that they too must provide a fair and adequate measure of support, which some of them, riding on the coat-tails of the federal government, have not been doing during the last decade or the last 15 years.

On motion of Senator Frith, for Senator Rowe, debate adjourned.

The Senate adjourned until Tuesday, February 23, at 8 p.m.

APPENDIX "A"

(*See p. 3651*)

TRANSPORT

AIRLINES—SALE OF NORDAIR—TEXT OF LETTER FROM MINISTER OF TRANSPORT TO PRESIDENT OF AIR CANADA

February 11th, 1982

Mr. Claude Taylor,
President,
Air Canada,
1 Place Ville-Marie,
Montreal, Quebec.
H3B 3P7

Dear Mr. Taylor:

In November 1978, the government agreed to the purchase of Nordair by Air Canada on the condition that the ownership of Nordair would be restored to the private sector within a year.

Two former Transport Ministers tried to accomplish this but failed to do so. When I became Minister of Transport I inherited this intricate problem.

You are aware that I have devoted considerable time and effort to finding a solution which would accommodate, to the greatest extent possible, the various interests involved and the objectives to be achieved, particularly the rationalization of regional air services in Central Canada, through a merger of Nordair and Quebecair.

You also know that throughout my involvement with this matter, I have always kept in mind the concerns of the Nordair management and employees. I recognize that for them the last three years has been a period of continuing uncertainty. Obviously they have performed well in a rather difficult situation which I believe should now be clarified.

I have come to the conclusion that there are only two realistic options regarding Nordair's future. One is that control of Nordair should remain with Air Canada. This would ensure Nordair's future as a viable and efficient regional carrier predicated, of course, on the continuation of the healthy competitive relationship that has been established between Nordair and Air Canada.

The other option is the possibility of rationalizing the regional air carrier industry in Central Canada through a merger of Nordair and Quebecair. I continue to believe that this would be the best way of ensuring good and efficient regional air service in the area, in the long term. We came very close to achieving this last summer and I want to assure you that any further efforts in that direction could only occur where the terms and conditions are similar to those of last summer and are acceptable to all parties involved. I would expect Air Canada not only to play a major role in any merger arrangements but also in the rationalization process that would surely follow.

I recognize the difficulties which must be overcome before such a merger could take place. Indeed, I am not encouraged by the government of Quebec participation in the ownership of Quebecair and I would only contemplate such a merger in the circumstances stated above. Otherwise I would see Nordair remaining as a subsidiary of Air Canada.

I would appreciate if you would inform Mr. André Lizotte of my views. His stewardship of the airline and the performance of his management group and employees throughout this difficult period are to be commended. Nordair has provided safe, high quality service and has done so efficiently and profitably.

Yours sincerely,
"Jean-Luc Pepin"

APPENDIX "B"

(*See p. 3654*)

FINANCING OF POST-SECONDARY EDUCATION

TABLE 1

HOW POST-SECONDARY EDUCATION OPERATING EXPENSES ARE FINANCED: THE PROVINCIAL VIEW*

($ thousands)

CANADA

	FEDERAL (minority and second language program, EPF and cost-sharing)	PROVINCIAL	OTHER (fees, endowments, etc.)	TOTAL
1974-75	1,365,823 – 48%	1,006,025 – 35%	473,300 – 17%	2,845,148 – 100%
1975-76	1,576,260 – 46%	1,321,071 – 39%	516,971 – 15%	3,414,302 – 100%
1976-77	1,812,970 – 46%	1,530,877 – 39%	556,120 – 14%	3,899,967 – 100%
1977-78	2,003,333 – 50%	1,401,773 – 35%	637,189 – 16%	4,042,296 – 100%
1978-79	2,299,031 – 52%	1,439,331 – 33%	684,948 – 15%	4,423,317 – 100%
1979-80	2,606,958 – 55%	1,431,361 – 30%	725,883 – 15%	4,764,203 – 100%
1980-81	2,885,368 – 55%	1,601,511 – 30%	773,764 – 15%	5,260,644 – 100%
1981-82	3,213,517 – 57%	1,655,352 – 29%	816,100 – 14%	5,684,970 – 100%

*This table was prepared by the provinces for a meeting of education Ministers in 1981.

Note that the federal share does *not* include federal transfers under the revenue guarantee program.

TABLE 2

FEDERAL CONTRIBUTION TO PROVINCES FOR POST-SECONDARY OPERATING EXPENSES FOR THE YEARS 1974-75 TO 1981-82

($ millions)

	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82
Nfld.	24 - 62%	28 - 54%	32 - 55%	45 - 66%	53 - 78%	63 - 84%	70 - 82%	77 - 83%
P.E.I.	5 - 69%	6 - 62%	7 - 70%	9 - 101%	11 - 91%	13 - 104%	15 - 107%	16 - 110%
N.S.	47 - 51%	54 - 48%	62 - 55%	70 - 54%	81 - 55%	93 - 59%	103 - 57%	114 - 58%
N.B.	31 - 62%	36 - 57%	41 - 59%	57 - 79%	67 - 93%	78 - 90%	87 - 93%	96 - 98%
Que.	463 - 50%	538 - 48%	627 - 47%	574 - 48%	637 - 46%	700 - 48%	771 - 47%	854 - 49%
Ont.	472 - 46%	543 - 46%	613 - 46%	717 - 50%	824 - 54%	932 - 58%	1,032 - 59%	1,145 - 60%
Man.	56 - 51%	64 - 51%	74 - 51%	88 - 54%	101 - 63%	113 - 67%	124 - 67%	136 - 68%
Sask.	45 - 48%	52 - 45%	60 - 46%	77 - 52%	90 - 53%	105 - 58%	116 - 59%	129 - 61%
Alta.	108 - 46%	124 - 43%	144 - 44%	164 - 42%	195 - 46%	229 - 50%	253 - 50%	288 - 51%
B.C.	114 - 43%	132 - 40%	153 - 40%	201 - 48%	239 - 50%	281 - 52%	316 - 52%	358 - 54%
TOTAL	1,366 - 48%	1,576 - 46%	1,813 - 46%	2,003 - 50%	2,299 - 52%	2,607 - 55%	2,885 - 55%	3,214 - 57%

TABLE 3

HOW POST-SECONDARY EDUCATION OPERATING EXPENSES ARE FINANCED: THE PROVINCIAL VIEW*

($ thousands)

NEWFOUNDLAND

	FEDERAL (minority and second language program, EPF and cost-sharing)	PROVINCIAL	OTHER (fees, endowments, etc.)	TOTAL
1974-75	24,138 - 62%	10,520 - 27%	4,576 - 12%	39,234 - 100%
1975-76	27,758 - 54%	18,494 - 36%	4,798 - 9%	51,050 - 100%
1976-77	31,913 - 55%	20,106 - 35%	5,503 - 10%	57,522 - 100%
1977-78	45,068 - 66%	10,503 - 15%	12,705 - 19%	68,277 - 100%
1978-79	53,442 - 78%	7,048 - 10%	8,117 - 12%	68,608 - 100%
1979-80	62,668 - 84%	4,780 - 6%	7,152 - 10%	74,601 - 100%
1980-81	69,551 - 82%	7,565 - 9%	7,671 - 9%	84,788 - 100%
1981-82	77,404 - 83%	7,537 - 8%	8,100 - 9%	93,042 - 100%

*These tables were prepared by the provinces for a meeting of education Ministers in 1981.

Note that the federal share does *not* include federal transfers under the revenue guarantee program.

TABLE 4

HOW POST-SECONDARY EDUCATION OPERATING EXPENSES ARE FINANCED:
THE PROVINCIAL VIEW*

($ thousands)

PRINCE EDWARD ISLAND

	FEDERAL (minority and second language program, EPF and cost-sharing)	PROVINCIAL	OTHER (fees, endowments, etc.)	TOTAL
1974-75	5,260 – 69%	1,693 – 22%	648 – 9%	7,601 – 100%
1975-76	6,047 – 62%	2,049 – 21%	1,737 – 18%	9,833 – 100%
1976-77	6,953 – 70%	1,363 – 14%	1,684 – 17%	10,000 – 100%
1977-78	9,214 – 101%	–1,338 – –15%	1,205 – 13%	9,081 – 100%
1978-79	11,253 – 91%	–1,582 – –13%	2,666 – 22%	12,337 – 100%
1979-80	13,436 – 104%	–3,123 – –24%	2,655 – 20%	129681 – 100%
1980-81	14,908 – 107%	–3,772 – –27%	2,793 – 20%	13,929 – 100%
1981-82	16,443 – 110%	–4,439 – –30%	2,900 – 19%	14,904 – 100%

TABLE 5

NOVA SCOTIA

	FEDERAL (minority and second language program, EPF and cost-sharing)	PROVINCIAL	OTHER (fees, endowments, etc.)	TOTAL
1974-75	46,805 – 51%	23,691 – 26%	21,397 – 23%	91,893 – 100%
1975-76	53,832 – 48%	35,530 – 32%	22,265 – 20%	111,627 – 100%
1976-77	62,023 – 55%	30,659 – 27%	20,612 – 18%	113,294 – 100%
1977-78	69,676 – 54%	31,426 – 24%	27,298 – 21%	128,401 – 100%
1978-79	80,795 – 55%	39,320 – 27%	25,862 – 18%	145,978 – 100%
1979-80	92,752 – 59%	36,173 – 23%	28,167 – 18%	157,093 – 100%
1980-81	102,579 – 57%	46,387 – 26%	29,529 – 17%	178,329 – 100%
1981-82	113,595 – 58%	51,344 – 26%	30,000 – 15%	194,940 – 100%

*These tables were prepared by the provinces for a meeting of education Ministers in 1981.

Note that the federal share does *not* include federal transfers under the revenue guarantee program.

TABLE 6

HOW POST-SECONDARY EDUCATION OPERATING EXPENSES ARE FINANCED: THE PROVINCIAL VIEW*

($ thousands)

NEW BRUNSWICK

	FEDERAL (minority and second language program, EPF and cost-sharing)	PROVINCIAL	OTHER (fees, endowments, etc.)	TOTAL
1974-75	31,276 - 62%	8,754 - 17%	10,483 - 21%	50,513 - 100%
1975-76	35,857 - 57%	9,478 - 15%	17,833 - 28%	63,168 - 100%
1976-77	41,197 - 59%	12,191 - 17%	16,333 - 23%	69,721 - 100%
1977-78	56,875 - 79%	2,563 - 4%	12,390 - 17%	71,829 - 100%
1978-79	67,357 - 93%	-6,023 - -8%	10,923 - 15%	72,257 - 100%
1979-80	78,278 - 90%	-5,531 - -6%	14,622 - 17%	87,369 - 100%
1980-81	86,675 - 93%	-8,835 - -9%	15,284 - 16%	93,124 - 100%
1981-82	95,823 - 98%	-13,917 - -14%	15,800 - 16%	97,706 - 100%

TABLE 7

QUEBEC

	FEDERAL (minority and second language program, EPF and cost-sharing)	PROVINCIAL	OTHER (fees, endowments, etc.)	TOTAL
1974-75	463,145 - 50%	348,857 - 38%	111,145 - 12%	923,147 - 100%
1975-76	538,145 - 48%	474,133 - 42%	116,448 - 10%	1,128,726 - 100%
1976-77	626,704 - 47%	579,462 - 44%	120,499 - 9%	1,326,665 - 100%
1977-78	574,172 - 48%	462,693 - 39%	159,532 - 13%	1,196,398 - 100%
1978-79	637,160 - 46%	561,465 - 41%	172,357 - 13%	1,370,983 - 100%
1979-80	699,987 - 48%	580,570 - 40%	183,210 - 13%	1,463,768 - 100%
1980-81	770,809 - 47%	669,765 - 41%	196,330 - 12%	1,636,905 - 100%
1981-82	853,621 - 49%	669,588 - 39%	210,000 - 12%	1,733,210 - 100%

*These tables were prepared by the provinces for a meeting of education Ministers in 1981.

Note that the federal share does *not* include federal transfers under the revenue guarantee program.

TABLE 8

HOW POST-SECONDARY EDUCATION OPERATING EXPENSES ARE FINANCED:
THE PROVINCIAL VIEW*

($ thousands)

ONTARIO

	FEDERAL (minority and second language program, EPF and cost-sharing)	PROVINCIAL	OTHER (fees, endowments, etc.)	TOTAL
1974-75	472,030 – 46%	351,409 – 34%	201,992 – 20%	1,025,432 – 100%
1975-76	542,920 – 46%	413,838 – 35%	226,947 – 19%	1,183,705 – 100%
1976-77	613,437 – 46%	477,552 – 36%	249,231 – 19%	1,340,220 – 100%
1977-78	717,466 – 50%	458,391 – 32%	273,142 – 19%	1,449,000 – 100%
1978-79	823,773 – 54%	408,616 – 27%	293,106 – 19%	1,525,496 – 100%
1979-80	932,479 – 58%	376,056 – 23%	308,828 – 19%	1,617,364 – 100%
1980-81	1,031,840 – 59%	393,196 – 22%	331,734 – 19%	1,756,771 – 100%
1981-82	1,144,596 – 60%	418,341 – 22%	350,000 – 18%	1,912,938 – 100%

TABLE 9

MANITOBA

	FEDERAL (minority and second language program, EPF and cost-sharing)	PROVINCIAL	OTHER (fees, endowments, etc.)	TOTAL
1974-75	55,606 – 51%	33,281 – 30%	20,389 – 19%	109,276 – 100%
1975-76	63,971 – 51%	44,933 – 36%	16,868 – 13%	125,772 – 100%
1976-77	73,736 – 51%	52,798 – 36%	18,463 – 13%	144,997 – 100%
1977-78	88,196 – 54%	55,377 – 34%	19,214 – 12%	162,788 – 100%
1978-79	100,517 – 63%	35,463 – 22%	23,663 – 15%	159,644 – 100%
1979-80	112,906 – 67%	32,258 – 19%	24,479 – 14%	169,644 – 100%
1980-81	123,521 – 67%	35,703 – 19%	25,840 – 14%	185,065 – 100%
1981-82	136,426 – 68%	37,818 – 19%	27,000 – 13%	201,245 – 100%

*These tables were prepared by the provinces for a meeting of education Ministers in 1981.
Note that the federal share does *not* include federal transfers under the revenue guarantee program.

TABLE 10

HOW POST-SECONDARY EDUCATION OPERATING EXPENSES ARE FINANCED:
THE PROVINCIAL VIEW*

($ thousands)

SASKATCHEWAN

	FEDERAL (minority and second language program, EPF and cost-sharing)	PROVINCIAL	OTHER (fees, endowments, etc.)	TOTAL
1974-75	45,401 – 48%	33,176 – 35%	16,172 – 17%	94,749 – 100%
1975-76	52,199 – 45%	46,864 – 40%	17,513 – 15%	116,576 – 100%
1976-77	60,371 – 46%	53,979 – 41%	18,134 – 14%	132,484 – 100%
1977-78	77,138 – 52%	50,091 – 34%	21,891 – 15%	149,121 – 100%
1978-79	90,411 – 53%	57,122 – 34%	22,605 – 13%	170,139 – 100%
1979-80	104,803 – 58%	51,860 – 29%	25,045 – 14%	181,709 – 100%
1980-81	116,292 – 59%	52,954 – 27%	26,320 – 13%	195,567 – 100%
1981-82	129,472 – 61%	53,804 – 26%	27,600 – 13%	210,877 – 100%

TABLE 11

ALBERTA

	FEDERAL (minority and second language program, EPF and cost-sharing)	PROVINCIAL	OTHER (fees, endowments, etc.)	TOTAL
1974-75	107,755 – 46%	90,280 – 38%	36,518 – 16%	234,553 – 100%
1975-76	123,960 – 43%	133,829 – 46%	33,131 – 11%	290,920 – 100%
1976-77	143,950 – 44%	142,395 – 44%	37,897 – 12%	324,242 – 100%
1977-78	164,290 – 42%	175,707 – 45%	47,073 – 12%	387,071 – 100%
1978-79	195,365 – 46%	172,069 – 41%	54,347 – 13%	421,782 – 100%
1979-80	228,865 – 50%	175,039 – 38%	56,610 – 12%	460,515 – 100%
1980-81	253,084 – 50%	199,179 – 39%	58,813 – 12%	511,077 – 100%
1981-82	288,285 – 51%	214,774 – 38%	61,000 – 11%	564,060 – 100%

*These tables were prepared by the provinces for a meeting of education Ministers in 1981.
Note that the federal share does *not* include federal transfers under the revenue guarantee program.

TABLE 12

HOW POST-SECONDARY EDUCATION OPERATING EXPENSES ARE FINANCED: THE PROVINCIAL VIEW*

($ thousands)

BRITISH COLUMBIA

	FEDERAL (minority and second language program, EPF and cost-sharing)	PROVINCIAL	OTHER (fees, endowments, etc.)	TOTAL
1974-75	114,407 – 43%	104,364 – 39%	49,979 – 19%	268,750 – 100%
1975-76	131,571 – 40%	141,923 – 43%	59,431 – 18%	332,925 – 100%
1976-77	152,686 – 40%	160,372 – 42%	67,764 – 18%	380,822 – 100%
1977-78	201,233 – 48%	156,357 – 37%	62,739 – 15%	420,330 – 100%
1978-79	238,953 – 50%	165,831 – 35%	71,302 – 15%	476,087 – 100%
1979-80	280,779 – 52%	183,277 – 34%	75,115 – 14%	539,172 – 100%
1980-81	316,271 – 52%	209,367 – 35%	79,450 – 13%	605,089 – 100%
1981-82	357,846 – 54%	220,501 – 33%	83,700 – 13%	662,048 – 100%

*This table was prepared by the provinces for a meeting of education Ministers in 1981.

Note that the federal share does *not* include federal transfers under the revenue guarantee program.

TABLE 13

ESTIMATED EFFECTS ON PROVINCIAL REVENUES OF THE REVISED FISCAL ARRANGEMENTS AND BUDGET TAX

CHANGES PROPOSED BY THE GOVERNMENT OF CANADA 1982-83 TO 1986-87
(Department of Finance)

($ millions)

	1981-82		1982-83		1983-84		1984-85		1985-86		1986-87		1982-87
	Aggregate	Change	Aggregate	Change	Aggregate	Change	Aggregate	Change	Aggregate	Change	Aggregate	Change	Total Aggregate
Canada	15,244		16,864	1,620	18,831	1,967	21,173	2,342	23,841	2,668	26,544	2,703	107,253
Nfld.	686		782	+96	874	+92	976	+102	1,092	+116	1,212	+120	4,936
N.B.	726		824	+98	920	+96	1,032	+112	1,155	+123	1,281	+126	5,212
N.S.	878		1,004	+126	1,127	+123	1,266	+139	1,417	+151	1,572	+155	6,386
P.E.I.	154		176	+22	196	+20	219	+23	243	+24	269	+26	1,104
Quebec	4,987		5,581	+594	6,215	+634	6,976	+761	7,815	+839	8,658	+843	35,245
Ont.	4,081		4,475	+394	4,985	+510	5,593	+608	6,308	+715	7,020	+712	28,381
Man.	839		860	+21	954	+94	1,064	+110	1,188	+124	1,314	+126	5,380
Sask.	526		518	-8	576	+58	651	+75	738	+87	825	+87	3,310
Alta.	1,085		1,192	+107	1,346	+154	1,536	+190	1,763	+227	2,005	+242	7,842
B.C.	1,283		1,452	+169	1,636	+184	1,859	+223	2,122	+263	2,387	+265	9,456

THE SENATE

Tuesday, February 23, 1982

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

Prayers.

DISTINGUISHED VISITORS IN GALLERY

BALTIC HONORARY CONSULS

Hon. Andrew Thompson: Honourable senators, I call to your attention the presence in the gallery of the Baltic Honorary Consuls. They are: Dr. Jonas Zmuidzinas, Honorary Consul General of Lithuania; Mr. Ilmar Heinsoo, Honorary Consul of Estonia; and Dr. Edward Upenieks, Honorary Consul of Latvia.

I am sure that most of you are aware that tomorrow the Baltic Evening, which has become a very sought-after social and cultural occasion, will be held on Parliament Hill. On this occasion, the tenth anniversary of the event, the Baltic community is being especially honoured by the presence of His Excellency the Governor General. I hope that many senators will be present also.

LABOUR ADJUSTMENT BENEFITS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-78, to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

• (2010)

[*Translation*]

THE ESTIMATES

NATIONAL FINANCE COMMITTEE AUTHORIZED TO MAKE STUDY

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

> That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending 31st March, 1983.

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

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*English*]

BRITISH COLUMBIA

INVITATION TO "WONDERFUL WEDNESDAY" FUNCTION

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I wonder if the Leader of the Government would explain to me the significance of my receiving an invitation headed:

> It is always a wonderful Wednesday in British Columbia.

That may be true; and it is always a wonderful Wednesday in Manitoba. This invitation states:

> B.C. cabinet ministers, Senators Jack Austin and Ray Perrault—

I think the order is inverted.

> —invite you—

And this is underlined.

> —to a B.C.W.W. in the Railway Committee Room.

I have never been favoured with such an invitation before, and before accepting the invitation I wonder if somebody could tell me what I am letting myself in for.

Hon. G. I. Smith: Perhaps you had better refuse.

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice.

Some Hon. Senators: Hear, hear.

Senator Roblin: I have to agree that it is a pretty difficult question to answer. I am not surprised that my honourable friend would not wish to deal with it right away.

GRAIN

CROWSNEST RATES—GOVERNMENT NEGOTIATOR—TERMS OF REFERENCE

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I now wish to direct a question to the Minister of State for the Canadian Wheat Board in connection with the questions I asked him the other day concerning the

terms of reference of Dr. Gilson who will be studying the Crow rate in conjunction with some others in western Canada soon.

I have been told by the minister that as of last week the terms of reference had not been drawn up. May I ask him if they have now been drawn up, and, if not, when does he expect to see them?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, this comes under the authority of the Minister of Transport. I do not have that information at hand, but I shall be happy to take that question as notice and obtain an answer for the honourable senator as soon as I can.

Senator Roblin: I thank my honourable friend for his reply. In the answer he gave me the other day he dealt with my question as to whether the government had issued any instructions to Dr. Gilson about secrecy, or whether the meetings should be held *in camera*. Obviously, if they have not issued the terms of reference, that matter has not been decided upon by the government, but part of his answer stated:

> The response being used by the Department of Transport is that Dr. Gilson and the other participants in the process who have been canvassed favoured holding the meetings in private.

So, I register that fact. I now ask my honourable friend whether he favours holding these meetings *in camera*?

Senator Argue: I would think that the main parts of any such meetings are probably more fruitful if they are held *in camera*. If Dr. Gilson is going to discuss the government's proposal and the attitude of any major farm organization, it would be my judgment that the farm organization would very likely wish to have that discussion conducted *in camera*. Of course, the government's attitude might well be governed to some extent by the views of the farm organizations themselves, but my opinion would be—perhaps you did not ask for my opinion—

• (2015)

Hon. Lowell Murray: We asked for the government's position.

Senator Argue: —that negotiations are likely to be more fruitful if they are not televised and conducted in the public domain.

Senator Roblin: Is my honourable friend suggesting that the farmers of western Canada whose interests he so zealously defends, particularly with respect to the Crow rate, want to have these negotiations conducted in such a manner that they are not made aware of what is bargained for them in respect of this matter? I really ask him to consider whether he is prepared to say that meetings of this kind on a matter that affects the livelihood of every farmer in western Canada should properly be conducted in this rather secretive manner?

Senator Argue: I think these negotiations would likely be more fruitful if they are conducted in a confidential manner, but I come back to that part of my reply in which I said it would depend, in no small measure, on the representatives of the farm organizations themselves and how they want this done. If there is to be any measure of give and take, and any likelihood of agreement, it is my opinion that the meetings are likely to be more fruitful if they are not conducted in public. I believe that delicate labour negotiations are likely to be more fruitful if they are conducted outside the attention of the media. After these negotiations have reached a certain stage, then I am sure that whatever agreement has been attained—if there is agreement— will, in fact, be made public.

Senator Roblin: I take it from the way my honourable friend has carefully balanced himself on both sides of this question that he will certainly be supportive of a free exchange of opinion without any mandated *in camera* policy on the part of the government. In other words, he does not think the government ought to mandate *in camera* meetings for this subject.

Senator Argue: I think Dr. Gilson is perfectly capable of deciding which way he wishes to go. If he feels it would be more fruitful to have those negotiations conducted in public, then the government will not stand in the way of his proceeding in that fashion. My honourable friend is a businessman of much experience, and he knows that if matters as important as these are to the public, the farmers and the customers are to be discussed with any hope of arriving at a consensus then the discussions should be conducted privately. The meetings are likely to be more fruitful if they are held in a confidential manner until such time as some agreement, some progress, has, in fact, been achieved.

Senator Roblin: I can only express the hope that my honourable friend will leave it to Dr. Gilson to decide on this matter, but I would be much happier if he would say that these meetings are to be held in public because they are not ordinary meetings. These meetings are held once in every 100 years. Therefore, I want to register my point with my honourable friend—and perhaps I have.

I now want to go on to the second part of my inquiry of the other day as to whether or not Dr. Gilson will be consulting with the provincial governments in respect to this matter. I know that certain provincial governments have taken a stand on this subject, but I rather fancy that they are still entitled to make their case one way or the other, such as it is, with Dr. Gilson. I ask my honourable friend whether the terms of reference will make it possible for him to consult with provincial governments should it be deemed advisable to do so.

Senator Argue: I would not think he is barred from consulting with provincial governments. The answer I gave the honourable senator was prepared for me—it is not my own answer—by the Ministry of Transport.

Senator Murray: The answer was prepared—

Senator Argue: Well, if you want to chip in, just keep chipping in.

Senator Murray: The answer was prepared for you; it is not your answer.

Senator Argue: That's fine. It was provided to the Senate, and I am speaking on behalf of the government. You can take

it any way you like. You can shake your head all you want; it will not make much difference. In any case the answer—I withdraw that remark because it was not very appropriate—

Senator Roblin: It is quite Parliamentary.

Senator Argue: In any event, I do not have anything to add, but I will make further inquiries. If I can obtain for the honourable senator information as to if and when Dr. Gilson is visiting with provincial governments, I do not mind doing that.

• (2020)

Senator Roblin: I take it my honourable friend will be good enough to table the terms of reference as soon as they are decided, so that we shall have an opportunity to examine them at that stage. I hope also that he will assist me in assuring a reasonably wide-ranging debate on the matter so that when it is completed interested parties will not be able to go around saying that they were not consulted and did not know it was going on, and that sort of thing.

Hon. H. A. Olson (Minister of State for Economic Development): We are ready to receive their representations right now.

Senator Roblin: Sometimes there is a difference between representing the members and representing the organizations, as my honourable friend well knows. I am concerned about that, and I think he is too.

ENERGY

PROPOSED MEETING BETWEEN FEDERAL GOVERNMENT AND ALSANDS GROUP

Hon. Duff Roblin (Deputy Leader of the Opposition): I would now like to address another question to the honourable senator, as the Minister of Economic and Regional Development. I hope I have that right.

Hon. G. I. Smith: Don't be too sanguine of getting an answer.

Senator Roblin: I am really not sanguine of getting much of an answer, but I always try, and my honourable friend is a pretty good question answerer, in the parliamentary sense.

Hon. H. A. Olson (Minister of State for Economic Development): The answers are better than the questions.

Senator Roblin: I hope so. I hold no brief for the questions. The answers ought to be better than the questions, because if the minister does not know the answer to anything within his department he ought to, whereas the questioner is often in the dark.

Last month there was a meeting between the government and those involved in the Alsands operation. At that time the government stated, according to reports that reached the public, that this was the final offer. My question to the minister is: In view of the recent meeting of the Alsands people last week, requesting a further meeting with the government, is the government intending to meet with these people to discuss the matter further?

[Senator Argue.]

Senator Olson: I do not know, honourable senators, that a specific meeting, along with a time for that meeting, has been set up; but I do recall a question of this nature some days ago, and since then I have found that the Minister of Energy, Mines and Resources has said that he is prepared to meet again. The time and the date and the terms and conditions of such a meeting have not, however, been set up.

Senator Roblin: I daresay we will hear about that in due course, so I am willing to wait.

Honourable senators, my next question has to do with the fact that last month the government presented these people with what it described as being the final offer. If they are going to meet again, I would like to ask my honourable friend whether there is any intention on the part of the government of revising the final offer.

Senator Olson: Well, honourable senators will have to recognize that there are a number of considerations that have to be taken into account, one of which is that part of the Canada-Alberta energy agreement is to the effect that any changes in the terms and conditions of taxation and all related levies are to be dealt with in concert, or, I think it says, in parallel, and therefore it would be necessary for Canada and Alberta to agree on whatever changes they want to make prior to such changes being made in the terms and conditions.

Senator Roblin: I mention that particularly, again, honourable senators, because I am sure that along with many others the minister has read the speech by the Premier of Ontario in which he in effect implored the federal government to get a move on and get this tremendous potential supply of oil into the productive phase as soon as possible. Has my honourable friend any intention of giving the Premier of Ontario information as to when he may expect this operation to commence?

Senator Olson: I do not like to complain about how people say things, honourable senators, but it seems to me that the premier of Ontario, if he wanted to be fair—and he usually claims that he is trying to be fair—might have said that he wanted to implore the federal and the provicial governments both, because of what I said a few minutes ago.

Senator Roblin: I am sure that may be the case, but my honourable friend must also recognize that he is expected to take the lead. He has been telling us for a long time about the status of the federal government in the Canadian Confederation and about the leadership it intends to give in developing the economy of this country. I take him at his word. I believe that I must expect him to take the lead in this process. It is not good enough to hide behind the Province of Alberta.

• (2025)

Senator Olson: The federal government is not hiding behind the Province of Alberta or anyone else. It has taken the lead in many things, including reaching an agreement with the producing provinces. Once this federal government makes a deal with another government, the deal is kept.

Some Hon. Senators: Oh, oh!

Senator Olson: As part of the terms and conditions of the agreement that was reached, we were going to work in concert in adjusting the terms and conditions of oil and gas development in the future. My honourable friend knows that. He can twist it any way he likes, but we still come back to an accurate interpretation of the agreement.

Senator Roblin: My honourable friend only keeps agreements when it suits him.

Senator Olson: No—

Senator Roblin: Yes, he does. Not only does he not keep agreements, but he does not keep his promises either. I am not about to spend the evening detailing the promises that have not been kept or those that have been reversed and stood on their heads.

Senator Olson: They are hard to recall, aren't they?

Senator Roblin: No, they are not. I can start out with wage and price controls and work right down to this present day and generation.

Hon. Lowell Murray: You can start before that.

Senator Roblin: I dare say I can, but I will let my honourable friend off a little lightly this evening and will not embarrass him with a recitation of his failures in that respect.

Senator Olson: Perhaps my honourable friend would like to bring a recitation of those things into the chamber some day. If he will give me a minute or two, I can find the right tabs in my books in order to give him a complete and accurate answer that will disprove every one of his claims.

Senator Smith: You will give the contrived answers which you carry with you; that's what you will give.

Senator Roblin: You will give the political answers, which won't wash.

[*Translation*]

FOREIGN AFFAIRS

EL SALVADOR—VISIT BY COMMONS SUBCOMMITTEE—POSSIBLE PARTICIPATION BY SENATORS

Hon. Martial Asselin: Honourable senators, my question is for the Leader of the Government. Last week, the Leader of the Opposition asked him whether it would be possible for senators to accompany members of the House of Commons subcommittee going to El Salvador on a fact-finding mission. The minister replied:

> Honourable senators, the idea is a good one. I was in conversation this morning on precisely that point. I suggested that, if possible, senators be included on that mission.

Yet, the subcommittee is made up of only four members of the other place. Can the Leader of the Government explain to us why members of this House were not also invited to take part in this mission?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, in my reply last week I stated that I had been informed that the proposal to send parliamentary representatives to El Salvador on a fact-finding mission was made on the initiative of a committee in the other place.

Senator Asselin: No.

Senator Perrault: Just as Senate committees are not inclined, at times, to invite the joint participation of members of the other chamber in committee activities, obviously in this case members of the other place decided that they would like to have the members of their fact-finding mission drawn exclusively from the House of Commons. Nevertheless, I know of the honourable senator's interest in international affairs, and I am aware of his expertise in the area. I can well understand his interest, as well as that of other honourable senators, in the situation in El Salvador.

The determination of whether Senate observers should at some point go to El Salvador may well be a matter for the Standing Senate Committee on Foreign Affairs.

[*Translation*]

Senator Asselin: I want to say to the Leader of the Government in the Senate that his answer is not consistent with the statement he made tonight. As reported on page 3633 of the French version of the *Debates of the Senate* this is the answer he gave last week:

> Honourable senators, the idea is a good one. I was in conversation this morning on precisely that point. I suggested that, if possible, senators be included on that mission.

Can the Leader of the Government tell us to whom he made that proposal? Was it to the Secretary of State for External Affairs or to his officials and why could senators not go along with members of this subcommittee of the other place, on this mission to El Salvador?

[*English*]

Senator Perrault: Honourable senators, in a later comment on this situation I pointed out that I had indeed looked into the matter. As reported at page 3651 of *Debates of the Senate*, I said:

● (2030)

> This is a House of Commons trip and the members of this visit will represent the House of Commons Subcommittee on the Caribbean and Latin America. Since senators are not members of this subcommittee, I do not see how they could go along on this particular visit. However, if honourable senators determine that there should be Senate representation on this visit to El Salvador, the best course of action would be to make that proposal to our Foreign Affairs Committee, and then a separate trip, funded by the Senate, might be organized. The initiative would have to have the approval of the Senate, and a submission would have to go forward to the Internal Economy, Budgets and Administration Committee to secure the necessary funds for the visit.

Honourable senators, I feel that is a rather complete reply.

[*Translation*]

Senator Asselin: In other words, the suggestion made by the minister to the officials or the Secretary of State for External Affairs with a view to appointing senators to that subcommittee was not welcomed. They did not want senators on that subcommittee. Since Canada has decided not to accept the monitoring of the election in El Salvador, can the minister tell us why the government would send that subcommittee? Why was a subcommittee of the House of Commons sent there?

[*English*]

Senator Perrault: Honourable senators, the government does not dictate to the House of Commons committees. And may I remind honourable senators that in this instance we are referring to an all-party visit, as represented by members of a committee of the other place, to El Salvador. One of the members of that delegation is the Honourable Flora MacDonald, the Secretary of State for External Affairs in the Clark government. I am rather surprised, given the deep interest of one of her former cabinet colleagues in this visit to El Salvador, that the Honourable Senator Asselin has not contacted the Honourable Flora MacDonald with a request that the Conservative Party in the Senate have representation on such a mission.

Having said that, if Senator Asselin wishes to move that there be an all-party Senate delegation sent to El Salvador, I am certain there are honourable senators who will wish to express their support for such a proposal. I find it rather surprising that the honourable senator, with his experience in government, would somehow feel that, because of some action on the part of government, the Conservative Party has been denied an opportunity to send representatives from this chamber to El Salvador.

Hon. G. I. Smith: Nobody said anything like that.

Senator Perrault: May I suggest that the honourable senator make his representations to his party leader, the Right Honourable Joe Clark, and the Honourable Flora MacDonald?

Hon. H. A. Olson (Minister of State for Economic Development): Surely, you would not want to go without the permission of the Senate?

[*Translation*]

Senator Asselin: Honourable senators, obviously, the Leader of the Government is twisting the meaning of the question I asked. I have no objection to members of my party joining a committee of the other place that would carry its investigations abroad. That is not what I meant. My question is as follows: If the government has decided against sending observers to monitor the elections in El Salvador, what is this subcommittee of the House, which actually represents the Canadian government, doing in that country right now? Why was it sent there? Does the Deputy Leader of the Government want to answer on behalf of the Leader of the Government? Will the Leader of the Government answer my question?

[Senator Perrault.]

[*English*]

Senator Perrault: Honourable senators, this committee is not carrying the views of the government. The committee includes representatives from the New Democratic Party, the Liberal Party and the Conservative Party. It is attempting to ascertain the situation in El Salvador. Whether or not the government, as a matter of policy on behalf of the people of Canada, determines to send observers to the election in El Salvador, surely, is a question apart from whether a subcommittee of the House of Commons, or a subcommittee from this place, for that matter, should decide to dispatch a group to that area or any other area to determine certain facts.

[*Translation*]

Senator Asselin: This will be my last question: Has the government decided to send Canadian observers to monitor the elections to be held in El Salvador?

[*English*]

Senator Perrault: Honourable senators, I made a statement on that particular question last week. No further official information has been received by the Senate since that time. Additional policy data will be made available to the Senate as soon as possible.

LAW OF THE SEA CONFERENCE—OBSERVER STATUS FOR SENATORS

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate with regard to a delegation of a different sort. The Law of the Sea Conference is beginning in New York on March 8. In view of the wide interest the conference will generate this year, since the United States is now resuming its interest in the Law of the Sea, and in view of the fact that our Subcommittee on National Defence is in its new thrust dealing with the overall Law of the Sea regulations in connection with sea power, would the Leader of the Government take into consideration that those from the Senate who are interested could, over the period of weeks of the Law of the Sea Conference, attend as observers, as has been the case in the past?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the proposal by Senator Marshall will be given immediate consideration.

POLAND AND U.S.S.R.—SANCTIONS

Hon. Stanley Haidasz: Honourable senators, I would like to direct a question to the Leader of the Government in the Senate. Can he inform this house of any sanctions that Canada has imposed upon Poland and the U.S.S.R. in view of the continuing repression by martial law in Poland?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the Secretary of State for External Affairs, the Honourable Mark MacGuigan, announced today—

Hon. Martial Asselin: It's about time.

Senator Perrault: —that, in view of the continuing suppression of civil liberties in Poland and the continuing contravention of the principles of the Helsinki Final Act, the Canadian government has decided to take the following measures to demonstrate its concern to the Polish and Soviet authorities. First, the program of Canadian-Polish academic exchanges is being suspended. In view of the restrictions placed on the movements of Canadian diplomats in Warsaw, Canada is placing restrictions on representatives of the Polish government in Canada.

With other like-minded countries, Canada will support initiatives within international organizations, such as the International Labour Organization and the United Nations Commission on Human Rights, to promote respect for the basic rights of the Polish people. Canada will continue to make its concerns over the situation in Poland known to Polish and Soviet authorities.

Concerning economic measures, Canada in support of the general Alliance position, has decided to extend no new commercial credits for goods, other than food, to Poland for the time being, to support a delay in holding negotiations on rescheduling payments of Poland's official debts due in 1982, and to restrict scheduled traffic of Polish airlines to the frequency presently in effect of two flights per week.

The Government of Canada views the continued interruption of communications with our embassy in Warsaw, through normal means, as being in contravention of obligations under the Vienna Convention on Diplomatic Relations to facilitate operations of diplomatic missions. Although commercial telex service has resumed, the Canadian government again calls for the immediate restoration of normal leased circuit communications with the embassy.

Canada believes the Soviet government must be made aware of the concern we share with other members of the Alliance over the Soviet attitude towards developments in Poland. The government has therefore decided to implement the following measures with respect to the Soviet Union. First, proposals for high level official contacts will be reviewed to determine whether in the present political climate they should proceed. Anticipated negotiations on a program of general exchanges in the areas of science, education and culture will be postponed. The government has also decided to delay the proposed meeting of the Mixed Economic Commission. Also Aeroflot will be limited to its present traffic frequency of two flights per week.

The government regrets having to implement these measures, which parallel in general terms those being introduced by Canada's western allies. Canada will continue to encourage an atmosphere in which the Polish people are allowed to solve their own problems. The measures adopted by the Canadian government reflect Canada's concern that the political and moral commitments freely made by Poland and the Soviet Union under the Helsinki Final Act to other states participating in the Conference on Security and Cooperation in Europe are not being observed. Under the Helsinki Final Act the participating states accepted review by one another of the degree and extent of their fulfilment of internationally recognized standards of behaviour. Canada's action here is consistent with this understanding.

• (2040)

At the same time Canada will continue to assist the Polish people in those ways that offer promise of encouraging a return to renewal and reform within their country. Canada will also supply credit to permit Poland to continue to purchase grain under the terms of the present long-term grain agreement. While Canada is already one of Poland's largest official creditors, the government considers that the supply of food for use by the Polish people is essential at this time.

In addition, Canada has contributed $500,000 to an international appeal launched by the Red Cross to provide medical supplies, food and clothing to the Polish people, and has contributed $100,000 to support relief efforts of the Canadian Polish Congress. Further contributions of this kind are anticipated.

Concerning refugees, Canada's record is exemplary. The government will continue to support initiatives to re-settle additional refugees in Canada as part of an international effort to respond to this problem.

Canada again calls upon the Polish leadership for an act of national reconciliation to allow its people to pursue their own destiny and to permit Poland once again to take its place as a respected member of the international community.

The government urges the Polish government to live up to its declared intention to re-establish civil liberties and calls upon the Polish authorities to end the state of martial law, to release those arrested, and to restore immediately a dialogue with the church and Solidarity.

Senator Haidasz: Honourable senators, on the subject of refugees and self-exiles who are destined to come to Canada, in December the minister stated that a quota of 6,500 had been put in place for refugees coming to Canada from eastern Europe. In view of the fact that there is only the normal number of Canadian officials in Vienna dealing with immigrant applications, and that reports have reached us here in Canada that they cannot possibly process more than 1,500 applications during the next 10 months, would the minister inform us whether any additional personnel will be sent to Vienna to expedite the processing of applications?

Senator Perrault: Honourable senators, the question will be taken as notice. I have no specific information about the situation in Vienna, but that information will be obtained and brought to the Senate.

[*Translation*]

Senator Asselin: Honourable senators, considering that the Leader of the Government has made a lengthy statement, the opposition is entitled, according to parliamentary practice to make a few comments following that statement.

[*English*]

Hon. H. A. Olson (Minister of State for Economic Development): Let him reply to the question.

[*Translation*]

Senator Asselin: The Minister of State for Economic Development should remember his years in the House of Commons, where this is a long-standing custom.

Since the Leader of the Government made a policy statement, I think the opposition is entitled to make a few comments. I have already done so, honourable senators, with respect to the government's attitude and the stand taken at the very beginning by the Prime Minister of Canada with respect to the situation in Poland.

The Leader of the Government will recall that I questioned him a number of times regarding this matter. I asked him what the Canadian government's position was on the events in Poland. Honourable senators will recall that at first, there was some confusion as to statements on these events made by the Secretary of State for External Affairs and also by the Prime Minister of Canada. I may remind the Leader of the Government that I told him that at first, the Prime Minister—and I am not so sure this is not still the case—seemed to be supporting the Polish government's decision to impose martial law; he said it was a good thing because it would prevent Soviet intervention in the Polish conflict.

Hon. Azellus Denis: And then what?

Hon. Jacques Flynn (Leader of the Opposition): The senator is actually making his contribution to the debate!

Senator Asselin: The Prime Minister also said in his statement that Solidarity's claims were excessive and that it had to stop.

We asked when the government would decide to express its objections to the situation in Poland, but we never had a decision by the government.

The decision announced today by the minister comes after several representations made by the United States, especially at the last conference in Spain, when the Canadian Secretary of State for External Affairs was forced to go along with the rest of the crowd and act like our allies who were going to tell Poland and Russia that all this had gone far enough and that martial law had to be abolished in Poland.

Hon. Peter Bosa: Question!

Senator Asselin: This is not a question, it is a statement, and as my honourable friend will learn later on when he has had some experience in this chamber, when a minister of the Crown makes a statement, the opposition has the right to reply.

I am therefore saying that the minister's statement is well received by the opposition, because these measures should have been taken against Poland and Russia a long time ago, but the government avoided doing so and preferred to wait and see what other countries were doing. Before reaching a decision, they said we should not act right away, because we will be accused of blindly following in the footsteps of the United States. However, because of pressure exercised by the United States on Canada, the government made these decisions today, and intends to carry them out. However, it will be too late, because the harm has already been done and the situation is beyond repair. The Poles are being repressed by martial law and by their present government.

If the Canadian government is really sincere, could the minister inform us whether he is going to make special arrangements to ask immediately for the liberation of Lech Walesa, the head of Solidarity? Does the minister intend to ask the Canadian government to take immediate and special action for the purpose of liberating the union president, Lech Walesa, so that he will be able to continue his work with Solidarity? Can the minister answer this question?

[*English*]

Senator Perrault: Honourable senators, I appreciate the fact that, at the end of that long statement, finally there was a question of sorts.

The reason for the long reply I gave in response to the very appropriate question asked by Senator Haidasz is the fact that the Polish question is of great importance to this chamber and to the Canadian people.

Senator Flynn: Nobody denies that.

Senator Perrault: A few days ago the Leader of the Opposition and Senator Asselin stated that we were not providing enough information on Poland, and requested more data. That information was provided. Now we are being upbraided for making a statement which provides too much information.

Senator Asselin: No, that was not the case at all.

Senator Perrault: The Canadian record with respect to Poland will stand scrutiny measured against any standard of concern for human rights and freedoms. No country in the world has a better record than Canada with respect to the Polish situation. It is time the opposition took some pride in Canadian human rights initiatives, instead of attempting to denigrate the efforts of a Prime Minister who has a career of fighting for human rights.

Senator Asselin, who voted against the proposed Canadian Charter of Rights in this chamber the other day, is now demanding more rights for the Polish people. The Prime Minister, who has fought for human rights and freedoms throughout his entire career in public life, and before he entered public life—

Senator Flynn: Especially in 1970!

Senator Perrault: —is being accused in this shifty fashion of, somehow, not being concerned about the fate of the Polish people. That is political chicanery of the worst kind.

Hon. G. I. Smith: That's a good word.

Senator Perrault: Political chicanery of the worst kind.

Senator Flynn: Be frank.

Senator Perrault: We are proud to have a Prime Minister who is among world leaders in his concern for the rights and freedoms of the Polish people.

Senator Flynn: How can you say those things without smiling? You don't believe them for one moment.

Senator Olson: Everything was in order except Senator Asselin's speech.

Senator Flynn: What do you know about that? Don't you know the difference between a question and a statement?

COSTA RICA—ELECTION RESULTS

Hon. Peter A. Stollery: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate. In view of the continuing and controversial situation in El Salvador and the seeming fact that most countries in the region do not support the idea of the holding of an election in March—they, themselves, never holding elections—would the leader give us a report on the results of the Costa Rican election which took place, I believe, last week? The only countries which apparently support elections in El Salvador are those which do hold free elections.

● (2050)

Would the Leader of the Government inform me as to whether the newly elected Costa Rican government, whose leader I believe is a member of Socialist International, supports or does not support the holding of next month's elections in the Republic of El Salvador?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

POLAND—ATTITUDE OF CANADIAN GOVERNMENT—QUESTION OF PRIVILEGE

[*Translation*]

Hon. Martial Asselin: Mr. Speaker, honourable senators, I rise on a question of privilege. Of course, the Leader of the Government has to resort to all kinds of specious arguments in order to prove his statement, and now he tells me that I voted against the Charter of Rights, and that if I had no respect for freedom here in Canada, how could I appreciate the freedoms existing in other countries? I told him just now that his statement on economic sanctions does not reflect what was said by the Prime Minister of Canada at the very beginning, when martial law was first imposed in Poland. I would refer the Leader of the Government to page 3578 of the *Debates of the Senate.*

I had asked the minister to produce the statements made by the Prime Minister and by the Secretary of State for External Affairs on the situation in Poland. I shall refer the leader to page 3578 and read, for his information, what the Prime Minister said about the situation in Poland:

> Q. I asked how far you would tolerate repression before deciding on taking economic or political sanctions against Poland.
>
> A. From the outset our policy has been, and I think it is the right one, to leave it up to the Polish people and the Polish authorities to solve their own problems, in order to avoid creating any justification for East or West to intervene in Poland's domestic affairs. We have followed this policy and we shall continue to do so. I think it is the right approach.

That was the Prime Minister. He did not mention economic sanctions. He added the following:

> Other countries have military regimes and we have not broken off diplomatic relations with them. We shall have to wait and see whether the Polish regime actually becomes excessive, and starts to use violence, torture and the rest. And then we could perhaps make some sort of judgment.

There is no mention of economic sanctions.

> However, for the time being, we are sorry that the Polish authorities had to resort to a military regime and martial law to maintain order. But once more, I think it is up to the Polish people to find their own solutions, and the best way we can help them is through economic aid, especially food, to ensure that hunger and poverty do not force people into an irrational movement of revolt, which would probably be disastrous and could lead to civil war.
>
> It is certain, and I said a long time ago, that if there is civil war in Poland, it is very likely the Soviets will intervene to prevent civil war on its borders.
>
> To me, any action that prevents civil war is a positive step. If a military regime succeeds in preventing civil war, I cannot dismiss it out of hand as a bad thing. That would depend on the conditions under which order is maintained.

The whole statement goes on like that. There is no mention of economic sanctions. I am therefore saying that the Canadian government is taking economic sanctions at this stage because it was forced to by its allies, especially by the United States, in order to show a common front with Japan and the other European countries which decided to take economic sanctions against Poland and the Soviet Union.

I should therefore ask the minister to correct his facts and at least allow the opposition in this chamber to seek out and know the truth. Never mind those specious arguments that we voted against fundamental freedoms. I am saying that the Prime Minister of Canada, in his initial statements on Poland, supported both the military regime and martial law which had been imposed in Poland. And please do not tell us that this government is the defender of fundamental freedoms.

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, it is very difficult to understand this line of attack by the Honourable Senator Asselin.

Hon. G. I. Smith: It is difficult for you to understand it.

Senator Perrault: The word may be "sad." It is saddening to see a veteran parliamentarian of his experience engage in this great patchwork of chronology and half truths—

Hon. Jacques Flynn (Leader of the Opposition): He was reading the Prime Minister's statement.

Senator Perrault: Please learn to writhe while sitting down.

Senator Flynn: Stop making false statements.

Senator Perrault: It is saddening to hear Senator Asselin take these selective quotations, these phrases lifted out of context—

Some Hon. Senators: Oh, oh.

Senator Asselin: I am rising on a question of privilege.

[*Translation*]

Mr. Speaker, I do not accept that the Leader of the Government's statement in this house that I am using selective quotations. I simply read the Prime Minister's statement, which the Leader of the Government himself tabled in this house. I, therefore, ask him to withdraw, I have been in this house just as long as he has, and I have never misled the Senate. I ask him to withdraw his comments to the effect that I misled the house; that I used selective quotations. This is *in extenso* the text tabled in this house. If the minister is an honourable man he will withdraw his comments.

[*English*]

Senator Perrault: Honourable senators, it is a shabby and shoddy record attempting to discredit the Prime Minister. Taken in total form the documents which were tabled, I think generously, by this government the other evening—

Senator Flynn: Who do you think we are?

Senator Perrault: —which are part of the record of this chamber—

Senator Smith: What's the matter with us?

Senator Perrault: —indicate the Canadian position from the beginning has been one of invarying concern for the welfare of the Polish people. As further facts have been made available, Canada has moved to further measures, such as the economic sanctions announced today.

For the honourable senator to try to portray the government as being less than forthcoming with respect to Poland does little to enhance his reputation.

[*Translation*]

Senator Asselin: Honourable senators, I rise again on a question of privilege, and I will not let the matter drop, Mr. Speaker. This is my right because the honour of a member of this House is involved. If the Leader accuses me of quoting selectively from the text I read, as he did, I ask him to withdraw his comments. I read *in extenso* the text that was tabled in this House. I ask him to withdraw what he said about me.

[*English*]

Senator Perrault: The accuracy of the brief excerpts quoted by the Senator from certain documents brought to this chamber last week is not in question, but I will tell you what is in question, it is the suggestion that these comments lifted out of context—

Some Hon. Senators: Oh, oh!

Senator Asselin: They were not.

[Senator Perrault.]

Senator Perrault: —in incomplete form represent the entire position of the government with respect to the Polish question. May I say that the connecting phrases between these selective quotations have done little to enhance the senator's reputation.

Senator Flynn: You did little yourself.

Hon. Lowell Murray: Honourable senators, would the Leader of the Government in the Senate tell us whether there was a single western leader, other than Pierre Elliott Trudeau, whose words were quoted and requoted and quoted again on the Polish state-run radio and television by General Jaruzelski's men to justify their imposition on martial law in that country?

Senator Perrault: Honourable senators, I do not have—

Senator Smith: Answer the question.

Senator Perrault: Honourable senators, I do not have the time to monitor Polish shortwave radio broadcasts, but apparently Senator Murray has the time to do that. Apparently Senator Murray has the time to sit with his ear cupped to the radio to listen to the shortwave transmissions from communist countries.

Senator Flynn: When we travel with you, that is all you do.

Senator Smith: Why don't you say you don't know and sit down.

Senator Perrault: Perhaps Senator Murray has a tape recording of the alleged broadcasts and he can share them with us. I do know that His Holiness—

Some Hon. Senators: Shame!

● (2100)

Senator Perrault: His Holiness the Pope expressed the fervent hope that there would be no civil war in Poland. He stated that concern. Pope John Paul II deplored the possibility of one Pole fighting another Pole. It is rather significant that the Right Honourable the Prime Minister of Canada, too—

Senator Flynn: The Pope is in agreement with you.

Senator Perrault: —has stated his support for a peaceful solution and his hope that a civil war would not occur. Just as His Holiness the Pope has said that he hoped that one Pole would not take up arms against another Pole—

Senator Flynn: The Pope shares your view.

Hon. Peter Bosa: The Pope speaks Polish, too.

Senator Perrault: Yes, and because of his origin, the Pope has a unique understanding of the situation in Poland.

Senator Flynn: Stop laughing at the Senate. I would hope that some honourable senators on that side would resist that sobriety that the leader is showing. It is very sad, indeed, when no senators on that side are able to smile.

Senator Smith: Honourable senators, may I ask the Leader of the Government if he would ever consider the possibility of making a straightforward answer to a straightforward question and give up his habit of undeservedly lecturing honourable

senators who dare to ask him questions as though they did not have the right to ask them, and if he would stop making these unjustified accusations against senators who evince a desire to know what is going on in this country?

Hon. H. A. Olson (Minister of State for Economic Development): We never get a straightforward question.

Senator Smith: The honourable senator wouldn't know a straightforward question if he heard one because he has never asked one in his life.

Hon. Duff Roblin (Deputy Leader of the Opposition): He never gives a straightforward answer. I can tell you that.

Senator Smith: The honourable gentleman who now sets himself up as a critic of questions once stood here on this side and asked some of the most confused, lengthy and obscure questions that it has ever been my pleasure to listen to. I admire him for his ability to ask questions which nobody understands and to make answers which nobody understands either.

An Hon. Senator: Question!

Senator Olson: It started out on a point of order.

Senator Smith: One of the things the honourable gentleman has not learned about parliamentary procedure is—

An Hon. Senator: Question!

Senator Smith: —that when a senator starts to speak on a point of order he is entitled to be heard, and if somebody interrupts him, then that person who was interrupted has the right to answer. The honourable gentleman will some day learn that, but he will likely be a lot older before he does because he is rather slow at learning, as I have observed.

An Hon.Senator: Question!

Senator Smith: But he is not so slow, of course, as the Leader of the Government who has not learned yet.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Let's elect senators.

Senator Smith: If the honourable gentleman wishes to engage in discussion with me, fine. Stand up, and let yourself be heard! Don't keep these pearls of wisdom to yourself!

Before I was interrupted by the honourable gentleman who, for a short time, holds an office in the Government of Canada to which somebody has given the long name of minister of state in charge of economic development or something of that nature, I was asking the Leader of the Government if he would ever reach the point where, in his opinion, he would make a straightforward answer to a straightforward question. That is my question. Let him answer it, yes or no.

Senator Flynn: He has never said yes or no.

Senator Perrault: May I give you an example of questions of the kind posed by Senator Asselin. He asked, in effect, why the Government of Canada did not support economic sanctions from the very outset. The answer? Because there was a lack of information. It is, perhaps, the same reason why the British and others have only recently announced their sanctions. But here we have the incredible paradox of two honourable senators who speak as passionate defenders of freedom, yet on December 8, 1981 both of whom voted against a Canadian Charter of Rights which would include freedom of conscience and religion, freedom of thought and freedom of belief, opinion and expression—

Senator Flynn: Oh, no!

Senator Perrault: —freedom of peaceful assembly and freedom of association.

Senator Asselin: Sit down!

Senator Flynn: Your Honour, I rise on a point of order. I think there has been enough of insulting the intelligence of the Senate, and I would hope that my point of order would be supported by some honourable senators behind the Leader of the Government. It is not relevant to the question to revive the debate that took place on December 8. It has nothing to do with the situation that we are dealing with today. It is entirely out of order, as usual.

Senator Olson: But it is still true.

BANKS

PROFITS AND OPERATIONS—PROPOSED COMMITTEE STUDY

Hon. Orville H. Phillips: Honourable senators, I have a question for the Leader of the Government in the Senate. Earlier this week the government announced a parliamentary committee to study bank profits and bank operations. Will this be a joint committee or a committee of the other place?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

Hon. Arthur Tremblay: That is a short answer.

FISHERIES AND OCEANS

REQUEST FOR REPRESENTATION OF FISHERMEN ON EAST COAST FISHERIES TASK FORCE

Hon. Robert Muir: Honourable senators, I have a question for the Leader of the Government in the Senate. It relates to a question I posed on February 3 to which the leader responded with a delayed answer last Tuesday evening. I was not in the chamber last week due to other commitments.

In my original question I asked that a representative of the fishermen be appointed a member of the Kirby task force seeking a solution to Atlantic fishing problems. In the leader's reply I was assured that fishermen would be fully consulted. The leader took great pains to assure me that because Mr. Peter John Nicholson has resigned his position as an executive of a large processing company, he did not, in fact, represent the industry on the task force.

The leader also provided a list of the labour components of the industry, part-time fishermen, full-time fishermen, inshore fishermen, offshore fishermen, labour unions and so on. In fact, honourable senators, in his reply of over 400 words, the leader did everything but answer my question.

Hon. G. I. Smith: As usual!

Senator Muir: I should like to ask the question again: Is there to be a representative of the fishermen on the so-called Kirby task force and, if not, why not?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice. Although I felt the question, which was brought to the chamber the other day was rather complete, I understand the honourable senator's concern.

Hon. Duff Roblin (Deputy Leader of the Opposition): The questions are always good.

Hon. H. A. Olson (Minister of State for Economic Development): The answer was complete.

Senator Muir: I have a supplementary question. There seems to be some misunderstanding. My French is terrible and my English is not much better, but we have heard a lot this evening about straightforward questions. On February 3, I posed a straightforward question: Is it the government's intention that fishermen be given representation together with government and industry? We have heard a lot from Senator Olson about putting a straightforward question. That was a straightforward question. Further on I said, "I look forward to the government's doing something to create a proper balance." I was reinforcing the fact that I thought a representative from the fishermen should be on that commission.

The Leader of the Government this evening said that the government was very good at providing information at all times—every type of information that was possible. I am asking for that information.

As I said, my ability to express myself is not so good but, as the Leader of the Opposition has said, the Leader of the Government, or his understanding, is very vague or unusual—

Senator Smith: It's rather dim.

Senator Muir: In his response on February 16, the leader said:

> The Honourable Senator Muir asked why there is no one on the task force serving as a co-chairman to represent the fishermen.

At no time did I ask for a co-chairman. How can you have a co-chairman on a troika—perhaps he would be a tri-chairman, or something like that—to represent the fishermen. He also put words in my mouth, and I am going to follow with a question—

Senator Perrault: On what page is that?

Senator Muir: Page 3623. Am I loud enough? Am I clear enough? Am I getting through?

● (2110)

To quote the leader again, he said:

> The Honourable Senator Muir ... based that complaint on his incorrect assumption that Mr. Peter John Nicholson, an economist who recently resigned his position as an executive of a large processing company, is serving as a co-chairman representing the corporate sector.

[Senator Muir.]

I did not mention "co-chairman" at any time. The honourable leader is putting words in my mouth again.

To finish up, quoting the honourable leader again, he said:

> Honourable senators, there is no co-chairman of the task force. Furthermore, no one on the task force has been engaged to act as a lobbyist or to represent the vested interests of any single group.

I did not say that that was the case. I referred to Mr. Kirby and to Mr. Nicholson, and also advised honourable senators of their former positions, and said:

> This is no reflection on the two gentlemen I have mentioned.

That is, one from government and one from industry. Would it not be proper also to have a representative from the fishermen?

May I ask again: Is there going to be a representative from the fishermen to represent the fishermen on this so-called task force, which would appear to me to be at the moment very one-sided?

When the honourable the leader puts words in my mouth, insinuating that I said that Mr. Nicholson was a lobbyist representing the vested interests of a single group, that is an outright lie. I did not say that about Mr. Peter John Nicholson or anyone else. The honourable the leader, it seems to me, protests too much when he puts a statement like that on the record. I did not suggest such a thing.

I asked then, and I am asking again, if there is going to be someone from the fishing industry, whether fisherman or fisherwoman—and we have both on the Atlantic coast—on that task force?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, first of all I have referred to the question posed by the honourable senator on February 3, and indeed I agree with him that there was no reference to the position of co-chairman in that question. I can only assume—this is merely an assumption—that the reply may be one prepared for use in the other chamber based on a question asked by someone in that chamber, and that there has been a transposition of replies for the one intended here. In any event, the question will be taken as notice.

I apologize to the honourable senator if there were inaccurate inferences in my reply, which I did not prepare personally but which I most certainly voiced.

Hon. Jacques Flynn (Leader of the Opposition): Try to check the replies ahead of time.

Senator Muir: Honourable senators, does the honourable the leader not know that the question posed by the member in the other place, a member of his own party, was posed after I posed my question here? In any event, I am sure that the member in the other place did not wish to reflect on anyone, any more than I did.

All I want is to see a representative from the fishing industry on that task force. I think that all reasonable people in this chamber would agree that there should be a representative from among those who are doing the actual work as well as representatives from the government and the processors.

Senator Perrault: Honourable senators, I want to say that the honourable senator has a good reputation in this chamber for asking fair questions, properly put. I assure him that I will get to the bottom of this situation and find out the nature of the problem. Certainly, an inquiry will be made to determine whether or not a full-time working fisherman is going to be included on the task force.

THE ECONOMY

STIMULATION—GOVERNMENT POLICY

Hon. Richard A. Donahoe: Honourable senators, I was about to ask a question and the Honourable the Speaker was kind enough to attempt to recognize me earlier. I now find, on rising to my feet, that the person to whom I wished to address my question, namely, Senator Olson, has seen fit to absent himself from the chamber. I trust he has some valid reason for not being present.

Hon. Raymond J. Perrault (Leader of the Government): Always! Always!

Senator Donahoe: "Always"? I am sure. I, however, have a valid reason for wanting him present when I ask a question. I therefore do not propose to take advantage of His Honour's kindness tonight. I will put my question on a future occasion.

I would just close by saying that I would have asked it long since had the opportunity to make use of Question Period been available to me; but, like by honourable friend from Cape Breton, I was not in the chamber for at least two days. This is the first opportunity I have had to ask the question, and I am deprived of it by Senator Olson's absence.

Senator Perrault: Honourable senators, the Honourable Senator Olson has left all of his documents here, and I am sure that his absence from the chamber is only temporary, for a pressing reason.

Senator Donahoe: Honourable senators, my question is by way of a follow-up to one that I addressed to Senator Olson himself. Not my honourable friend, the Leader of the Government in the Senate, not his seat-mate, and not even the minister responsible for the Wheat Board can answer the question correctly. The only person who can answer my question is Senator Olson, and I shall maintain my resolve to wait until he sees fit to grace this chamber with his presence before I ask it.

Senator Perrault: The honourable senator has stated that he was away from this chamber for two days. Senator Olson has been away for only two minutes. I hardly think he should be accused of unwillingness to reply to questions in those circumstances. I believe that he will return.

Senator Donahoe: On a point of privilege, or order—I do not know which—honourable senators, I take the same objection as my honourable friend from Cape Breton took earlier; that is, having words placed in my mouth, which have no relationship to those which I uttered. I did not for one moment suggest that Senator Olson was avoiding the question. I was simply regretting the fact that he was not here to answer it. I further said that I sincerely trusted that he had a valid reason for not being here, to which my honourable friend the Leader of the Government replied, "Always! Always!" I accepted that suggestion that Senator Olson had a valid reason for not being here.

I now see that the honourable senator has returned. I welcome him to the chamber. I trust that it is not more than just a happy coincidence that he has arrived while I am expressing a desire to ask him a question.

My question is related to one that I asked on an earlier occasion. When Senator Olson answered me on Thursday, February 11, the week before last, he said, with regard to whether anything had been done to offset the effects of the unfortunate budget, that a great many things had been done. He listed a large number of such measures, and referred to many large sums of money that he said were being spent in an attempt to alleviate the worsening economic situation.

My question to him tonight is simply this: Would the minister now indicate if the government has announced any program since the budget which was not provided for or anticipated in the allocations to any of the budgetary envelopes?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, although I know the honourable senator did use the term "offset the adverse effects of the budget," I did not acknowledge that the budget had produced any adverse effects. What I did do, I think, in response to his question, very legitimately, was to give him a fairly long list of actions that had been taken to stimulate the economy in Canada.

I can tell him now that what I gave him was only a partial list, and that whenever the opposition wants the rest of it I will be very glad to read it to them. I have it with me right now, and any time members of the opposition want to ask questions about the actions taken by this government to stimulate the economy I will try to be as complete and forthright as I can. The list is very long, however, and would take a long time to read.

I have it tonight in a slightly different form, one that not only gives the date and the amount of capital investment but also the number of jobs that will be created.

Honourable senators opposite will have to accept the fact that if they ask these kinds of questions I am going to have to try to reply and will do so in as much detail as they wish.

• (2120)

Senator Donahoe: Honourable senators, if I may be permitted, I would like to ask a supplementary question. I press the point because, whether the minister realizes it or not, he has

already, in fact, admitted that, if one uses any traditional explanation or definition, we in Canada are in a recession. He has told us that the economic situation is not the same today as it was when the predictions concerning it were made on budget night. I would say to the honourable minister that, unless it can be substantiated that the announcements being made almost every day—including the ones to which he referred on the day in question—are, in fact, supplemental to those provided for or anticipated in the budget, the government cannot argue that it is doing anything at all to alleviate the situation. It is a situation which, according to the government's own admission, is worse than had been forecast.

I come to my supplementary question, honourable senators. I do not propose to ask any further questions unless I am aggravated by the kind of circumlocution that I have been getting by way of response. This is my question, honourable senators. It is exact; it is precise; it is straightforward; it can be answered with a simple yes or no. It does not require a speech. It does not require a listing of objects or undertakings of the government. Would the minister specify, with regard to his previous such claims, or, indeed, to anyone's previous such claims, and also in the case of any news of future programs which he might bring to the Senate, if the funding for such programs is in addition to that allocated in the various envelopes in the budget?

Hon. R. James Balfour: A simple yes or no.

Senator Olson: The honourable senator is asking a question—

Senator Donahoe: It is a simple, straightforward question.

Senator Olson: —and he is trying to narrow the scope in which the reply can be given. Honourable senators, I have been in politics—on the floor of this chamber and of the other place—long enough to know better than to be led into that kind of trap.

Hon. Jacques Flynn (Leader of the Opposition): The truth is a trap for you, is it?

Senator Olson: I will continue to give to the honourable senators opposite answers which indicate the type of economic stimulation that the government has given to this country. I have pointed out the full effects of the employment opportunities that have resulted from this economic stimulation.

Hon. G. I. Smith: Oh, my my; never a simple yes or no.

NEWFOUNDLAND

LOSS OF DRILL RIG *OCEAN RANGER*

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some further information about the proposed joint inquiry into the *Ocean Ranger* disaster.

My office has been in contact with the office of the Minister of Energy, Mines and Resources. As of a few minutes ago, we were informed that the situation is still somewhat confused. The federal government has just sent a telex in reply to Newfoundland's telex of last Friday. The government's telex basically corrects certain statements made in the Newfoundland telex.

Hon. Duff Roblin (Deputy Leader of the Opposition): That is helpful.

Senator Perrault: Both sides say that they offered the joint inquiry first, and that they are still interested in pursuing a joint inquiry.

Private conversations between the two parties commenced by telephone today. I understand that we have made a legitimate offer over the telephone with a view to working out the problem.

Copies of all telexes will be tabled in the Senate, hopefully tomorrow afternoon.

THE ECONOMY

INTENTIONS OF GOVERNMENT RE 1980 POVERTY LINE UPDATE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question which was asked by Senator Marshall on November 18, 1981, concerning the intentions of the government regarding the 1980 poverty line update.

One of the highest priorities of the Government of Canada has been to attempt to provide the assurance of a decent standard of living to our senior citizens, widows and disabled population. It is the intention of the government to go forward with a proposal to combat poverty amongst these groups of people as soon as economic conditions permit it. In the meantime, in order to protect, in these inflationary times, the purchasing power of the benefits these groups of people now receive from the government, Old Age Security, Canada Pension Plan and Family Allowance benefits are fully indexed to increases in the cost of living.

Honourable senators, because of the lateness of the hour, perhaps the remainder of these questions can be held until tomorrow.

Hon. Duff Roblin (Deputy Leader of the Opposition): Perhaps they could be included as an appendix to *Hansard*.

Senator Perrault: In some cases the honourable senators who posed the questions are not present this evening. Therefore, I will deal with those questions at another time.

EDUCATION

UNIVERSITIES—POSSIBILITY OF DIRECT FEDERAL AID

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have one rather long reply to a question asked by Senator Macquarrie on February 17 concerning the possibility of direct federal aid to universities.

The Honourable Gerald Regan, Secretary of State, still wants to negotiate with the provinces on the present method of financing post-secondary education in Canada. Discussions of how to continue the present method of financing post-secondary education are in fact continuing. However, the national

government would be foolish not to consider various other possibilities. Consequently, the government is studying a number of different proposals by which to finance post-secondary education. These proposals include direct financing to universities, a system of vouchers paid directly to the students, and financing through provincial granting bodies.

Senator Macquarrie claimed that direct federal financing of universities would amount to a fundamental change in functioning federalism. I would like to point out that direct federal payments to universities were first instituted by the St. Laurent government in 1951, and continued until a program of payments to the provinces for post-secondary education support was introduced in 1967.

In order to further clarify any misconceptions that honourable senators may have about this matter, I would ask that the highlights of addresses made recently by the Honourable Gerald Regan to the University of Western Ontario and to McGill University be printed as an appendix to today's *Hansard*.

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

Hon. Senators: Agreed.

(*For text of highlights of addresses see appendix, p. 3683.*)

EXPORT DEVELOPMENT CORPORATION

RUSSIAN NATURAL GAS DEVELOPMENT PROJECT—LOAN TO LAVALIN INC.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to respond to a question raised on February 3 by Senator Roblin which concerned the Export Development Corporation and the concessional financing of the Russian natural gas development projects. It is a fairly long response. I am willing to read it if honourable senators wish to have the information now. Otherwise, I ask that the answer be taken as read.

Hon. Duff Roblin (Deputy Leader of the Opposition): I presume that is the answer to the question asked regarding the Siberian project?

Senator Olson: Yes.

Senator Roblin: In that case, it can be added to today's record.

Senator Olson: I ask that the answer be taken as read.

Hon. Senators: Agreed.

(*The answer follows:*)

I am informed that negotiations between the Soviet Government and Western Competitors for financing of the Soviet Astrakham sour gas project have been ongoing since 1977. As yet no contract has been awarded. At the present time EDC does not have a financial offer outstanding.

Should a Canadian bidder be successful, however, up to 16,500 person-years of employment would be generated in Alberta, B.C., Ontario and Quebec. If Canada wins this order it would also help to establish our reputation internationally as a source of technology in the oil and gas field. Hence, both the federal and Alberta governments have promoted a role for Canadian companies in oil and gas developments not only in the USSR but elsewhere.

The figures quoted in the press for the likely Canadian component and the present value of the subsidy element are exaggerated. However, the Government cannot reveal the precise terms of the Canadian offer on this and any possible EDC offers elsewhere since this would provide valuable information to our competitors.

With respect to the Honourable Senator's supplementary question, I can only add that the Canadian Government is continuing to review and discuss with its allies the totality of Western relations with the USSR. In the interim, any unilateral Canadian action would not affect the Soviet Union substantively but could benefit our Western competitors.

[*English*]

ELECTRICITY AND GAS INSPECTION BILL

THIRD READING

Hon. Peter Bosa moved the third reading of Bill C-11, relating to the inspection of electric and gas meters and supplies.

Motion agreed to and bill read third time and passed.

PEST CONTROL PRODUCTS ACT

BILL TO AMEND—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-45, to amend the Pest Control Products Act.

Motion agreed to and bill read third time and passed.

LABOUR RELATIONS

MOTION TO APPOINT SPECIAL SENATE COMMITTEE WITHDRAWN

On the Order:

Resuming the debate on the motion of the Honourable Senator Deschatelets, P.C., seconded by the Honourable Senator McIlraith, P.C.:

That a special committee of the Senate, to be composed of seven members, be appointed to inquire into and report upon

(a) any matter relating to labour relations in Canada with particular reference to problems concerning the free collective bargaining process and the constructive settlement of disputes; and

(b) any proposals for a more orderly and less disruptive exercise of the right to strike;

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

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time, and to print such papers and evidence from day to day as may be ordered by the Committee.—(*Honourable Senator Frith*).

Hon. Jean-Paul Deschatelets: Honourable senators, if no other honourable senator wishes to participate in the debate on this motion, perhaps you will permit me just a few words on the matter. After some explanation I shall be in a position to ask permission to withdraw the motion.

This motion has been on the order paper for several months. Thus far only two honourable senators have participated in the debate. Both of those gentlemen, for roughly the same reasons, have indicated that they would oppose this motion if it should come to a vote. I have not changed my mind in any way about the urgency of having a good look into an aspect of labour relations—namely, strikes—so that the right to strike in the public service can be exercised in a more orderly way.

● (2130)

I am also convinced that in these times of inflation and high interest rates, a maximum allowable salary increase to match the increase of the cost of living would be a desirable policy. So, in the future, we should try to avoid winning the two championships we have held in the past, first, the greatest number of strikes in a given year and, second, strikes of the greatest length.

In any event, since a consensus on this motion has not evolved, I have no alternative but to ask your permission, honourable senators, that under the rules I be allowed to withdraw my motion.

Hon. Martial Asselin: They let you down.

Motion withdrawn.

ENERGY

GOVERNMENT POLICY—MOTION TO REFER SUBJECT MATTER OF INQUIRY TO BANKING, TRADE AND COMMERCE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Murray, seconded by the Honourable Senator Flynn, P.C.:

That the subject-matter of the inquiry of the Honourable Senator Argue, P.C., which appeared on the Orders of the Day on November 20, 1980, be referred to the Standing Senate Committee on Banking, Trade and Commerce.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I spoke to Senator Murray about this motion. Since its subject matter is included in bills relating to the National Energy Program, I believe he intends to withdraw the motion. I ask that this order stand until tomorrow.

Order stands.

LEGAL AND CONSTITUTIONAL AFFAIRS

REPORT OF COMMITTEE ENTITLED "CERTAIN ASPECTS OF THE CANADIAN CONSTITUTION"—DEBATE CONTINUED

The Senate resumed from Wednesday, February 17, the debate on the inquiry of Senator Lamontagne calling the attention of the Senate to the report of the Standing Senate Committee on Legal and Constitutional Affairs entitled: "Certain Aspects of the Canadian Constitution," tabled in the Senate on November 26, 1980.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, after Senator Stanbury spoke in this debate last week, I moved the adjournment, although I had expected someone on the opposition benches to do so. I do not know whether Senator Roblin explained for the record his reasons for declining, but he certainly signalled to me that he felt I should move the adjournment.

I feel I should explain my position in view of the article which appeared in the press, and the questions asked by Senator Marshall and Senator Roblin. I seem to be receiving signals from Senator Asselin.

Hon. Martial Asselin: Perhaps it would be better to postpone the matter until tomorrow.

Senator Frith: When the honourable senator hears what I am about to say, he may agree that we can dispose of the matter rather quickly.

I propose to commence my remarks by making a couple of assertions and explaining the background for those assertions. I shall then ask that the debate be adjourned in the name of some other honourable senator.

The first assertion is that some of the suggestions I made in answer to questions put by Senator Roblin and Senator Marshall were a bit naive, in that I felt I could speak on this issue without creating the impression that, as Deputy Leader of the Government in the Senate, I was speaking with the authority of the government, or flying a trial balloon on behalf of the government. The fact is that neither of those impressions is correct. I blame no one, nor do I think that it would be unreasonable for anyone to assume that either of them might be right. I ask for your indulgence, honourable senators, to make one or two comments on the subject matter of Senate reform, and ask that you take, without a grain of salt, the fact that I am to this extent speaking on my own behalf, not on behalf of the government.

The comments I wish to make relate to the point of procedure I raised when I discussed the matter earlier. I feel it would be useful for the Senate, and the country as a whole, if the Senate led the debate on Senate reform or, at least, kept the debate alive at this time. I believe that the form which the present debate is taking is less than satisfactory, and that we should try to find a way of having the Senate deal with Senate

reform in a more concrete way than by way of an inquiry, because the inquiry disappears once it is considered debated.

By way of historical background, the Senate first debated the question of Senate reform, according to my research, in 1890.

Hon. G. I. Smith: Yes, I remember that.

Senator Frith: It was before my time and certainly before Senator Smith's time, but Senator Smith's scholarship extends back further than mine. I believe there have been eight previous debates of this nature. The motion that was debated in 1890 took the form of an Address to Her Majesty. I shall not read the entire motion, but it can be found in the *Debates* of April 23, 1890.

Senator Asselin: How many pages did the debate occupy?

Senator Frith: It starts at page 517 and ends at page 564. You can do the arithmetic. The final statement on the debate reads: "With the consent of the house the motion was withdrawn." So no concrete resolution was reached at that time.

Hon. Jean-Paul Deschatelets: Who introduced the motion?

Senator Frith: It was introduced by Senator Poirier, who is not described as having any position with the government at the time.

In 1906 Senator David moved a motion on Senate reform which can be found in the *Debates of the Senate* of July 5, 1906. At page 1087 of the *Debates* of that year, the motion is agreed to, but no resolution is made. The motion agreed to was that there be no resolution of the motion at the time.

In the session of 1907-08 a motion was introduced by Senator McMullen respecting Senate reform. As reported at pages 774 to 777 of the *Debates* of that session, the motion was withdrawn. The honourable senator introduced another motion, but it related to legislative procedure rather than Senate reform.

As reported at page 34 of the *Debates* of January 27, 1909, Senator Scott moved a motion dealing with Senate reform. Debate on the motion seems to have been adjourned *sine die* because it never appeared again. Apparently it was dropped.

• (2140)

In 1951 the subject of Senate reform was again raised in the Senate. On January 31 of that year a motion was put by Senator Robertson, which motion was withdrawn on May 24, as reported at page 480 of *Debates of the Senate*.

In 1973-74 Senator Croll brought the subject forward by way of an inquiry:

> That he will call the attention of the Senate to the urgent public need in Canada for Senate reform now.

That inquiry resulted in 12 propositions for Senate reform. However, in July the matter ended, as our present inquiry could end, by being treated as having been debated, and no agreement was reached on Senator Croll's 12 propositions.

Finally, honourable senators will remember that in 1978-79, we proceeded to the consideration of the first report of the Special Committee of the Senate on the Constitution tabled in the Senate on Thursday, October 19, 1978. Again, that matter was adjourned never to appear again, I take it, as a result of the end of the session.

Honourable senators, the subject of Senate reform has been debated at length in this country since 1867. In 1875 it was debated in the House of Commons; it has been debated all across the country; it has been discussed at federal-provincial conferences; and, as we have seen, it has been debated in the Senate itself. Notwithstanding all of this attention, the Senate has never come up with an actual resolution dealing with the subject of Senate reform.

Still speaking as an individual senator and not on behalf of the government, I make this suggestion which I believe will be useful: I invite honourable senators who wish to speak to this matter to consider whether we should take advantage of the many hours of hard work done by the committee whose report is the subject matter of this inquiry and further consider whether the matter should be referred to Committee of the Whole.

Although we seldom use the Committee of the Whole, let me explain why I believe there would be many advantages in so doing. The disadvantage of proceeding as we are is that the inquiry will eventually simply peter out and be considered as having been debated. Therefore, we will not end up with a concrete position which the country may consider to be the Senate's position on Senate reform. If we try to amend the report, we cannot do so without sending it back to committee.

However, if we deal with the question of Senate reform in Committee of the Whole, using this report as a springboard because it deals with all the aspects of Senate reform, there will be several advantages. There is no limit on the number of times a senator may speak on the subject or any part of the subject. Amendments can be proposed in Committee of the Whole. All aspects of the report can be spoken to and even synthesized, eventually, into specific, concrete proposals for Senate reform. It will give every member of the Senate an opportunity to speak on all aspects of the subject. Of course, the framework will be the report itself. How that report may be amended at the conclusion of the Committee of the Whole stage, of course, we will not know until all senators have expressed their views.

The advantage of utilizing the report is that it has canvassed the subject and contains specific proposals that we can choose to agree with or disregard. The advantage of the Committee of the Whole is that it gives so much freedom for debate and amendment.

Therefore, I suggest that honourable senators consider my proposal. I hope that those who wish to participate in the debate on the inquiry now before us, or in the debate on the motion, notice of which Senator Roblin, has given today, will consider referring these matters to Committee of the Whole. However, that is a matter for Senator Roblin and others to consider.

Once again, I thank honourable senators for allowing me to speak personally, and not as the Deputy Leader of the Govern-

ment, in considering the best way to achieve a concrete proposal for Senate reform.

Senator Deschatelets: Honourable senators, personally I have no objection to dealing with all phases of Senator Lamontagne's resolution or Senator Roblin's motion. However, I should like to know if Senator Frith or the Leader of the Government in the Senate has given any thought to introducing a resolution concerning possible reform of the Senate, which resolution would reflect the thinking of the government and could be discussed and, possibly, amended.

Senator Frith: As I said last week, when I can speak for the government, I will do so. I am not speaking for the government at the present moment.

Naturally, I have thought about the government's possibly presenting a resolution but, as the situation now stands, I have nothing to offer in terms of the government's position on this question.

From the Senate's point of view, I feel it would be a mistake to await something from the government or elsewhere and that we, as senators, should engage in a discussion of Senate reform. I hope the government will come forward with something in due course, but I do not think we should wait for it because I see no immediate prospect of it.

[*Translation*]

Hon. Arthur Tremblay: May I ask a question about the subject matter to be referred to the Committee of the Whole? Will it be the entire report of the committee or simply the aspects dealing directly with the subject of Senate reform? This is the expression that Senator Frith has been using. I was wondering if this means that only the aspects of the report dealing with Senate reform will be referred or if it will be the entire report. I am thinking for instance of the new role identified or defined in the report for the first ministers' conference. In other words, will the entire report be referred?

Senator Frith: I thank Senator Tremblay for drawing this aspect of the question to my attention since it had slipped my mind. It is a fact that I have talked mostly about the reform of the Senate. In my opinion, this reform would be incomplete without the other aspect, namely the House of the Federation. In any event, I am glad to take this opportunity to clarify matters and to point out that the entire report will be referred because one aspect is incomplete without the other.

[*English*]

On motion of Senator Macdonald, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 3679*)

EDUCATION

HIGHLIGHTS OF AN ADDRESS BY THE HONOURABLE GERALD REGAN, SECRETARY OF STATE, TO THE UNIVERSITY OF WESTERN ONTARIO, LONDON, ONTARIO, ON FRIDAY, FEBRUARY 5, 1982

* In remarks to the student body of the University of Western Ontario, Feb. 5, 1982, Secretary of State Gerald Regan stated that while the federal government intends to continue to bear its part of the cost of the post-secondary education system in Canada, the provinces must begin to accept their fair share of the financial responsibility.
* The Secretary of State noted that the system for sharing post-secondary education costs has never been satisfactory on either side, and that it has permitted "wholesale erosion" of their contribution by certain provinces over the years.
* He indicated that in Ontario, in 1974/75, the federal government was contributing about 45 per cent of the cost of post-secondary education, with the province paying 34 per cent. Today, the federal share is approximately 59 per cent, while the government of Ontario pays only 21.8 per cent. In terms of dollars, this means that since 1974/75, the federal government's annual contribution to post-secondary education has increased from $469 million to $1.14 billion while, during the same period, the Ontario government contribution has only grown from $351 million to $418 million.

  "What I am saying basically is that Ontario has been cheating—that it has not been meeting its share of the responsibility," stated Mr. Regan. He observed that if the current reduction in the provincial share of post-secondary spending continues, the day will soon come when the federal government and the private sector pay the entire cost of higher education in Canada.

  "I want to make it clear that I am not seeking confrontation," stated Mr. Regan. "I think that Canadian citizens expect their two levels of government to cooperate . . . it is therefore extremely important that we all move towards the goal of enriching our country by creating a better post-secondary system."
* The Secretary of State outlined the offer made to the provinces by the Prime Minister during the recent Economic Summit of First Ministers in Ottawa. He stated that the federal government is prepared to continue the 1977 program of block transfer funding for post-secondary education for a further two years, until March 31, 1984. Federal contributions during this two-year period would continue to increase by approximately 12 per cent per year.

  This offer is based on certain conditions, namely that:

  — the provinces not decrease their share of the cost of post-secondary education below the current rate; and

  — provincial governments undertake to discuss with the Secretary of State mechanisms for achieving major national objectives concerning new agreements on post-secondary education funding. These national principles include:

    accountability, to ensure that the public knows what share of post-secondary operating costs is being paid by the Government of Canada and what share is being paid by the provinces;

    mobility, the right of any Canadian citizen to be admitted to any university in Canada;

    accessibility to post-secondary education and adult training programs for all qualified Canadians.
* Mr. Regan drew attention to the fact that the five-year federal-provincial agreement established in 1977 for funding post-secondary education involved the block transfer of funds to the provinces, with no conditions set by the federal government as to how this money would be spent.
* The Secretary of State noted that, while education is primarily the constitutional responsibility of the provinces in Canada, the national government must be deeply concerned about the preparation, training and education of Canadian citizens.
* Observing that the federal government is committed to national objectives such as accountability, mobility and accessibility in the post-secondary education area, the Secretary of State described options for ensuring that federal tax dollars are used to achieve these objectives. He observed, "the national government must be more than just a banker for the provinces if our country is to survive . . . I think it is necessary that Canadian citizens have more opportunity to deal direct with the national government and for the national government to deliver more programs direct to the people."
* He said that if federal-provincial agreements cannot be satisfactorily reached, the government is prepared to explore several options for more direct funding of post-secondary education. He described the possibility of a voucher system whereby funds would be allocated directly to students, with each voucher being applicable toward tuition fees at the educational institution which the student attends.
* Another possibility described by the Minister is to provide assistance directly to post-secondary institutions, or to independent grant commissions which would handle both federal and provincial funds and channel them to institutions.

* The Secretary of State concluded his remarks by pledging the support of the Government of Canada for the preservation of the positive features of Canada's post-secondary system, stating "Let us, to the greatest extent possible, move in such a way as to recognize and retain the highest degree of autonomy for the system and the individual institutions. That, I believe, is vitally important."

HIGHLIGHTS OF AN ADDRESS BY THE HONOURABLE GERALD REGAN, SECRETARY OF STATE, TO A SYMPOSIUM ON POST-SECONDARY EDUCATION SPONSORED BY THE STUDENTS' SOCIETY OF McGILL UNIVERSITY, MONTREAL, ON THURSDAY, FEBRUARY 18, 1982

In a speech to a symposium on post-secondary education sponsored by the Students' Society of McGill University, Secretary of State Gerald Regan today called upon the Government of Quebec to enter into formal talks with the federal government on the renegotiation of Established Programs Financing (EPF) arrangements on post-secondary education.

* "I don't believe that it is fair that Quebec universities and colleges be placed in the position of a political football because to operate effectively, universities must be allowed to preserve their academic freedom and independence," he said. "I want to pledge to you today that I will do all in my power to ensure that the citizens of Quebec continue to receive the benefits of federal support for post-secondary education."
* In reviewing the history of federal funding for post-secondary institutions in Canada since 1977, the Secretary of State noted that of the nearly $13-billion in cash and tax points which have been transferred to the provincial governments under EPF arrangements for support of post-secondary education, more than $3.4-billion has gone to the Province of Quebec.
* Mr. Regan emphasized four main points regarding the future of federal support for post-secondary education:
    - — the Government of Canada is committed to continuing its support for post-secondary education;
    - — the Canadian government fully intends to meet its responsibility to be accountable to Parliament and the Canadian people for federal financial contributions in the area of post-secondary education;
    - — Canadian universities and colleges represent a national resource deserving of national support. For this reason, the Canadian government is examining appropriate mechanisms for providing direct support to post-secondary students. Such possible methods include direct aid to universities, a student voucher system, or federal payments to regional granting councils which could coordinate funding from federal and provincial governments;
    - — in view of its major financial support to post-secondary education in Canada, the federal government must be a visible partner in the post-secondary decision-making process while, at the same time, continuing to respect overall provincial jurisdiction in the field of education.
* In stressing the need for the achievement of national objectives with respect to post-secondary education, Mr. Regan reaffirmed that the federal government has a necessary and important role to play in the post-secondary field.

> "I have made the point on several occasions that the national government must be something more than just a banker for the provinces if we are to occupy a meaningful place in the hearts and minds of our citizens," he said. "I feel that this is vital if we are to survive as a nation."

THE SENATE

Wednesday, February 24, 1982

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

Prayers.

DISTINGUISHED VISITORS IN GALLERY

The Hon. the Speaker: Honourable senators, I draw to your attention the presence in the south gallery of His Excellency the Most Reverend Angelo Palmas, Pro-Nuncio; His Excellency John Joubert Becker, Ambassador of South Africa; His Excellency Petter Graver, Ambassador of Norway; His Excellency Antonio Elis y Martinena, Ambassador of Spain; His Excellency Olivier Exchaquet, Ambassador of Switzerland; His Excellency John R. P. Dumas, High Commissioner of Trinidad and Tobago; His Excellency Luis Henrique C. Navega, Ambassador of Portugal; and The Honourable Mr. Justice Thomas Callon, of the Supreme Court of Ontario.

Hon. Senators: Hear, hear.

[*Translation*]

[*Later:*]

THE SENATE

VISIT OF ANGLOPHONE STUDENTS OF CONNAUGHT COLLEGE, OTTAWA

Hon. Jean-Paul Deschatelets: Honourable senators, allow me to draw your attention to some very interesting visitors we met this morning in the Senate, a group of English-speaking students from the Connaught College in Ottawa, who are taking an accelerated French course. This morning, being one of the French-speaking senators, I had an opportunity to explain to them how the Senate operates. All the questions asked by the students were very interesting and were asked in French. The visit was very interesting, and I wish to take this opportunity to tell our visitors that we appreciated their presence here today.

Some Hon. Senators: Hear, hear.

THE ESTIMATES

DISTRIBUTION TO SENATORS—QUESTION OF PRIVILEGE

Hon. Jack Marshall: Honourable senators, I rise on a question of privilege arising from the tabling of the estimates yesterday evening. At 2 o'clock in the afternoon the same estimates were tabled in the other place. At 3 o'clock they were debated and all members were provided with copies. Yesterday afternoon the Senate received copies of the estimates, which were tabled in the chamber at 8 o'clock.

Since individual senators were not furnished with copies of the estimates, there was no opportunity for a reaction by the opposition, although the matter had been debated in the other place by all the opposition critics.

The matter was debated at 7 o'clock this morning on *Canada AM* by the President of the Treasury Board and the critic from the opposition.

I would point out that copies of the estimates did not arrive in senators' offices until 9.30 this morning.

When we talk of Senate reform, we should keep in mind that a lot of cleaning-up should be done around here. When everybody and his grandmother received a copy of the estimates yesterday, there is absolutely no reason why senators should not have received copies until 9.30 this morning.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the situation will be investigated immediately. Certainly, the standard practice was followed as far as this chamber is concerned, but standard practice may not be good enough under the present circumstances.

Hon. Jacques Flynn (Leader of the Opposition): For once we receive a decent reply.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

CHANGE IN COMMITTEE MEMBERSHIP

Hon. John M. Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the name of the Honourable Senator Doody be substituted for that of the Honourable Senator Charbonneau on, and that the name of the Honourable Senator Phillips be added to, the list of senators serving on the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to.

NATIONAL FINANCE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. John M. Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the name of the Honourable Senator Tremblay be substituted for that of the Honourable Senator Murray on, and that the name of the Honourable Senator Phillips be added to, the list of senators serving on the Standing Senate Committee on National Finance.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

ECONOMIC DEVELOPMENT

MEGA-PROJECTS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, my question is directed to the minister responsible for our lack of economic development. I never know whether I should direct my question to the Leader of the Government or to the minister I just mentioned, because there is no telling which of the two is going to give the more evasive answer. In any case, last week after the Minister of State for Economic Development had given us a list of mega-projects which he said was not exhaustive, I asked him whether he would care to supplement his answer with a list of all projects that have been abandoned or postponed as a result of the government's fiscal and monetary policy. However, he answered, I believe, that he was not going to do my work for me. Since, on the other hand, he was prepared to do so for Senator Bosa, who had asked him to produce a list, I would ask the minister whether his answer is final, and whether he would not be willing to produce the list. It is, in fact, very important, because without it the list the minister did provide fails to reflect the actual situation.

[*English*]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there was another part of that question wherein I think I was asked if I could give a list of those that were being delayed or held up. That, of course, entails a certain amount of investigation into the minds of those who have the plans under way.

Senator Flynn: Oh, oh!

Senator Olson: That cannot be done with the same precision that I usually apply to the compilation of our answers.

The precision with which I listed those mega-projects that are under way—which prompted the Leader of the Opposition to ask the question—means those are the ones that are, in fact, under way.

Now, there may have been announcements by certain leaders in capital investment to the effect that they have delayed projects because of an apprehension about the cost of capital in the future. I guess if they say it we have to accept it, but it would be a rather complicated task, considering the accuracy and precision that we usually attach to answers to the opposition, to find out which ones had been delayed. I suppose the Leader of the Opposition would find some reason to disagree with the accuracy of whatever lists I came in with.

• (1410)

[*Translation*]

Senator Flynn: I have a supplementary. Well, the answer may be better than usual, but it still gives me the same cause for concern I mentioned at the beginning of my question.

In preparing his so-called non-exhaustive list, the minister took for granted that any project announced up to ten years ago was actually in progress. I refuse to believe that he is unable to obtain a progress report on those projects from the various departments concerned or involved. It is as easy as taking for granted that any project announced up to ten years ago is going to continue and finally materialize.

[*English*]

Senator Olson: My honourable friend is partly wrong, which is usual, because—

Hon. Martial Asselin: Only partly? He is very lucky.

Senator Flynn: He is partly right as usual.

Senator Olson: —he attempts to describe the list that I gave as only a number of projects that have been under way for many years. I believe he used the extreme of ten years in one case.

Senator Flynn: Sure. The minister mentioned the James Bay project.

Senator Olson: No, I mentioned the transmission networks for the James Bay project.

Senator Asselin: That is the same thing.

Senator Olson: That is part and parcel of it. That project is under way although it is not completed. There are a lot of jobs involved in that project, and the entire list that I read—

Senator Asselin: How much money did you invest in it? None!

Senator Olson: Well, that was not the question. The question was as to how much money we invested in it, and also as to how many mega-projects, which are defined as costing $100 million or more, are in fact, under way. I gave only a partial list. There are many, many more—

Senator Asselin: Don't take credit for it.

Senator Olson: —that can be included because they all are contributing to the economic well-being and the economic activity in this country.

There was one other thing that is fairly important in relation to the matter the Leader of the Opposition is asking about now. If he is asking whether they can be financed because of what he mentioned—

Senator Flynn: I said "stalled or abandoned."

Senator Olson: The list that I gave contained the projects where the financing has been arranged for and committed.

Senator Flynn: I have a very precise question. The honourable minister said that the transmission line at James Bay was something new. Can he imagine the James Bay project, which

started more than ten years ago, without any transmission lines?

Senator Olson: No, I cannot.

Senator Flynn: Come on! You're a joker!

Senator Olson: I cannot imagine any responsible government doing that.

Senator Flynn: And I cannot imagine a responsible minister taking credit for it.

Senator Olson: Honourable senators, this is incredible. The Leader of the Opposition is trying to say that the list of the mega-projects involving the private sector and crown corporations was something I was trying to take credit for.

Senator Flynn: You certainly did.

Senator Olson: That is the last thing I would do. The honourable gentleman opposite did not put the question in that context. He put the question in this fashion: What are these mega-projects that are going to be done in Canada by the private sector, by provincial governments and by the federal government? I know they could not stand the good news. Nevertheless—

Senator Flynn: Oh, my!

Senator Olson: —they cannot even take that on division. The fact is that that is what was asked for. We hardly ever get credit for what we do achieve, let alone try to take somebody else's credit. Therefore, that was not part of the question.

Senator Flynn: I ask again: Will he give me the list of the projects that have been abandoned or stalled?

Senator Olson: And I will have to say again that that is such an imprecise exercise that it would have to be subject to a lot of assumptions.

Senator Flynn: You are used to that.

• (1415)

Senator Olson: As I said the other day, I believe the Leader of the Opposition could probably do his homework in that respect better than I.

Senator Flynn: If you cannot do it, then I do not think that I can do it, because I have not the number of public servants or the resources at my disposal that you have. You refuse to do it because it would change the nature of the answer that you gave last week.

Senator Olson: No, it would not. Either the Leader of the Opposition has difficulty understanding me—

Senator Flynn: I am not the only one.

Senator Olson: —or he has some difficulty remembering what I have just said. As I told him some time ago, I really do not know what goes on in the minds of some people, unless they have made an assertion to that effect. Is he asking me to use the limited number of public servants at my disposal to go about the country asking the principal officers, in each project identified by the major projects committee, whether they are still contemplating completing it within the time frame suggested, or whether the completion date is somewhat different from that identified there or from what their intentions were some time ago? If that is the case, then I suppose he would put it in the category of being delayed.

Senator Flynn: You would do it if it served your partisan purposes.

Hon. Royce Frith (Deputy Leader of the Government): You would refuse to hear it.

THE ECONOMY

UNEMPLOYMENT RATE

Hon. Lowell Murray: Can the minister, with any precision, tell us whether, and if so when, he expects that this country will regain the 300,000 manufacturing jobs lost in the last year, 110,000 of them since the month of August; or does he expect this disastrous decline in our economy to continue?

Hon. H. A. Olson (Minister of State for Economic Development): We expect that the federal government's programs, and those of the private sector and others who are making investments in the economic activity of this country, will, in fact, create a lot more economic activity, including jobs.

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear.

Hon. Jacques Flynn (Leader of the Opposition): One million unemployed!

Senator Olson: My honourable friend also knows that one of the problems facing this country concerns a matter of confidence—

An Hon. Senator: In the government.

Senator Olson: —in the capability to manage things in such a way that we will have a down-turn in the inflationary rate. The inflationary rate has turned down somewhat for the last three months—not a great deal, but a little; but I suppose that is the kind of news the opposition cannot take, even on division. In any event, the fact remains that this is one of the major problems facing this country and other countries, and we have indicated in a number of ways, including the budget, that we have the courage to come to grips with it.

Senator Perrault: Hear, hear.

THE BUDGET—REDUCTION IN INCOME FROM LIFE INSURANCE PREMIUMS

Hon. Guy Charbonneau: Honourable senators, I have a question for the same minister, dealing with the subject of investment. The Canadian Life & Health Insurance Association Inc., whose membership includes most insurance companies, estimates that following government budgetary measures their income arising from whole life premiums and annuities will be reduced by one-third.

I wish to point out that in 1980—we do not yet have the 1981 figures—that income totalled $6.5 billion. From $2

billion to $2.25 billion will not be available for investment in the economy of the country through these institutions.

My question is: What steps is the minister responsible for economic development going to take to replace those important investments in the economy?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, my honourable friend knows that the Minister of Finance has indicated that he is willing—I believe it is fair to say, as soon as the opposition parties in the other place agree—to refer that matter to a committee of that house for more detailed study. I believe there is some delay in obtaining the co-operation of the opposition to do that; otherwise it could have been done by now.

My honourable friend also knows—because I know he has some economic talents—that whether or not that money is accumulated in savings through that route does not shut off the total supply, because it may be that Canadians want to make their savings available for investment by another route.

● (1420)

Senator Charbonneau: Honourable senators, I believe what the minister is saying. The government is again interfering in the free market. They would rather shove these institutions aside and handle the funds themselves, with the results we usually see.

Senator Olson: That assertion is completely inaccurate.

Senator Charbonneau: If the government is taxing the cash surrender values of policies every three years, I do not see who is going to get the money but the government. If the minister can tell me where else it is going to go, I would certainly like to know.

Senator Olson: The honourable senator ought to know that a certain amount of fairness and equity was put into the budget proposals. If he wants to enter into a long term argument as to whether or not there is a number of ways by which assets can accumulate without paying taxes and at the same time by which other people can be asked, by a different route, to pay taxes, that will be a long and involved process. I understand that he is on one side of the argument, but that does not necessarily mean he is correct.

Senator Charbonneau: I must point out to the minister that I am not on one side of the argument while I am sitting in this house. I am trying to look at the whole argument. I still say, however, that since November $2 billion to $2.5 billion is not being invested in the economy. Is the minister going to replace these quite extensive investments?

Senator Olson: Honourable senators, the reply I gave a few moments ago is just as accurate to that question as it was to a previous question.

Hon. G. I. Smith: There is no accuracy to either.

[Senator Charbonneau.]

ECONOMIC DEVELOPMENT

MEGA-PROJECTS

Hon. Orville H. Phillips: Honourable senators, I too have a question on the mega-projects for the Honourable the Minister of State for Economic Development.

On February 17, in reply to a question asked by the Honourable Senator Bosa—

Hon. Jacques Flynn (Leader of the Opposition): A planted question!

Senator Phillips: —the minister listed 14 federally funded mega-projects. Only one of those projects is in Atlantic Canada. The minister was very careful to advise Senator Flynn that a large part of that project would be carried out in Quebec. The project is, by the way, the Panamax drydock. As a matter of fact, only a partial project was listed for the Atlantic provinces. Was that an error of omission or an error of commission?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not accept the interpretation given by my honourable friend. I can, however, give him a more accurate list, if he likes. Perhaps I should say, a more complete list, which would probably add some accuracy.

Senator Phillips: I would welcome some accuracy from the honourable the minister. It would be, as it were, Senate reform taking effect. When he brings in his list I would like the benefits in man-years, and the number of man-years provided in Atlantic Canada from each of the projects.

Senator Olson: Yes. As a matter of fact, honourable senators, we are compiling a list including an estimate of both the direct and indirect labour involved, since I detected some time ago that there is a great interest in that aspect; and, indeed, there is a great desire on my part to give that information.

Hon. Raymond J. Perrault (Leader of the Government): It is a very impressive list.

THE BUDGET

EFFECT ON PURCHASERS OF WHOLE LIFE INSURANCE POLICIES

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government. Further to what my colleague, Senator Charbonneau, raised with respect to insurance policies, I appreciate that there have been charges and counter charges on the impact of the budget, especially as it relates to whole life insurance. To help clarify the matter, I have a question for the Leader of the Government to which I would like a specific answer.

Can he confirm that a 25-year-old male in the 36 per cent tax bracket, buying a $25,000 participating whole life policy at an annual premium of $237.25, the savings component of which would be $148.52, would, by the time he reaches age 73, have paid $28,357.60 in tax on such a policy?

● (1425)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

Hon. Martial Asselin: Saved by the bell!

Senator Nurgitz: Honourable senators, while the Leader of the Government is making inquiries into that, I wonder if he would ascertain whether, in the preparation of the budget—especially with respect to those tax measures relating to insurance—it is indeed true that the actuarial and technical people at the Department of Insurance were not consulted.

Senator Perrault: An inquiry will go forward on that point as well, honourable senators. I would point out, however, the rather doleful phenomenon; namely, the way in which certain members of the opposition seem to relish any alleged adverse aspect of the budget or any other issue. Increasingly, they are becoming the political "bad news bears."

Hon. Duff Roblin (Deputy Leader of the Opposition): Ask him if he is the political bull.

Senator Nurgitz: Honourable senators, this is absurd!

Senator Perrault: I did say "alleged."

Senator Nurgitz: Surely the Leader of the Government would agree that an amount in excess of $28,000 paid in tax on a $25,000 life insurance policy is excessive and represents something for which even he would stand for correction.

Senator Perrault: Only if one accepts the accuracy of the allegation made by the honourable senator.

Senator Nurgitz: Ascertain the accuracy, then.

Senator Perrault: The honourable senator builds a straw man and tries to knock him down.

Hon. Richard A. Donahoe: The honourable senator asked a question.

Hon. Jacques Flynn (Leader of the Opposition): I have a supplementary question, honourable senators. If my understanding is correct, the Minister of State for Economic Development said a few moments ago that this decision with regard to the budget was made on the principle of equity. Does he suggest that the rules which prevailed until then were not equitable?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the speech made by the Minister of Finance outlining some of the tax exemptions and other aspects of the budget, pointing out where there is a disproportionate share of the tax burden, is very valid. I would recommend to my good friend, the Leader of the Opposition, that he read it carefully, not only once but several times, until he gets the message. I know that he, too, is a proponent of fairness and justice in the taxation system.

Senator Flynn: We should have got rid of those rules a long time ago.

Senator Olson: Honourable senators, on this side of the house we have never claimed to be perfectionists.

Senator Flynn: Only more perfect than anybody else!

Senator Olson: We have only claimed that we do our best to improve things as we go along.

THE ECONOMY

INTEREST RATES—GOVERNMENT POLICY

Hon. Guy Charbonneau: Honourable senators, I have another question for the Minister of State for Economic Development. The Prime Minister, during the meeting of first ministers, supported the policy of high interest rates as the only way to stop inflation. Given today's speculation to the effect that the Bank of Canada would let the value of the dollar fall to the equivalent of 75 cents U.S. in order to lower interest rates in this country, would the minister advise us whether there is any change of policy?

Hon. H. A. Olson (Minister of State for Economic Development): I am sure that the Honourable Senator Charbonneau is aware that it is not wise—in fact, it is not the practice—of anyone in the government to deal with that kind of speculation. Whether the Bank of Canada has given any indication that it is going to do that is a matter that I would want to double check. I have seen no such indication from the responsible officers involved. I would say that anyone who wishes to speculate on the matter has to be responsible for his own speculation.

Senator Charbonneau: I must say to the honourable minister that, though I specified that it was speculation, the idea is so widespread in the financial community that, given its close connection with the officers of the Bank of Canada, one begins to wonder. Where there's smoke there's fire.

Senator Olson: Honourable senators, I think it would be good advice to the public at large, including the financial community, to listen much more carefully to the government, rather than to the speculations sometimes promoted by members opposite.

Hon. Jacques Flynn (Leader of the Opposition): I doubt that you would be able to convince the financial community to listen to what the government has to say.

Hon. Raymond J. Perrault (Leader of the Government): You are all smoke and no fire over there this afternoon.

● (1430)

TRANSPORT

AIRLINES—SALE OF NORDAIR

Hon. Martial Asselin: Honourable senators, last Thursday Senator Perrault, in response to my question of February 17, tabled a letter from the Minister of Transport to the President of Air Canada. The Leader of the Government will recall that in my question I cited that letter and the fact that it gave rise to my question, which was to the effect, "Why has the participation of the Quebec government in Quebecair impaired the government's willingness to sell Nordair to Quebecair?" That question is not answered in the letter tabled by the leader, which is from the Honourable Jean-Luc Pepin to Claude Taylor, President of Air Canada. So, I ask the leader if he will be kind enough to bring to the chamber a proper reply, thereby settling the question once and for all.

Hon. Raymond J. Perrault (Leader of the Government): The honourable senator's expressed concern this afternoon, that my reply of last week may not have been as complete as he desired, will be brought to the attention of the Minister of Transport.

THE SENATE

CLERESTORY—IMPLEMENTATION OF RECOMMENDATIONS OF SPECIAL COMMITTEE

Hon. Peter Bosa: Honourable senators, I have a non-controversial question for the Leader of the Government in the Senate.

Hon. Martial Asselin: For once.

Hon. Jacques Flynn (Leader of the Opposition): Did you give notice?

Senator Asselin: Is it a planted question?

Senator Bosa: It is not a planted question.

Senator Flynn: It is well prepared.

Senator Bosa: Spring is not yet here. The Special Senate Committee on the Clerestory of the Senate Chamber reported on June 8, 1977, and that report can be found in the *Minutes of the Proceedings of the Senate* of that date. I wonder whether the Leader of the Government in the Senate can share with us any information he may have as to the implementation of that report. It seems to me that it has to do with changing the decoration of the Senate chamber, including the paintings, which are of war scenes. It seems to me that over the past two or three sitting days there has been a great deal of belligerence exhibited among honourable senators, and that if those paintings are an influence, that may be a good reason for replacing them.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Bosa has posed this question with his usual perceptive insight. I can say that we have had no meetings recently with the Leader of the Opposition to discuss the implementation of the recommendations contained in that report, but perhaps a peaceful moment can be found for such a discussion.

Senator Flynn: This report is rather old now. I am wondering whether it dealt only with the clerestory or the paintings as well. Certainly, if renovations are being considered, the paintings are something to which we could give our attention.

Hon. Royce Frith (Deputy Leader of the Government): The report mentions the paintings as well.

Senator Bosa: Honourable senators, is the Leader of the Government aware that the report includes 11 recommendations and that recommendation number 6 refers specifically to the paintings?

Senator Perrault: I am aware of the contents of the report, although I have not reviewed it recently, simply because of other priorities. Perhaps it would be appropriate to discuss ways in which the chamber could be visually given new life and vitality.

Senator Asselin: For once, I agree with you.

FREEDOM OF INFORMATION

STATUS OF PROPOSED LEGISLATION

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate. On December 9, 1981, I asked the Leader of the Government whether the government still considered the freedom of information bill a priority. I ask him today whether he stands by the statement he made on this topic, which is reported at page 550 of *Debates of the Senate* of June 27, 1980:

> Certainly, this government has established access to information and freedom of information as top priorities—

Unless the Leader of the Government has reversed himself, how does he now define a top priority in terms of legislative scheduling, and when might we expect to hear further on this matter?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I know that this topic has been raised in Parliament in recent days. One of the principal difficulties in dealing with this legislation has been the very concerted opposition by certain provincial attorneys general, as the honourable senator is aware. That opposition is not confined to any one party and, certainly, it includes a number of supporters of the Progressive Conservative Party.

Hon. Richard A. Donahoe: It is the first time you have ever listened to them.

Senator Flynn: Oh, oh.

Senator Perrault: The Leader of the Opposition has drawn my attention to the fact that most of the people opposing this legislation are Conservatives. If that is the case, then perhaps the Leader of the Opposition can explain the inscrutable position of the Conservative attorneys general and their opposition to this legislation.

Senator Flynn: And you can tell us why you are listening to them now, when you have never listened before.

Senator Perrault: This government is committed to co-operative federal-provincial relations.

Senator Flynn: Oh, oh, I knew you would fall into the trap.

Senator Perrault: We try to proceed, insofar as it is possible, in concert with our friends in the provinces.

Senator Flynn: It was a bear-trap and you fell right into it.

Senator Nurgitz: Honourable senators, surely the leader does not expect us to wait for the support of Liberal provincial attorneys general? I will not await the leader's answer, because even he would not ask us to wait that long, if ever, or, indeed, forever. In any event, as I understand it, the leader's answer is that we will not have freedom of information legislation unless we have agreement with the provinces, and that

what we ought to be doing is looking to the provinces to get this legislation through.

Senator Perrault: Honourable senators, diligent efforts are being made to persuade the provincial attorneys general and their premiers to accept the concept of a freedom of information measure which can be dealt with by Parliament and which will enjoy general support across the country. We are striving, not for the political conversion of the attorneys general, although it would be highly desirable, but, rather, to achieve some sort of consensus in co-operation with the federal government. Honourable senators will remember that the provincial attorneys general have stated that there should be a standard approach to freedom of information from coast to coast and that they have expressed this view rather strongly.

Senator Nurgitz: In that case, will the Leader of the Government give us some indication of the status of the negotiations? I am not asking for the particulars of the negotiations, merely their status.

Hon. Jack Marshall: That would be a case of freedom of information, and we can't have that.

Senator Perrault: Honourable senators, I shall ask the Minister of Justice for a statement which can be brought to the Senate and thus provide an update.

Hon. C. William Doody: Honourable senators, I would like to ask the Leader of the Government a supplementary question to the questions raised by Senator Nurgitz. Since it appears that the Government of Canada is looking forward to the help, assistance and co-operation of the attorneys-general of the provinces before the freedom of information measure is made law, perhaps this demonstrates a new approach in federal-provincial relations and, perhaps, the same sort of attitude or set of rules can be applied to the Federal-Provincial Fiscal Arrangements Act. Will the government ask the ministers of finance of the provinces for their agreement before any change is made to that act?

Senator Perrault: Honourable senators, of course, one question is not directly related to the other.

Hon. Duff Roblin (Deputy Leader of the Opposition): Of course not; this question deals with money.

Senator Perrault: As far as the fiscal relations are concerned, there has been extensive discussion with the provincial first ministers and the ministers of finance in an effort to achieve an agreement. When it is impossible to achieve agreement, of course the national government must demonstrate the qualities of leadership. But every effort is being made in all areas to attain friendly and co-operative agreements on all such matters.

● (1440)

Hon. John M. Godfrey: Honourable senators, I have another supplementary question concerning freedom of information. Is it the intention of the government to continue the policy enunciated by the Prime Minister that the government and its officials will, in the meantime, act as if the freedom of information legislation has been passed?

Hon. Lowell Murray: That is a good question.

Senator Perrault: Honourable senators, the question will be taken as notice.

Some Hon. Senators: Oh, oh.

Senator Perrault: I say that, honourable senators, because I believe that a complete statement from the Minister of Justice should incorporate a reply to the question asked by the distinguished senator from Toronto, Senator Godfrey.

ECONOMIC DEVELOPMENT

ASSISTANCE TO INDUSTRY—STATEMENT BY MINISTER

Hon. Lowell Murray: Honourable senators, my question is for the Minister of State for Economic Development. I would return for a moment to the disastrous loss of employment in the manufacturing sector which, as I said earlier, amounts to some 300,000 jobs in the past year.

My question arises from a statement made by the minister some days ago which has just come to my attention. In a statement made in Victoria, British Columbia, according to the *Globe and Mail*, the minister said that Ottawa is going to stop propping up manufacturing industries that have not been able to make a go of it in the world marketplace and will concentrate instead on the resource sector.

I would draw the minister's attention to the following quotation:

> We're going to stop propping up mature industries that will never be competitive in this generation, like textiles, clothing, footwear and a number of others.

Is it the position of the government that the entire textile, clothing and footwear industries will never be competitive in this generation and, therefore, should be allowed to go down the drain; or is it the position of the government that only some of the firms in each of those industries will never be competitive and, therefore, should be allowed to go down the drain?

If the latter position applies, when may we expect the minister to bring in a list of the industries that are being propped up, that are inefficient, that will never be competitive in this generation, and that are to be allowed to go down the drain? This information is essential so that those communities which are dependent on the industries, and the employees that are dependent on those industries, will have some time to plan for their futures.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, Senator Murray has indicated that he was absent from the chamber last week. I would point out that I dealt with that question or a very similar question some days ago. The honourable senator will no doubt read my remarks in *Hansard*.

I said, without equivocation, that what was reported in the Toronto *Globe and Mail* was taken out of context and that some words were dropped out of my sentences. I do not often complain about being misquoted.

Hon. Jacques Flynn (Leader of the Opposition): You always do.

Senator Olson: In this case I was selectively under-quoted to advertently or inadvertently leave the wrong impression.

I cannot add much more to what I said last week, and I am sure the honourable senator will refer to my remarks. I know that I said "some" industries. Over 90 per cent of the textile industry in Canada is already internationally competitive. We have set up a board and a mechanism to try to bring some more of that industry up to an internationally competitive position. We have funded that board to the tune of $250 million.

I will not go into the remainder of the details, but I would categorically point out to the honourable senator again that, in my view, the impression left by that press release was grossly unfair.

FARM CREDIT CORPORATION

CONTINUATION OF LOW INTEREST LOANS

Hon. Orville H. Phillips: Honourable senators, my question deals with the Farm Credit Corporation. I am not quite sure who assumes responsibility for that area, but I notice that Senator Argue has had a very easy afternoon, so perhaps I should direct my question to him.

The $50 million for low interest loans provided to the Farm Credit Corporation in the budget was exhausted early in February. As a result, the Farm Credit Corporation has stopped accepting applications for low interest loans from farmers who are in dire straits and are about to lose their farms.

Is it the intention of the government to provide additional funding to the FCC for the purpose of low interest loans to farmers, and, if so, when will this be done?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I do not have any precise information on the question asked by Senator Phillips, which is whether the government is considering an extension or an increase in the amount available to farmers who are in difficult circumstances.

However, I do have some information, supplied to my office today, which honourable senators may find of interest and which relates to part of the question. Approximately 450 applicants have applied for assistance under this program. To date, 221 applications have been approved and $28 million has gone out. The remaining applications are being considered. My information indicates that there will most likely be enough money to cover the applications that have already been approved and those which will be approved in the next few days. I will be very happy to take Senator Phillips' question as notice.

Some Hon. Senators: Oh, oh.

Senator Argue: Some honourable senators may laugh, but I think it is important in the operation of the Government of Canada that senators on both sides of the house express their opinions. The government may consider Senator Phillips' comments and, therefore, I will be very happy to pass on his suggestion to the Minister of Agriculture.

Senator Phillips: I thank the honourable minister for the information he has provided. This information coincides exactly with the information contained in the *Globe and Mail* article which I have. I presume Senator Argue's staff got their information from the same place.

Senator Argue: They read the *Globe and Mail*?

Hon. Royce Frith (Deputy Leader of the Government): They should show better judgment than to read the *Globe and Mail*!

Senator Phillips: The honourable minister neglected to mention that the vice-president of the Ontario Federation of Agriculture has stated that, in the absence of additional funds, approximately 3,000 more farmers will go bankrupt. I would point out that that amounts to approximately one out of every eight members of the Ontario Federation of Agriculture. Would the minister convey this information to the Minister of Agriculture and impress upon him the urgency of the situation?

Senator Argue: I will be happy to do so. The government has responded to this situation. There have been 450 applications and, to date, 221 have been approved. I believe that is a good outcome considering the short period of time this program has been in place. If circumstances warrant a further increase in this allocation, I will be happy to take that suggestion to the Minister of Agriculture.

Senator Phillips: As a further supplementary question, I would point out that $50 million of the budget was voted for emergency assistance to farmers unable to arrange financing elsewhere. On reading the estimates this morning, I noticed that the economic envelope for the Farm Credit Corporation showed a $46.5 million increase. Would the minister explain the difference between the figures contained in the estimates and those contained in the budget?

Senator Argue: I would be happy to take that question as notice.

THE SENATE

REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE ENTITLED "CERTAIN ASPECTS OF THE CANADIAN CONSTITUTION"—REFERRAL TO COMMITTEE OF THE WHOLE

Hon. Jean-Paul Deschatelets: Honourable senators, my question is for the Deputy Leader of the Government. Last night there was some discussion in this chamber regarding Senate reform. If I remember correctly, the Deputy Leader of the Government made it clear that, at least for the time being, we should not expect any government proposals for Senate reform.

At some stage, does the deputy leader intend to move that the report of Senator Lamontagne's subcommittee be submitted to a Committee of the Whole?

• (1450)

Hon. Royce Frith (Deputy Leader of the Government): I thank Senator Deschatelets for that question. I suppose I ought to have made it clearer last evening. I do not intend to move that this report, or Senator Roblin's resolution, or the subject of Senate reform, generally, be referred to a Committee of the Whole.

My suggestion of last evening was a suggestion made as a private senator. I felt I ought not to intervene on the main subject, because I might be taken as speaking for the government, and for the same reason I feel I ought not to propose a motion that the subject be referred to a Committee of the Whole.

I said I thought that was a good procedure and I invited honourable senators to comment on that suggestion. If it was their opinion that this subject should be referred to a Committee of the Whole, then perhaps a motion to that effect would be moved by a private senator.

Hon. Jack Marshall: Honourable senators, I have a supplementary question. I still cannot understand why a new subject was broached in the first place. We have the Lamontagne report, which is being debated, and that will eventually end up with some resolution, so why bring up new subjects? This only creates confusion.

Senator Frith: Honourable senators, my intention was not to bring up new subjects, but to suggest that Senate reform be a subject in respect of which the Senate should take the lead, or at least keep the debate alive.

Hon. Martial Asselin: A new form of debate.

Senator Frith: Yes, to lead the debate rather than continuing with an Inquiry, which will peter out.

We should have a concrete proposal for the country which represents the majority view of the Senate on the question of Senate reform. Therefore, I am not really raising a new subject, but am expressing the hope that we will lead the debate so that when the country or any government considers Senate reform they will have not just the report of the committee, on which debate just petered out, but also an actual set of suggestions.

There are suggestions in the air now. There is a private member's bill before the other place. There is an ongoing discussion on Senate reform. In the total literature on Senate reform there shall be suggestions made by the Senate.

It seems to me that there are many experts out there on Senate reform, and there have been many experts on Senate reform since 1867. No one has ever had before them the majority opinion of the outstanding experts on the subject of the Senate, namely, the members of the Senate.

Senator Marshall: Would the deputy leader give us his reaction to the recommendations in the Lamontagne report? There are recommendations and proposals in that report. Why does he say there are no proposals? There are proposals regarding the retention of an appointed Senate, and other recommendations. Why not stop the debate and put this to the Senate?

Senator Frith: Honourable senators, that, of course, could happen and perhaps it will happen. I am suggesting that the best way of debating and dealing procedurally with concrete proposals that might be synthetized from the Lamontagne report, or the proposals put forward by Senator Roblin, is to deal with them in Committee of the Whole, for the reasons I gave last evening. That gives all senators an opportunity to debate the subject as often as they wish. There would be a much more thorough examination because we would not be limited to one speech each on the subject.

Hon. Robert Muir: Honourable senators, further to what Senator Marshall has said regarding the Lamontagne report and the great effort undertaken by Senator Goldenberg, may I ask the deputy leader whether the objective he seeks could be reached along the lines suggested by Senator Marshall? Senator Frith, as well as many other prominent senators on the government side, praised this report to the high heavens. I see that Senator Frith is nodding his head. He agrees with me and I appreciate that.

Senator Frith: I was a member of the committee.

Senator Muir: Then why do you want to kill this? Do you think that this great work undertaken by Senator Lamontagne, Senator Goldenberg, and yourself included, should be thrown on to the garbage pile? As Senator Marshall has stated, can we not go ahead with this report and reach the objectives you seek, or the objectives others may seek? We might even reach the objectives sought by those who want to be elected members of this house, who tried to get elected to the other place but never did, and I doubt they could be elected to this house.

Senator Frith: Honourable senators, I am reminded of a rule attributed to H. V. Kaltenborn, who was one of the first great radio announcers in the days of Gabriel Heater. He said in verbal communication you must always tell your audience what you are going to tell them, tell them, and then tell them you told them. So, I will now go to the last part of that rule.

Senator Muir asked me why I wanted to destroy or kill the Lamontagne report. Again, it seems to me that the slow and painless, but eventual death of the Lamontagne report would be its continuation as an Inquiry. At some point His Honour will stand and say, "This Inquiry is considered debated." If that occurs, the report would then sink quietly beneath the surface not to be seen again. That has happened, as I indicated last evening, on eight or nine previous occasions.

So, rather than letting it die, I want to keep it alive, refer it to a Committee of the Whole so that the Committee of the Whole can deal with it and bring it forward, concrete, alive and full of vigour, for consideration by others.

So, my objectives are exactly those of Senator Muir, but he has misunderstood how I want to achieve them.

Hon. Arthur Tremblay: Honourable senators, I have a supplementary question. I understand that the deputy leader does not want to kill the Lamontagne, or Goldenberg, report. At the same time he tells us that he prefers another procedure—referral to a Committee of the Whole. He asked us to think about that. We are thinking about it now, but we know very well that, while we can think as hard as we can on this side, if someone on the other side is not thinking along the same lines what we want to happen will not happen. That is why I ask whether the deputy leader has something to propose. He just told us that he is proposing that as a private senator and not in the name of the government, but everyone on this side knows that if the government does not want to refer this to a Committee of the Whole it will not be referred to a Committee of the Whole. So, why does the deputy leader not guide our thinking by telling us what he has in mind? We started thinking last night; we are thinking now, and we will think tomorrow, but I do not know where our thinking will lead us if he does not tell us what he proposes to do.

Senator Frith: Honourable senators, I do not know whether this is the "telling you what I am going to tell you," the "telling you," or the "told you," but I will do it again.

The suggestion I make, and the suggestion I made at the very beginning, is that the method of dealing with this subject should not, at this stage, be by way of a partisan approach, be it the government's official position or the opposition's official position.

• (1500)

Again, in my view, there should be, if there is such an expression, a totally "whip-free" debate. It should not depend at all on party lines. It seems to me that we will not be tapping the source, which I consider to be the most expert source—the senators—if we deal with it on the basis of what the government or the official opposition thinks. The reason I am not giving any more guidance than that is because I should like to hear what other senators think we should do, not what the government or the opposition thinks.

Senator Tremblay: Could the following conclusion be drawn from what Senator Frith has said: Let all of us think harder?

Senator Frith: I think that is always a good idea.

[*Translation*]

Hon. Fernand E. Leblanc: Honourable senators, concerning the proposed consideration in Committee of the Whole of the report entitled: "Certain Aspects of the Canadian Constitution," we are referring here to the report, published in November 1980, by the Standing Senate Committee on Legal and Constitutional Affairs under the chairmanship of the Honourable H. Carl Goldenberg.

The report contains two parts, namely Part I under the heading: "Towards a Renewed Federation: A New Federal-Provincial Council", and Part II, often referred to as the Lamontagne Report, under the heading: "Towards a Renewed Senate".

If we deal with the report in Committee of the Whole, some kind of procedure must still be followed. We cannot consider items at random in the report. We should perhaps start by considering Part I and then Part II. When we discuss Part II, we can appropriately deal with the motion by Senator Roblin concerning election rather than appointment of members of the Senate.

I feel that this way we could consider all the suggestions made in the report. I also have a few proposals to make; in fact, I have already made a few, which may not have been included in the report, but still I would like to discuss them again. This will therefore be an opportunity for senators to discuss again their own proposals and, finally, to try to achieve, not unanimity, of course, but a consensus across party lines, so that we can tell the government: This is what we want.

I feel that in the report and in our discussions we can do a lot without having to amend any legislation or the Constitution.

We could start by discussing what we can do ourselves, without having to amend an act or the Constitution. I believe that we could perhaps concentrate on what can be done here, by examining and modifying our rules, if necessary, and try to make any improvements we can right away, without waiting to be told what to do. Subsequently, if we have any proposals that require amendments to legislation or to the Constitution, we could at that time submit our recommendations to the government.

Senator Frith: Honourable senators, I believe Senator Leblanc has given an accurate analysis of the situation, because what we have now is merely the opinion of a committee. As I mentioned yesterday in answer to a question by Senator Tremblay, I feel that the two parts of the report cannot be separated.

It is true that the question of electing the Senate membership appears both in the report and in the motion by Senator Roblin. That is why I suggested using the report as a springboard for dealing with these issues in Committee of the Whole. It is not a matter of agreeing with or dismissing the entire report, since the report's various aspects can be discussed one by one. That is why I feel that we can use the report as a springboard, as I said just now. I find that dealing with the subject in Committee of the Whole is the best way to achieve maximum flexibility.

[*English*]

Hon. G. I. Smith: Honourable senators, I ask the Leader of the Government if it is not possible to continue the debate on the inquiry so that honourable senators who have any contribution to make to it can do so and if, at the appropriate time, it seems that more affirmative action could be taken, there could be a motion that the subject matter of that inquiry be referred to an appropriate forum. I feel justified in asking the honourable senator if his fear of the inquiry debate dying off might adequately be dealt with in the way I just described.

Senator Frith: I think that is a very good point. I ought to have made it clearer than I did. I am not suggesting that we

stop the debate on the inquiry, or stop the debate on Senator Roblin's motion, or on any aspect of the subject that comes before us. All I am saying is that in the meantime we should adopt Senator Tremblay's words, and think hard about the matter so that when the debate on the inquiry starts to peter out we shall have a way of keeping the subject alive and giving it more concrete expression.

Senator Marshall: It could be put in the form of a question tomorrow. A deadline should be put on it.

NEWFOUNDLAND

LOSS OF DRILL RIG *OCEAN RANGER*

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have the text of the telex sent on February 22 to William Marshall, President of the Council and Minister responsible for Energy in the Government of Newfoundland and Labrador. The telex is from the Honourable Marc Lalonde, Minister of Energy, Mines and Resources, and it relates to the joint form of inquiry. It reads as follows:

> Thank you for your telex regarding the *Ocean Ranger* tragedy. I received this telex this morning. I will be replying in respect of the joint form of inquiry as soon as I have consulted with my officials and my colleagues.
>
> At this point, however, I wish to correct certain impressions left and misstatements contained in your recent telex.
>
> On February 15 I asked for your general comments regarding the federal inquiry. I received no such comments. Instead you notified me the next day that the Government of Newfoundland intended to proceed with its own inquiry and advised as to terms of reference.
>
> I am surprised and shocked that you suggest that I never offered a joint inquiry. I am sure that you recall your conversation with my executive assistant in the early afternoon of February 16th last. He telephoned you on my behalf to indicate that we were finalizing our terms of reference but that I still wished to pursue the notion of a joint inquiry. You indicated, however, that a telex was already on its way from you advising of the Government of Newfoundland's decision to establish its own inquiry.
>
> It is important that we spare no effort to find out whatever we can about this tragedy. A joint effort would assist us in this goal. The people of Newfoundland, and indeed all Canadians, have the right to expect no less from both levels of government. This being said, I want to express regret at the tenor of the comments contained in your recent telex.
>
> It is important that we put such considerations aside.

Hon. C. William Doody: Honourable senators, would the Leader of the Government tell us what date is on that telex?

Senator Perrault: The date on the telex, in both French and English, is February 22. I have no record as yet of a reply.

FOREIGN AFFAIRS

POLAND AND U.S.S.R.—SANCTIONS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have further information with respect to the measures announced by the government on Tuesday. This is dated today.

The limited measures announced by the government on Tuesday are designed to demonstrate our concern both to Poland and to the U.S.S.R. at the lack of progress in the return to normality in Poland.

The measures are largely political in nature and, in general, parallel those taken by our western allies. At the same time, they serve to indicate Canadian displeasure with both the continued repression of civil rights in Poland and the Soviet attitude towards these developments.

We have tried to ensure that the Polish people will not suffer as a result of the measures. It is for this reason we will continue to permit Poland to purchase grain under the terms of the existing long-term grain agreement.

To date Canada has contributed $600,000 to support relief efforts by the Red Cross and the Canadian Polish Congress. I expect we will be making further contributions of this kind.

• (1510)

The recent attacks in the Polish media on Lech Walesa and on the Roman Catholic Church are a disquieting indication that no progress is being made that would lead to national reconciliation.

Hon. Duff Roblin (Deputy Leader of the Opposition): Would the Leader of the Government accept a supplementary question with respect to the Polish situation?

Senator Perrault: Yes, indeed.

Senator Roblin: In the statement given to us last night, it was pointed out that the government intended to extend no new commercial credits to Poland other than for food, but when the minister came to Soviet Russia, no such reservation was made. Is it the policy of the government to abstain from extending new commercial credits to Russia in the same way that it has done in connection with Poland?

Senator Perrault: Honourable senators, I do not have information on that specific point; therefore I shall take the question as notice.

Senator Roblin: I was referring to the statement that no new commercial credits would be extended to Poland except for food. I am wondering if the same policy applies to Russia.

Another point that concerns me is that there is no government policy with respect to the export of high technology items to Poland and Russia. Perhaps the minister could furnish me with a statement of the government's policy on this point.

Senator Perrault: That question will be taken as notice.

HEALTH AND WELFARE

HOSPITAL AND MEDICAL SERVICES—USER-PAY POLICY—POSITION OF GOVERNMENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Haidasz on December 4, 1981, concerning the position of the government on user fees for hospitals. Perhaps the honourable senator would agree to the reply being incorporated in the record of today's proceedings.

Hon. Senators: Agreed.

(*The answer follows:*)

The contributions to the provinces under the national health insurance programs are conditional, in part, upon the plans of the provinces meeting certain criteria contained in federal health insurance legislation. These relate to such matters as the comprehensiveness of insured services covered, universality of population covered, reasonable access to insured services without impediment by way of user charges, portability of benefits, adequate standards of hospital care and public administration on a non-profit basis.

There is nothing in the Medical Care Act (Canada), which was passed by Parliament in 1966, which precluded user charges or extra-billing by doctors *per se*. Rather, the act requires that a plan of a province be operated "on a basis that provides for reasonable compensation for insured services rendered by medical practitioners and that does not impede or preclude, either directly or indirectly whether by charges made to insured persons or otherwise, reasonable access to insured services by insured persons". In other words, extra-billing is not banned by current legislation as long as it does not impede reasonable access to insured services.

A similar requirement for reasonable access is contained in the Hospital Insurance and Diagnostic Services Act. It too does not preclude user charges for hospital care as long as the charges do not impede reasonable access.

THE ENVIRONMENT

EAST COAST—*KURDISTAN* OIL SPILL—RECOVERY OF CLEAN-UP COSTS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Marshall on February 3, 1982, concerning compensation for the *Kurdistan* oil spill.

The Canadian government is now suing the owners of the *Kurdistan* under part XX of the Canada Shipping Act for the full amount of the government's claim, $6.9 million, in the Federal Court of Canada.

The owners of the *Kurdistan* have commenced limitation action under the Canada Shipping Act to limit their liability. This action will also be heard in the Federal Court of Canada.

[Senator Perrault.]

The Crown has filed a defence in this action, contesting the owner's right to limit. It appears that this action will be proceeded with in the first instance and considerable pre-trial activity is under way, including Discovery of Documents, with oral examination expected in the spring of this year and trial action later in the fall.

HEALTH AND WELFARE

HOSPITAL AND MEDICAL SERVICES—ALLOCATION OF FEDERAL FUNDS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have the reply to a question asked by Senator Haidasz on February 16, 1982, concerning the allocation of more federal funds for medical insurance programs.

The national government is not cutting back on the allocation of funds for medical care. In fact, payments to the provinces under Established Programs Financing will increase by almost 12 per cent per year over the next five years to meet increases in payments for hospital insurance, medical care and increases in extended health care services.

THE ECONOMY

JOB CREATION PROJECTS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Nurgitz on February 18, 1982, regarding the telex sent to the provincial governments by the Honourable Lloyd Axworthy on February 11, 1982.

Honourable senators, I have a copy of the text of the telex sent by the Minister of Employment and Immigration to his provincial government counterparts. Rather than tabling it, perhaps honourable senators would agree to the telex being incorporated in the record of today's proceedings.

Hon. Senators: Agreed.

(*Text of telex follows:*)

During the recent First Ministers' Conference, the premiers expressed a concern we all share for the Canadian unemployed. Positive, effective action on the part of governments was called for and it is in that light that I am pleased to invite you to participate in the most recent federal initiative to use unemployment insurance funds to enhance the long-term viability of our natural resources.

As you know, on February 8, 1982, in conjunction with the Minister of Natural Resources for Ontario, I announced a job creation program which will enable laid-off forestry workers in Ontario to continue working in forestry-related activities during the current downturn in the industry. These activities will be designed to enhance the productivity of this sector in the longer term.

Federal support for this joint federal-provincial undertaking will be provided through the provisions of section 38 of the Unemployment Insurance Act. Under this section of the act persons who are receiving unemployment

insurance benefits, who have no immediate prospect of employment and who elect to participate in a job creation project set up under the act, are able to receive a supplement to their normal unemployment insurance benefit level. The rate of benefit paid under section 38 is determined by the going rate of pay for the work being undertaken to a maximum currently established at $240 weekly. In the case of the Ontario forestry workers, the Government of Ontario will be providing participants with an additional $60 weekly supplement and is providing a contribution toward maintaining the workers' benefit packages as well as contributing toward overhead and other administrative costs incurred by the project.

This program is currently operating only in Ontario. I am sure, however, that you share my concern that other opportunities for providing people with temporary employment in productive activities should not go unexplored. In the case of the forestry sector particularly, the kind of arrangement underway in Ontario can be a means of providing people with work, of maintaining a cash flow in communities which are dependent upon this resource and of ensuring that the recovery period is not impeded by the need to replace skilled workers who have been forced to move elsewhere.

In my February 8, 1982 announcement of the use of section 38 of the Unemployment Insurance Act in Ontario I indicated that the federal government would be prepared to consider proposals from elsewhere in Canada where similar arrangements might be set up. I am therefore pleased to extend this invitation to consider ways in which our respective levels of government may be able to act in concert in order to provide increased employment opportunities for those persons to whom this approach may be suited and appropriate.

ENERGY

GOVERNMENT POLICY—MOTION TO REFER SUBJECT MATTER OF INQUIRY TO BANKING, TRADE AND COMMERCE COMMITTEE WITHDRAWN

On the Order:

Resuming the debate on the motion of the Honourable Senator Murray, seconded by the Honourable Senator Flynn, P.C.:

That the subject-matter of the inquiry of the Honourable Senator Argue, P.C., which appeared on the Orders of the Day on November 20, 1980, be referred to the Standing Senate Committee on Banking, Trade and Commerce.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, last night I mentioned that there had been some discussion with Senator Murray as to whether we should consider this motion as having been debated, without prejudice to its being revived. Since the motion was introduced we have had some aspects of the National Energy Program before us in the Senate and for study in committee. I believe that legislation will be forthcoming shortly and I am wondering if, under the circumstances, and without prejudice to the reintroduction of the whole subject, perhaps in the form of an inquiry, this item could be withdrawn. I will leave that decision to Senator Murray, because it is his motion.

Hon. Lowell Murray: Honourable senators, with the qualification mentioned by the Deputy Leader of the Government, I agree to having this motion withdrawn.

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

Hon. Senators: Agreed.

Motion withdrawn.

EL SALVADOR

POLITICAL, MILITARY AND SOCIAL SITUATION—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Macquarrie calling the attention of the Senate to

(1) the increasingly dangerous political, military and social situation in El Salvador;

(2) the compelling hazards of third party interventions and the possibility of the escalation of hostile actions within El Salvador;

(3) the further compelling importance of the resolution of the conflict by means of a political settlement rather than through recourse to sustained and bloody armed conflict; and

(4) the value of Canadian encouragement and support of the efforts of those individuals and groups seeking mediation of the conflict in El Salvador.—(Honourable Senator Murray).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator Murray will recall that we discussed the possibility of treating this inquiry in much the same way as we treated Order of the Day No. 5, but not because we anticipate getting legislation on it. The honourable senator will recall that there was discussion on whether this subject, which is a fast-moving one, would be better treated in the daily Question Period, again without prejudice to the reintroduction of the subject by way of inquiry.

Hon. Lowell Murray: Honourable senators, I have not had an opportunity to discuss the matter with my colleague, Senator Macquarrie, on whose behalf I moved the adjournment. Until I have had an opportunity to do so, I would prefer that the order stand.

Hon. Senators: Agreed.

Order stands.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO EXAMINE ESTABLISHMENT OF POSITION OF DEPUTY SPEAKER OF THE SENATE

Hon. Raymond J. Perrault (Leader of the Government), pursuant to notice of Tuesday, February 23, 1982, moved:

> That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report on the establishment of the position of Deputy Speaker of the Senate, including the need for such a position, the recommended procedures therefor, and the compensation to be paid the incumbent.

Hon. Jack Marshall: How long is the term?

Senator Perrault: Honourable senators, from time to time the suggestion has emanated from various sources that the position of Deputy Speaker of the Senate be formalized and that it be established as a position in the Senate. This matter has been discussed rather thoroughly with the Leader of the Opposition and there is an all-party agreement that the best procedure, under the circumstances, would be to refer the matter to the Standing Senate Committee on Legal and Constitutional Affairs to determine whether or not there is need for such a position, the compensation, if any, to be paid the incumbent, and other details. I would, therefore, ask honourable senators to support this reference.

Hon. Jean-Paul Deschatelets: Honourable senators, I should like to say a few words in connection with this motion. This matter was discussed some years ago, and, in my view, action is long overdue. In any Parliament worthy of the name that I have visited, there is a Speaker and a Deputy Speaker. The latter not only undertakes duties within the chamber but also outside, should the Speaker be unable to fulfil his duties through sickness. I do not know why this matter has been delayed so long. I consider it a good move and I hope that the position of Deputy Speaker will be established as soon as possible.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, as the Leader of the Government has indicated, this matter was discussed by representatives of both sides of the house. I wish to draw the leader's attention to the fact that this motion does not accept the principle in advance. It merely refers the question to a committee. Therefore, we are not saying "Yes"; we are simply asking the committee to report on the question.

Hon. Joseph-Philippe Guay: Honourable senators, as I understand it, this matter was first dealt with by the Standing Committee on Internal Economy, Budgets and Administration. I am wondering, then, why the matter should not be referred back to the Internal Economy Committee. Why is the Internal Economy Committee being by-passed in this way?

● (1520)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, perhaps Senator Guay was not present at the meeting when this matter was dealt with. Far from being by-passed, the Internal Economy Committee felt that the best committee to consider this matter in its first stage would be the Standing Senate Committee on Legal and Constitutional Affairs.

Senator Guay might understandably be concerned, because the motion refers to the compensation to be paid. That may end up before the Internal Economy Committee but, as Senator Flynn has pointed out, before any of that takes place the committee is being asked to consider whether it is a desirable thing. The other matters will follow in due course.

Senator Flynn: Honourable senators, I am quite sure that the Internal Economy Committee said, "Well, the leaders will look into this matter and refer it to a committee, whether that committee be the Internal Economy Committee or the Standing Senate Committee on Legal and Constitutional Affairs". The Internal Economy Committee is not being by-passed. It will have to consider the matter before it is finally decided.

Motion agreed to.

THE SENATE

REFORM—MOTION RE ELECTION OF MEMBERS—DEBATE ADJOURNED

Hon. Duff Roblin (Deputy Leader of the Opposition), pursuant to notice of Tuesday, February 23, 1982, moved:

> That this House affirms that the federal character of representative and responsible government in Canada will be strengthened if the membership of the Senate is constituted by election rather than by appointment.

He said: Honourable senators—

Hon. Orville H. Phillips: Honourable senators, I rise on a point of order. Rule 44(2) states that 48 hours' notice, or two days' notice, is required for a motion of this type.

Notice of this motion was given last evening. At that time, when Senator Roblin stated that he wished to speak today, several of us said he should do so on Thursday. I do not recall His Honour the Speaker ruling on the matter, and there is nothing in *Hansard* in this regard.

I have no objection to the motion being moved, but, honourable senators, I am thoroughly fed up with the Deputy Leader of the Government and the Deputy Leader of the Opposition coming in, having a tête-à-tête, deciding what they are going to do, and tossing the rule book out the window. I suggest that we follow the normal procedure in the future.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I understand the point raised by Senator Phillips. He is quite correct on that matter. In my respectful submission, however, he is quite wrong when he suggests that a tête-à-tête took place and the rule book was thrown out the window. Senator Roblin made it quite clear last evening that he was giving notice for Thursday. He gave perfectly proper notice with regard to that. He then added, however, that he would prefer to give his address on the subject "tomorrow"—that is, today.

As Senator Phillips said, no ruling was made. If I am right in saying that Senator Roblin gave notice for Thursday but gave advance warning that he wanted to speak to the motion today, then it seems a simple matter for him to ask for leave to proceed today, and as far as we are concerned we will grant such leave.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I do not think that leave need be granted—unless I read the rules improperly.

Rule 45 says that one day's notice shall be given for the making of a substantive motion, which is the case here. I do not see how rule 44 would apply.

I do not know if Senator Phillips will suffer any prejudice by the debate commencing today. If that was his point I think we should consider it; but I can tell him there was no agreement between the two sides. The rule is there, and should apply unless Senator Phillips says, "I would rather have this debate started later on, for a good reason," in which case we possibly could agree with him.

Senator Frith: Honourable senators, I think it is important, since we are talking about the rules, that this be quite clear. I was not suggesting that the motion fell under rule 44. In fact, I agree with Senator Flynn that it is a substantive motion and comes under rule 45. It is just that my recollection was that, for whatever reason, Senator Roblin gave notice for Thursday—I do not feel he had to, but I thought that that is what he said—at the same time pointing out that he would like to speak to it "tomorrow".

I say that under either interpretation, whether it be rule 44 requiring two days' notice that governs and, as a result, requires leave—which we will, of course, give—or rule 45, which I believe is the case, Senator Roblin warned us yesterday evening that he wanted to proceed today. In fact, we on this side are anxious to hear him this afternoon.

The Hon. the Acting Speaker: Honourable senators, I believe this motion falls under rule 45.

Does Senator Roblin have leave to speak to this motion today?

Senator Flynn: We do not need to give leave.

Hon. Senators: Agreed.

Senator Roblin: Honourable senators, I express my appreciation to the house for the courtesy extended to me in allowing me to make this statement now. I do believe it is in order, in any case, to make it on this occasion, but it is gratifying to know that there is no objection, either within or without the rules, and I appreciate that.

It is not to be supposed, honourable senators, that at the present time there are many members of the Senate who would agree with the thrust of the proposition contained in this motion. Perhaps on a good day we might be able to find six or so—although maybe I am being a little pessimistic—who would be inclined to support it as a matter of principle. So I know that when I introduce the idea now I am speaking for myself alone, not for my caucus, not for members of my party, and not for any other member of the Senate, for that matter. But I think it is a subject which ought to be ventilated in a direct way, as the motion provides.

I rely, however, on the customary courtesy and good temper which the Senate is always willing to display when members of this body wish to address it, particularly when dealing with a matter of this kind, which arouses considerable interest both within the chamber and without it.

As for myself, I hope I will be able to deal with the subject entirely on the basis of principle and avoid any reference to personalities or records or philosophies that belong to individual persons, because it seems to me that there is ample room for discussion of the matter on the basis of principle, without personal references which might indeed be gratuitous.

Throughout the greater part of its existence, the Senate, which is the senior branch of our federal legislature, has been subject to the attentions of a well-meaning series of constitutional improvers. I guess you would have to count me as perhaps one of the latest in that list. Some of these improvers have seen the abolition of this body as its ultimate fate. In the current report under the name of Senator Lamontagne, a report on Senate reform, which we are considering under another heading, it is proposed to re-arrange the powers and functions of this body in an interesting fashion, but a fashion which, in my opinion, is inadequate to the needs of the case, and, I suggest, inadequate as many observers might see it.

The fact is that 115 years after its creation in 1867, the Senate is still in place, still practically unchanged from the original form that the founding fathers gave it. In spite of that impressive record of durability, it seems to me that the pressure for Senate reform has seldom been more intense than it has been in the last few years. There is a widely perceived need outside this house, if not in it, that a more effective instrument is required to incorporate the regional interests of Canadians within the decision-making process of the central federal organs of government. One can only speculate on how much longer the status quo in the Senate can resist change. I give you my opinion, which is perhaps not widely supported, that change the Senate will, or it will ultimately be changed by others.

The agitation for Senate reform these days comes from all sides, and a mere list of the agitators tells a tale.

We start off with the Confederation for Tomorrow Conference, sponsored by the Province of Ontario. There is the Beige Paper, produced by the Liberal Party in Quebec. There was the very important initiative of the Government of British Columbia with respect to a new form of Senate organization. There was the report of the Pepin-Robarts commission, which was an emanation of the federal government. We know that the Canadian Bar Association agonized long over what kind of new Senate they would like to see. We have heard from the Canada West Foundation with respect to Senate reform on two occasions, the last one of which was under the aegis of the Honourable Senator Manning. Of course, we considered the

federal government Bill C-60, which occupied our attention in 1978 or perhaps 1979.

● (1530)

The provisions of the new Canadian Constitution, which is being examined in London today, with its limitation of the power of the Senate to block constitutional change—and I think that means, to most people at any rate, the limitation of its power to block changes in the Senate itself—offer, in my opinion, a significant indication of the way in which the wind indeed may blow.

There is, however, a common theme that runs through all of these proposals, which is that a second chamber of some kind or other is favoured by almost all Canadians. We get the impression that these wide-ranging examinations of our Constitution are in agreement with the concept that the Canadian federal system requires a bicameral federal legislature. That, honourable senators, is the first point that I would like to establish.

In a federal state like Canada, governed by the parliamentary political process, peace, order and good government require an effective second federal chamber. This proposition is based on the fundamentally regional characteristics of our country. The nation arose in 1867 from several distinctly articulated regional societies. Our current history must emphasize beyond all dispute that the regions count, and that Canada is still a federation. I believe that Canadians share a common sense of nationhood and destiny, but I also believe that Canadians understand themselves as belonging to regions—regions which vary distinctly from one another in size, in population, in language, in history and in interests. It is this regional variation which must be accommodated within the central federal law-making process.

Today, all of the witnesses that I have called upon, and many more that members of this house could recommend, proclaim the pressing need to reconcile legitimate regional interests with the common good of the nation. Of course, there is absolutely nothing new about all of this. In Quebec, in 1864, the Fathers of Confederation faced up to exactly the same situation. They provided a solution to it. Their answer was that we were to have a federal House of Commons based on representation by population, and we were to have a federal Senate based on territorial representation. Representation by population satisfied the interests of Upper Canada, which was calling for "one man, one vote", regardless of location. The smaller regions, however—the maritime provinces and the French-speaking minority, concentrated then, as now, in the province of Quebec—had other aims in view. They saw a populous Upper Canada, by means of its own numbers or in special combination in central Canada, able to impose its will on regional minorities. Thus some counterbalance was sought.

In 1864, in Quebec City, out of the 14 days of consideration that led up to the articles of Confederation, six days were devoted to this problem. The solution? The Senate as we have it today, a second federal chamber, was the solution that was agreed upon.

[Senator Roblin.]

Thus I put it to you that the first great principle of democracy—representation by population—is embodied in the House of Commons. The second great principle of federalism—territorial representation—is enshrined in the Senate. This explains the Senate of 1867. Indeed, in 1867 I think it would not have been unfair to say, "No Senate, no Confederation!" It also explains, however, the case for an effective second federal chamber in 1982.

What I have said so far, honourable senators, is a commonplace of Canadian history. We ought to establish, though, in our own minds the compelling reasons that are behind the proposal that an effective second chamber is required in 1982, in the first place, before we attempt to improve on the one we have. It is my submission that Canadian experience, both historically and currently—and, indeed, the experience of similar federations elsewhere—shows that Canada needs an effective second federal chamber to represent regional interests. It may be said that we have a Senate which was designed especially for this purpose. Is it fulfilling that task? Why do you think that it needs to be improved?

At this point I want to pay my respects to the work of the Lamontagne committee, whose valuable report I have already referred to. The members of that committee—I was one, though not of the majority opinion—did much good work.

Senator Frith: Some members.

Senator Roblin: They made interesting comments on the current reform proposals, such as the ones listed a little while ago. They isolated the defects of some of those proposals that were examined and, for good reason, they were set aside. At the same time, that committee underlined the good and useful things that the present unreformed Senate is able to do. Together with Senator Lamontagne and the members of that committee, presided over by Senator Goldenberg as the "grand panjandrum"—the chairman of the whole operation—I defend the diligence and the dedication of the members of the present Senate. I agree that its work as a revising chamber in examining and amending proposed laws is favourably known in many circles. Its balanced, non-partisan, thoughtful, and, Heaven be praised, sometimes original initiatives in the work of the committees that go into matters of public concern and interest have often given the lead to the House of Commons and have earned the praise of experts.

These are all very worthwhile activities and I defend them as a public service. I am glad that the committee has documented, in an incontrovertible and historical way, the facts of this matter for public consideration. I think this is a valuable consideration. It deserves our thanks—indeed, it deserves wider dissemination by the media than it has had so far. These functions to which I refer should be cherished and continued in any new Senate that might be developed in this country.

However, when one proceeds from there to examine the analysis of the committee and its conception of public dissatisfaction with the present Senate, when one looks at the curious arrangement it has for continuing senators by appointment, with a self-perpetuating continuation at that, it becomes clear

that the Lamontagne report is not a reform proposal which the public of Canada is likely to approve. I say this because the one area in which the public perceives the Senate to fail most conspicuously—the one area which all reformers examine and also the area of paramount concern in our affairs today, the area that goes to the heart of the matter—is the role of the Senate as part of the central federal legislative authority. In this role, the Senate does not adequately represent regional interests, although that is the purpose for which it was mainly constituted. I submit, therefore, that for any plan of Senate reform to succeed in the public arena, this responsibility of regional representation is the one which must be satisfied.

If I may, I will give my view as to what has happened to bring about this situation. If this failure exists, how has it come about? Why is the Senate not that responsible and effective body of regional representation? Was the Senate of 1867—or is, indeed, the Senate today—powerless? Was it impotent? Far from it. It was and still is vested with enormous power in terms of legislative authority, in terms of law-making capacity. It is fully the co-equal in power of the House of Commons. It is true that the House of Commons has always controlled the purse strings, in the sense that money bills can only originate there. It is true, as well, that no government need resign if defeated in the Senate. Only the House of Commons can make or unmake governments, or make and unmake prime ministers. Apart from those two exceptions, however, the Senate of 1867 was, and the Senate of today is, endowed with adequate power to fulfil its role as the territorial representative, to act as the balance wheel, as the "make weight," in the federal system.

Therefore, we have, I submit, the present Senate made up of experienced and capable men and women. It does not represent provincial governments themselves, it is true, nor should it, but it is constituted to represent regions within the federal constitutional ambit and the federal constitutional prerogative, and is vested with extensive powers. Generally speaking, though, instead of functioning as the balance wheel of Confederation, it is regarded by most who look at it as being a fifth wheel of the Constitution. The media, by and large, overlook our debates. Our credibility with the general public is undeniably low, and even we senators complain that we are ignored by the federal executive and are neglected by the provincial governments. At the same time the Senate declines to exercise the power it possesses which might either justify its existence or, alternatively, challenge its political legitimacy.

• (1540)

I submit, honourable senators, that the defect in our arrangement in the Senate is quite simple to identify. It is to be found in the fact that the method of making senators is that senators are summoned to office by appointment. They are summoned to office by an appointment by a federal prime minister, and in no other way. The fact that we have a Senate by appointment, in my opinion, undermines its whole position. It vitiates its capacity for independent action. An appointed senator—and let us be frank about this—is responsible constitutionally to no one. Politically, many senators, it is fair to say, recognize the claims of the power that appointed them. But it must be clear that in 1982 a system of political appointment of men and women who are vested with legislative functions and law-making authority is repugnant to modern perceptions of representative and parliamentary government.

The Senate is an instance where we have legislative authority without democratic responsibility, and thus it is clear that appointed senators lack the *imprimatur* of political legitimacy. An appointed Senate cannot be expected to use its power. Indeed, sensibly, it tries but seldom or almost never to exercise its undoubted constitutional authority. For all its theoretical power, the appointed Senate knows its place. The Senate declines to engage the elected House of Commons, even when legitimate regional interests may be at risk. Thus, the main purpose of the second chamber, if you follow my line of reasoning, the recognition of regional interests at the federal legislative centre, goes by default and is rendered nugatory.

The lack of political legitimacy, in the constitutional sense of that phrase, lies at the heart of the matter. The remedy, in a representative and parliamentary system, is obvious. You simply change the method of selecting senators. You change it from selection by appointment to selection by election. By this one move, by moving from the appointive system to the elective system, constitutional legitimacy is achieved and the Senate is then vested with the moral as well as the political authority to discharge its responsibilities. Political responsibility is then added to regional responsibility, and it offers at least the possibility, if you want to go no farther than that, that an elected Senate could function as it should, within the federal parliamentary system on matters within the federal ambit and the federal authority.

Once the principle of election of senators is accepted, many important election options present themselves for consideration. On what system of voting would senators be chosen? We have an opportunity here to break away from the first-past-the-post system, which is now used to elect members of the House of Commons. I continue to think that the first-past-the-post system is well adapted to the House of Commons, where there is a need, under most circumstances, for a stable majority to support a government. The Senate, however, where the question of confidence does not arise, could be elected in another way. We have heard the proposal that it should be elected by proportional representation. This is often described as a system of voting on the party slate, where the candidates are listed in the order of the party preference.

Some objections are raised that there is far too much party influence in this system and the voter has not sufficient choice. But proportional representation of that kind is not the only way. There is the transferable vote. Here voters may select any candidate they choose and list any number of names, up to the total to be elected, in the order of the voter's choice in order to fill the number of seats available. This system enables the voter's preference to supersede the party choice, and some may think it has much to commend it.

I am sure there are other methods, apart from the ones I have mentioned and the first-past-the-post system in the

House of Commons, that could be considered when laying down the rules for election to the new Senate of Canada. Such a system, I think, would be quite compatible with senatorial interests in the representation of minorities.

Senator Frith: "Such a system" meaning the transferable system or the party system?

Senator Roblin: Either. One might have one's views as to which is the better. I happen to think that the transferable vote is a better system. However, I am not attempting in this presentation today to put before honourable senators any strict set of rules about many of the complications that arise. My concern today is to get recognition of the elective principle. Once that preposition is conceded, then we have to sit down and decide just how to put it into action. I offer some suggestions. I do not say that they are exhaustive.

Let us turn to the question of the territorial electoral units that might be used. Our present system consists of a series of senatorial divisions. There were originally three divisions, each one providing an equal number of senators, 24 apiece. We now have four divisions, the maritimes, Quebec, Ontario and the west; and we have some adjustments for Newfoundland and the Territories. But the principle behind the divisional system is that they should be, to all intents and purposes, equal and that the territorial extent of the country should be represented equally through these senatorial divisions.

There are some who would say that if you are going to elect a Senate you should have the same number of senators for each province, just as in the United States; and that is a proposition worth considering. If you were to ask my opinion, I would say that for historical and practical reasons, perhaps some modification of the present divisional system is best suited as the next step in Canada, where each province could elect its own senators. In the case of Manitoba, for example, we would elect six on a provincial basis, and larger areas like Ontario might be divided into regions which would also elect six senators apiece. These are matters which could be reasoned and discussed as the matter proceeds. As I have said, the present divisional system could perhaps be modified to take into account recent developments, and this, to me, is a reasonable basis to start from.

When should the senator be elected and for what term of office? There are at least three possibilities that occur to me: elections could be held independently, for the Senate alone; elections could be held in conjunction with elections for the House of Commons; or, indeed, elections could be held in conjunction with each provincial election. If you are anxious to underline the regional character of the Senate, this last proposition has something to be said for it. All these different proposals are ones which could be the subject of further study, if the Senate so chose. The term could be six years. That seems to be a popular number. Possibly, the election could be arranged on a staggered basis, with one half elected at each election. There are several possibilities with respect to how the Senate should be elected, how the vote should be counted and the various matters I have dealt with.

[Senator Roblin.]

A question that is equally important and to which we ought to apply our minds is: How would such an elected Senate work in a parliamentary system such as ours, and what power should this Senate have to discharge these regional responsibilities to which I have referred? I say the Senate should have exactly the same powers when it is elective as it has today. The House of Commons must remain the primary body. The government should only be responsible to the House of Commons. Only the House of Commons should have the authority to empower governments or prime ministers, and only the House of Commons should originate money bills.

However, an elected Senate could retain the present powers of an appointed Senate. Indeed, as an elected body it is appropriate that it should do so. In fact, I would add to the duties. I would say that when the federal government appoints officers to regional or national bodies and the like, a list of them could be compiled, and those appointments could be subject to ratification by an elected Senate.

But if powers such as these are conferred upon an elected Senate, the question of harmonizing the work of the Senate and the House of Commons assumes capital importance. It is a critical consideration for any elected Senate that we should not be automatically providing for a stalemate or for an unlimited legislative deadlock with the House of Commons itself. The federal system should not be stultified by an elected Senate, and the solution of differences between the two chambers must be regulated and workable, with the primacy of the House of Commons recognized.

● (1550)

A number of possible arrangements suggest themselves. Obviously, we would seek to strengthen the joint Senate-House of Commons system of consultation and management, the system of consultation and communication, and perhaps the establishment of a joint management committee would be in order. This would enable us to seek mutually acceptable compromises which are clearly possible on many issues.

If the House of Commons proposes a measure which does not meet with the approval of the Senate, it might be stipulated that the Senate must muster a two-thirds majority in order to firm up its views. Another variation of the same idea is that if the Senate rejects a proposal from the House of Commons on the first occasion by a simple majority, and if it is re-presented by the House of Commons a second time, then at that stage the two-thirds majority might be required in order to deal with the matter. Alternatively, differences could be settled by joint sittings of the Senate and the House of Commons when a simple majority would decide. As a last resort, the federal Prime Minister should perhaps be given the power of a double dissolution. Then both the House of Commons and the Senate would go back to the people and let the people, in a new Parliament, decide what course should be taken.

These are only a few ideas on the vital and critical question of reconciling the operation of an elected Senate with the parliamentary system as we know it. I suggest that either alone or in combination—or with the addition of ideas which other senators may be able to suggest—we can ensure that an

elected Senate would conform with the requirements of representative and responsible government in Canada. Both houses must ultimately recognize the sovereignty of the people. That is the central theme of what I present to you today.

Thus, I see merit in turning to an elected Senate as a significant improvement in harmonizing the interests of our regions within the central legislative apparatus and within the federal ambit and authority.

But I do not propose it, honourable senators, as a sovereign remedy to all that ails Canadian federalism. There will always be a federal prime minister, provincial premiers and federal-provincial conferences with direct contact between the governments. In no way would an elected Senate do away with all the regional discomforts we experience. How could it? Its main role is to be played with respect to federal legislation within the federal constitutional ambit and within the federal power. The federal-provincial division of powers remains undisturbed. This new Senate would not represent provinces; it would represent people in regions of Canada. In that respect, I think its role would be clear and unambiguous.

I must warn this chamber that in Australia, a federal state much like ours, there is an elected Senate, whose performance has been criticized as being too heavily influenced by party manipulation and offering perhaps only a pale reflection of the political struggles in the House of Representatives. I would suggest that, if we in this country are to reform our Senate, we should take note of the problems that have arisen in Australia. If an elected Senate were subject to party manipulation, as some suggest the Australian Senate is, or if it would merely be a pale reflection of the House of Commons, one would have to be concerned. If the Senate is elected by transferable vote at the time of provincial elections, we may find that we have gone a long way towards dealing with the problems perceived in Australia.

Our elected Senate can be designed to minimize any disadvantages that may be discovered. It should be deliberately modeled to take into account the experience of other second chambers in other parliamentary systems and particularly shaped to answer to Canadian needs and requirements.

I put it to this body that the question of Senate reform is now pretty close to the top of the constitutional agenda. Senators by election, as opposed to senators by appointment, is clearly a leading option. It is my opinion that public sentiment and expert opinion alike support at least the consideration and investigation of a proposition of the kind I set before you.

If the Senate is to continue to have legislative power of the type it has now, it most certainly ought to be elected. If it is to relapse into an advisory body whose word does not count, it really does not matter what you do.

I think, however, that the present Senate is well qualified to take the lead in the consideration of this question. Indeed, I suggest that our self respect would urge us on such a course. If we fail to propose a timely and effective change ourselves, then undoubtedly others will do it for us. I want to see the Senate take the lead. We owe it to ourselves; we owe it to the nation; and that is why, speaking for myself, I move the motion now before you.

Some Hon. Senators: Hear, hear.

Hon. Charles McElman: Would Senator Roblin accept a question or two at this point?

Senator Roblin: Gladly.

Senator McElman: Would he tell the chamber if, within his knowledge, there are any elected second chambers which are doing a better and more admirable job than the Senate of Canada is doing now?

Senator Flynn: Is that a joke?

Senator McElman: Are any second chambers not subject to criticisms similar in nature to those levelled at this second chamber? My question is not meant to be a joke; I am asking a very serious question.

Senator Roblin: I take that as a very serious and very reasonable question. I must confess that I have no knowledge of a wide variety of other federal second chambers which would enable me to answer in a definitive way. I simply say that one has to consult the Canadian electorate and consider the Canadian people's view of the Senate. It is a view which has not changed much over many years. If you go no further than that, you must come to the conclusion that whatever good things we do—and we do many good things, which I have mentioned—they certainly do not commend themselves to the public as being sufficient reason for the Senate to continue to operate in its present form.

That is my opinion of the public's view of the Senate. If you look at the current polls, I think you will find some basis of support for the view I express. However, I think it is entirely a subjective matter, and I will leave it at that.

Senator McElman: I might say that I very much agree with your latter comment. The attention that the Senate gets from the media in Canada is such that the public could not do otherwise than hold it in contempt. This arises through lack of knowledge of what the Senate does both in this chamber and in its committees. Perhaps we are not blameless in that respect, but I believe it is more attributable to the irresponsible media.

Senator Roblin: I would not like to damn the media so thoroughly. If you look at the Senate of the United States, where power is exercised constitutionally and legitimately, you can assess how one second chamber operates. It is not a parliamentary chamber; it is part of a congressional system, and I fully acknowledge that point; there is a great deal of difference. If we were making decisions which counted, you would soon find the press taking an interest.

Senator Frith: Even that second chamber cannot initiate a money bill.

Senator Roblin: That is correct.

Senator McElman: I fully understand the difference in the parliamentary and legislative system in the United Kingdom, the Mother of Parliaments. Is it the opinion of Senator Roblin

that Westminster would be better served with an elected second chamber?

Senator Roblin has not spoken either in favour of or against the congressional system. Would he see the Canadian Parliament evolving into a similar system? Again, for Senator Flynn's benefit, I ask these questions very seriously because I am as interested as anyone else in seeing Parliament develop in Canada, in both houses, to a much wider extent than it has to date.

Senator Roblin: The honourable senator has posed two penetrating questions, and I will do my best to answer them.

The situation in the United Kingdom is, of course, much different from the situation in Canada because the United Kingdom is not a federal state; it is a unitary state. Unitary states do not, in my humble opinion, have the same set of reasons for a second chamber that a federal state has. For those reasons, I do not think the House of Lords and the Senate are comparable from a constitutional point of view.

• (1600)

I can tell you this, that the last time I was in London I had the privilege of hearing Viscount Hailsham, the Lord Chancellor of the current British government, who was the author, or perhaps the prime mover, of the thrust in the United Kingdom to elect members to the House of Lords. His reasoning for having an elected House of Lords, with respect to parliamentary responsibility, was much the same as mine is for an elected Senate. All I can say, then, is that a very respected constitutional authority in the United Kingdom, and a man of some influence, believes in an elected House of Lords, and believes that that is meritorious and ought to be pursued.

Respecting the difference between the parliamentary system and the congressional system, I suppose I am a child of my background. I prefer the parliamentary system by far. I think we are running into a serious danger at the moment, however, and that is that we have developed a rigid party system in the House of Commons where the main purpose of the majority party is to keep the Prime Minister and the cabinet in office. As a result, the current Prime Minister has an accumulation of powers which are unprecedented in parliamentary governments over the centuries. He has far more power than the King ever had when we started to take powers away from him.

Senator Frith: Or the President of the United States.

Senator Roblin: Or the President of the United States, as my honourable friend observes. So, we have a problem in Canada. This is not meant in any *ad personam* way to the current Prime Minister, not a bit. This has been going on for a long time, but he wields a power that is extraordinary and there is no check or balance.

Senator Frith: He or she.

Senator Roblin: That is correct: he or she. Perhaps an elected Senate would provide that balance. I do not think it is out of the bounds of possibility that it might not serve as a check on what is really unbridled power on the part of the Prime Minister.

[Senator McElman.]

I have not advanced that as one of the reasons for an elected Senate, but if I had to provide one or two more reasons, perhaps I could dredge that out of the kitbag and ask you to consider it. But, in spite of the development of the elected dictatorship of the Prime Minister, if I can overstate the case by using that phrase, I still prefer the parliamentary system to the congressional one.

Hon. H. Carl Goldenberg: Honourable senators, I wish to congratulate Senator Roblin for giving us an eloquent and thoughtful address, as he usually does. I have a question on the particular point of the method of election.

Senator Roblin spoke about the single transferable vote. As he knows, long before I was appointed to the Senate, I had quite a lot to do with government in Manitoba. If I remember correctly, Manitoba had the single transferable vote for some years, and then decided to change that. I do not remember why. I just thought I would direct that to his attention and ask him if he would have any comment on it.

Senator Roblin: The honourable gentleman has a splendid memory. What he says is perfectly correct. When I was first elected in the city of Winnipeg, there were four candidates to be elected in one seat. Before that there were 10 candidates in one seat in the city of Winnipeg. For example, there were 15 names placed on the ballot and the voters were asked to mark the first 10 in their order of preference.

Senator Frith: Was there no party affiliation?

Senator Roblin: I cannot tell you whether there was any party affiliation. There may have been, but I cannot remember. In any case, that system was in vogue in Manitoba. It was then decided that the 10 or four-seat arrangement was not desired, so they split that up into single-member seats. Once they had done that, then, of course, the merit of the transferable vote had disappeared. So, that was abandoned.

It seems to me that, for the Senate, the transferable vote has a great deal of merit and could well be considered if we got serious about this.

Senator Goldenberg: I was not being political; I just wanted that information. I am not criticizing the proposal.

Hon. Andrew Thompson: May I ask Senator Roblin a question? I noticed at the conclusion of his answer to Senator McElman's question he said that one of the regrettable things, without being personal about any prime minister, was that the function of the House of Commons was to retain the authority of the executive and the prime minister. I assume he would agree that that would also swing into the Senate, with its makeup.

Because of the costs involved in winning an election campaign, surely those who are elected with the aid of a party would be deeply beholden to the party and to the government or the opposition. Is there any way that you could arrange it so that there would be an independent group elected to the Senate rather than a group associated with a party?

Senator Roblin: There are really two systems to which I have referred. The first system is a type of proportional

representation. The way that would work, to give you an example using the province of Manitoba, is that every recognized political party—and there are rules as to who they are—could submit a list of six names, if six senators were to be elected. That party list would have them in order. When the time came for the election, the voter would go into the polling booth and would say, "I am going to vote Liberal." That is an unlikely proposition, but the voters can decide on that themselves!

Senator Frith: Up to now that has been the historic situation.

Senator Roblin: The ballot is cast for one of the six Liberal names. If there were any Tories in Manitoba, they would go into the polling booth and they might vote for the Conservative list with six names on it, as would be the situation with the N.D.P. and the Canada West Party, or whatever it calls itself. When the votes were counted, and if the Conservatives got their usual 50 per cent of the vote, they would get the first three, and they would be in the order in which they were listed on the slate. The political party involved would decide in what order they would appear.

Senator Frith: That is the party slate.

Senator Roblin: One does not have to draw a picture to see the problems that might arise.

Another system, and I think a better one, is to have the political parties name their six candidates, tell the voter that when he goes into the polling booth he does not have to vote for any party slate, that there are 36 names, or whatever, on the list and that he has to elect six of them. He will then pick the six he wants. They could be Conservatives, Tories, Independents, what-have-you. In that system, you would get a cross-vote and that would make it unlikely that the party manipulations that might be feared under the first system would prevail. I think it would be a system that would ensure a relatively unbiased selection of candidates, and the voter would be the one who decided which ones he liked best, not the political parties.

Senator Frith: Under this system, would there be a way of getting on the ballot without being sponsored by a party?

Senator Roblin: I think there would have to be, because you would have to make room for Independents.

Senator Thompson: My point was that there are many people who are not connected with political parties who want to become elected representatives. They campaign but never seem to do very well in elections. With your experience in politics, I think you know that someone who runs as an Independent just does not make it.

Senator Roblin: I do not wish to monopolize this debate, but I can tell you an interesting tale on that very point, because in the days when the city of Winnipeg was a multi-member seat, there was an independent gentleman named Lewis St. George Stubbs—Judge Stubbs. He ran against the government, and everyone in sight, and always came in at the head of the polls. He always streaked ahead of the party politicians and left them plodding along at the rear. So, it seems to me that this system of the transferable vote will allow an outstanding independent candidate to be elected—and Judge Stubbs was outstanding.

On motion of Senator Bosa, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, February 25, 1982

The Senate met at 2 p.m., the Honourable Renaude Lapointe, P.C., Speaker *pro tem*, in the Chair.

Prayers.

NEWFOUNDLAND

LOSS OF DRILL RIG *OCEAN RANGER*—ESTABLISHMENT OF JOINT COMMISSION OF INQUIRY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I am pleased to announce that a joint commission of inquiry into the *Ocean Ranger* disaster has been put in place. May I read the following statement:

> The Honourable Jean-Luc Pepin, Minister of Transport, and the Honourable Marc Lalonde, Minister of Energy, Mines and Resources, join with William Marshall, President of the Executive Council and Minister Responsible for Energy for the Province of Newfoundland, in announcing the establishment of a joint commission of inquiry into the circumstances surrounding the sinking of the *Ocean Ranger* on February 15th, 1982.
>
> The chairman of the joint commission of inquiry will be the Honourable T. Alexander Hickman, Chief Justice of the Trial Division of the Supreme Court of Newfoundland.
>
> Chief Justice Hickman will be assisted by the Honourable Gordon Winter, Q.C., a former lieutenant-governor of Newfoundland, who will act as vice-chairman, and by four commissioners. These are: St. John's lawyer, Fintan Aylward, Q.C.; marine engineer and naval architect, Jan Furst; former president of Memorial University of Newfoundland, Moses Morgan; and engineer, Bruce Pardy of St. John's.
>
> Identical terms of reference for the inquiry will shortly be adopted by both levels of government and released at that time. The commission's final report will be made public.

I am very pleased to be able to make this announcement on behalf of the government today.

Hon. C. William Doody: Honourable senators, on a point of clarification, I may have misunderstood the Leader of the Government, but I thought he said that Jan Furst was a former President of Memorial University. That is incorrect. Moses Morgan is a former President of Memorial University, not Jan Furst. Jan Furst is a naval architect from Norway who has been working in the province for some time now.

Senator Perrault: Honourable senators, the four commissioners are: St. John's lawyer, Fintan Aylward, Q.C.; marine engineer and naval architect, Jan Furst; former President of Memorial University of Newfoundland, Moses Morgan; and engineer Bruce Pardy of St. John's.

Senator Doody: It was a matter of punctuation.

Hon. Eric Cook: It is the Honourable Gordon Winter, O.C.. The leader said "Q.C."

Hon. Royce Frith (Deputy Leader of the Government): Apart from that, how did you like the announcement?

Hon. Duff Roblin (Deputy Leader of the Opposition): It is good news.

PROFESSIONAL SPORT

NATIONAL HOCKEY LEAGUE—WAYNE GRETZKY—FELICITATIONS ON SETTING GOAL-SCORING RECORD

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(h), I move:

> That members of the Senate extend their sincere congratulations and best wishes to Canada's Wayne Gretzky, the Edmonton Oilers superstar, who became last night the first player in professional hockey to score more than 76 goals in one season; and—

Hon. Senators: Hear, hear.

Senator Olson:

> That the Senate would like to thank Mr. Gretzky for showing the world that Canadian hockey standards, far from being in decline, are producing athletes capable of reaching heights never before imagined.

Hon. Senators: Hear, hear.

Hon. Jacques Flynn (Leader of the Opposition): That's a better record than the government's.

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

Senator Flynn: Leave is granted.

Motion agreed to.

TRANSPORT AND COMMUNICATIONS

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the name of the Honourable Senator Lucier be substituted for that of the Honourable Senator Denis on the list of senators serving on the Standing Senate Committee on Transport and Communications.

Motion agreed to.

• (1400)

NORTHERN PIPELINE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. John M. Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Charbonneau be substituted for that of the Honourable Senator Tremblay on the list of senators serving on the Special Committee of the Senate on the Northern Pipeline.

Motion agreed to.

BANKING, TRADE AND COMMERCE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. John M. Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the names of the Honourable Senators Murray and Tremblay be substitued for those of the Honourable Senators Beaubien and Smith on the list of senators serving on the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday next, March 2, 1982, at 8 o'clock in the evening.

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

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

ECONOMIC DEVELOPMENT

MEGA-PROJECTS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, to follow up on my questions to the Minister of State for Economic Development, I asked him to give us a list of the projects which have been abandoned or postponed, and suggested that the first on that list would be Alsands. I see today that two companies have withdrawn from the project and that no one seems willing to replace them. Is the minister still as optimistic concerning the future of this project? In case he changes his mind and decides to give me a list of the mega-projects which have been abandoned or delayed, can he also give me a list indicating the proportion of bankruptcies representing assets of $1 million or more last year?

[*English*]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, with respect to the Alsands project, the Ministers of Energy of Canada and of Alberta have announced that further meetings will take place today to clear up a number of matters and, more particularly, to attempt to reach some agreement and to find out whether there is a way of taking up the 30 per cent of that project that has now been relinquished by a number of former partners. I do not think it would be useful for me to comment upon what may come out of that meeting until we have heard its results.

Insofar as the other part of the question is concerned, it is a matter of statistical evidence that is published monthly, I believe, with respect to the number of bankruptcies. I believe the Leader of the Opposition asked only for those bankruptcies amounting to $1 million or more. If that information is not in the statistics that arrive in his office, then perhaps on the same day as it arrives in my office I will do his homework for him and dig up the information.

Senator Flynn: I hope that you will be as kind to me as you were to Senator Bosa.

• (1410)

Senator Olson: Senator Bosa asked a question capable of being answered with factual and precise information.

Senator Flynn: You are capable of anything you put your mind to. The inferiority complex doesn't suit you.

Senator Olson: You have not phrased your question in the same way so, as I said yesterday, it is not capable of being answered by substantial and precise evidence which I usually use in the compilation of answers.

Hon. R. James Balfour: I have a supplementary question for the Minister of State for Economic Development. In light of the apparent collapse of the Alsands project, a stalled Cold Lake project, the difficulties facing the upgrading of heavy oil in Saskatchewan and Alberta as a result of a decline in international oil prices, and a continuing decline in conventional exploration in western Canada, will the minister re-affirm the intention of the Government of Canada to achieve energy self-sufficiency by 1990? At the same time, will he explain how this will be achieved?

Senator Olson: Honourable senators, a response would involve a very long speech. That speech would be a reiteration of a number of arguments or positions which have been put in front of, not only this chamber but the Canadian people.

It is a fact that, when circumstances change, you must re-examine the conclusions based on projections of the past.

One thing my honourable friend did not include in his preliminary comments—and since I am sure he is a man who likes to be fair, he would like it to be added—is that the

conservation program initiated and, in many ways, funded by the Canadian government has always been very effective. The projected increase in consumption has gone down rather significantly.

Hon. Lowell Murray: That is because of the Liberal recession.

Senator Balfour: As a further supplementary question to the honourable minister, is the apparent indifference shown by the Minister of Energy, Mines and Resources to the withdrawal of the main participants in the Alsands project caused by the fact that he, in the name of the Government of Canada, intends to move into Alsands and achieve *de facto* nationalization of the project? Is that what is intended, and, if so, at what cost to the Canadian taxpayer?

Senator Olson: The honourable senator prefaces his question with such words as "the apparent indifference shown by the Minister . . ." Of course, his assertion, in my view, is absolutely untrue, so there is no basis for answering the question.

Hon. Raymond J. Perrault (Leader of the Government): It is not a question.

Senator Balfour: Is it the intention of the Minister of Energy, Mines and Resources, in the name of the Government of Canada, to move into the Alsands project and achieve *de facto* nationalization of this project? Is that what is intended, and, if so, at what cost to the Canadian taxpayer?

Senator Olson: Honourable senators, the intention of the Minister of Energy, Mines and Resources is as he stated, and that is to set up a pricing and tax structure based on the assumption that the advice he received with respect to international oil price escalation, at that time, was valid. If circumstances have changed, and some of the cases indicate that that is so, then I suppose another look at the situation has to be taken.

The Minister of Energy, Mines and Resources has already said that meetings are taking place today and, therefore, all the subsequent opinions and conclusions that the honourable senator may have come to today have no validity whatever.

Senator Balfour: The honourable minister told us a few days ago that meetings are taking place, but it is perfectly clear to anyone that the project is in severe jeopardy, if it has not, in fact, collapsed.

I would expect the minister to take my next question as notice. In the next few days would the minister bring to this chamber a calculation as to the economic cost to Canada should the Alsands project collapse?

Senator Olson: Honourable senators, this question too is based on the premise that something is perfectly obvious to everyone. I am not one of that group that reaches a lot of conclusions without the facts. Unless my honourable friend is privy to the meetings that have taken place in the last few days, and which are, indeed, continuing to take place today, he is not in possession of all the factors relating to this project. If he wants to decide something before he has had a report from the people who are in possession of all the factors involved, that is up to him. That does not, however, make it obvious to everyone, and particularly not to me.

● (1415)

Senator Balfour: Is there any reason that the honourable senator can identify as to why the members of this chamber and, indeed, the public of Canada should not be in possession of those factors?

Senator Olson: Honourable senators, that is because it is perfectly logical for the participants in such major projects to have a few discussions with regard to the factors involved before reaching a decision to move forward. I do not see that there is anything unusual about that. Certainly, we ought to have a report from them before it becomes, as my honourable friend says, perfectly obvious to everyone, because it is not obvious to anyone until we have heard from the principals involved.

Senator Balfour: We heard from them today.

Senator Olson: You heard press speculation, that is all.

ENERGY

ALSANDS PROJECT—WITHDRAWAL OF PARTNERS

Hon. Guy Charbonneau: Honourable senators, I have a supplementary question. Given the government's goal of Canadianizing the industry, and in the light of Dome having gone out of the Alsands project, would the minister indicate to us if the government has any idea which Canadian investors would replace Dome Petroleum, and Shell, for that matter, who have walked out on the project?

Senator Olson: Honourable senators, I would expect that that would be one of the high priority items on the agenda of the meeting taking place now.

THE ECONOMY

PROJECTED GROWTH OF GROSS NATIONAL PRODUCT

Hon. Richard A. Donahoe: Honourable senators, I have a question that I would like to address to the Minister of State for Economic Development, if that is his correct title.

Hon. H. A. Olson (Minister of State for Economic Development): Economic and Regional Development, designate.

Senator Donahoe: We have not noticed any distinction in the east between the title that used to exist and the title that now exists.

Senator Olson: It is Minister of State for Economic and Regional Development, designate.

Senator Donahoe: Well, honourable senators, that changes his title but not my question.

I regret that in order to formulate this question it will be necessary for me to make a couple of factual assertions. I am ready and anxious to have any error there may be in those

factual assertions corrected, and in that case I will not proceed with my question. If my honourable friend can say that I am at fault, will he please do so? If he cannot, I will take his silence as acceptance of my statement.

The first assertion is that the main estimates provide for spending 16 per cent higher than the 1981-1982 estimates.

I hear no challenge; therefore, I take it that the statement is correct.

Senator Olson: It is not necessarily correct.

Senator Donahoe: The second assertion is that on January 12, 1980—and I have a good memory—then opposition leader Trudeau—and I might explain that that opposition leader Trudeau is the man who now occupies the position of Prime Minister of Canada, since I would not want anyone to make any mistake with regard to the personalities involved here—said, and I quote—

Hon. Raymond J. Perrault (Leader of the Government): Let us make it non-partisan, now.

Senator Donahoe: It is not partisan. It is from his own lips. How can it be partisan? I said it was a quotation. The words are not mine, but the words of the then Leader of the Opposition, now the Prime Minister of Canada. These are his words:

> We will hold the line on government expenditure growth to under the rate of GNP.

I am waiting again for contradiction of the assertion that those were his words. Have I quoted them out of context?

• (1420)

Honourable senators, I have one final statement to make and it is that the nominal growth in GNP for 1981-82 is expected to be 14.1 per cent.

Some Hon. Senators: Hear, hear!

Senator Olson: That is very significant growth.

Senator Donahoe: I can readily accept those statements as being factually correct, can I?

Hon. Royce Frith (Deputy Leader of the Government): No, you cannot.

Senator Donahoe: I now come to the point, honourable senators. Is the government projecting a nominal growth in GNP for 1982-83 of 16 per cent, or is this another deceptive campaign promise which has been forsaken by Mr. Trudeau?

Senator Olson: Honourable senators, for all the rhetoric that went into the preamble to the question, which my honourable friend alleges to be fact, I will have to check the figure of 16 per cent. The compilation of such a figure depends on whether one is adding apples and apples or apples and oranges. My friends opposite have a bad habit of doing the latter every once in a while.

In any event, I think the honourable senator will agree that the figure of 14.6 per cent growth in the GNP is a rather significant amount for Canada. I would expect that it is substantially ahead of that of most other nations in the world. For that we would want to congratulate ourselves on both sides of the house.

As to the other numbers, I would like to have a good look at them. I wonder if he would mind telling me how he reached that figure of 16 per cent. With respect to the compilation of such figures, the main estimates plus the supplementary estimates must be taken into account, as I am sure my honourable friend knows. Before accepting what he claims are assertions of fact, we would want to have some discussion with him as to how he arrived at those figures.

Senator Donahoe: If I may be permitted a supplementary question, honourable senators, I would simply ask the honourable minister if the figure 14.1 per cent is less than the figure 16 per cent?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): That depends on your calculations.

Senator Olson: The answer is yes.

Senator Frith: Providing both are apples and one is not an orange.

INDUSTRY

CONSOLIDATED COMPUTER INC.—GOVERNMENT INVOLVEMENT

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate. Much has been written and said about the government's involvement in the company known as Consolidated Computer Inc. I am referring to the recent release of a report, which is now referred to in the media as the Anderson report, which stated that this company was never a financially viable company, and that a review of its financial statements at any point in its history could have confirmed this. I wonder if the Leader of the Government would indicate, or undertake to find out, how often this company's financial statements were reviewed subsequent to 1971, when the government did convert its shares to equity. As well, I wonder if he could tell us the rules applied by the government with regard to annual reviews of the financial operations of companies in which the government has public funds invested?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I do not have information with regard to that particular matter. I understand that our colleague, Senator Olson, is also not in a position to bring the information to the chamber immediately. The question, however, will be taken as notice.

Senator Nurgitz: I have two supplementary questions, both of which can be taken as notice. Has the government now, at least, looked into the question of other possible investments of this type? I am not speaking of this specific business, but rather of the investment of public funds in companies where financial reviews are not being conducted. I should also like to know if the Leader of the Government would confirm the authenticity of four letters which apparently were exchanged

between the Minister of Industry, Trade and Commerce and the President of the Treasury Board of this government, one in particular dealing with this company, in which it was said that a company in which the federal government is an important shareholder cannot be permitted to fail in a disorderly manner.

Senator Perrault: Honourable senators, I will be pleased to bring to you a statement on this matter.

Hon. John M. Godfrey: Honourable senators, I have a supplementary question for the Leader of the Government in the Senate. In view of the fact that the report is now available to members of the opposition in this chamber and to the press, will the government make it available to the people of Canada in general, and government supporters in this house in particular, under the guidelines of freedom of information which the Prime Minister has enunciated in the past?

• (1425)

Senator Perrault: Honourable senators, I do not know the distribution pattern for this particular document, but inquiries will be made.

Hon. Lowell Murray: It's a cover up.

GRAIN

CANADIAN WHEAT BOARD—STATUS OF EXPORTS

Hon. Gildas L. Molgat: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board. In view of the very difficult weather conditions on the prairies particularly in January and most of February, does he expect the Canadian Wheat Board to reach its export target in the coming year, and is it up to date now? Can he give us a report on that matter?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, the Canadian Wheat Board's target, for the period August 1, 1981 to March 1982, was set at 15.1 million tonnes with 4.3 million tonnes being the portion for January to March 1982. There have been extremely unfavourable weather conditions on the prairies this winter with persistently low temperatures. There has been excessive snow through the mountains resulting in snowslides which have caused the movement for the first two months of 1982 to be behind target. Unload performance at the west coast was running behind last year for a five-week period during mid-January to early February, but during the last couple of weeks unloads have exceeded last year's levels, and I am optimistic that unloads for this current week may reach the target of 3,500 cars.

Unloads into Thunder Bay were also reduced during a four-week period in late January and early February, but the last few weeks have seen an improvement in unloads at Thunder Bay. The reduced unloads into Thunder Bay did not affect the rail movement from Thunder Bay to the St. Lawrence. This rail program has now exceeded the midway point of the target of 1.5 million tonnes. I am optimistic that the program will be completed by the opening of navigation with only 0.6 million tonnes yet to be moved.

[Senator Nurgitz.]

During the five-month period of March to July 1982, with the heavy snowfalls in the mountain regions, there is the possibility of rail disruptions this spring. Even though there will be a need for catching up, the necessary supplies of grain are adequate to enable the system to continue moving well in both directions once navigation resumes.

The current situation—

Hon. Richard A. Donahoe: Not another page!

Hon. R. James Balfour: Dispense!

Senator Argue: —is such that up to February 17, 1982, producer deliveries from western farms were 14.2 million tonnes compared with 14 million tonnes during the same period last year.

Hon. C. William Doody: May we have a copy of that, please?

Senator Argue: Exports of grain to February 17, 1982, not including products, were 13.2 million tonnes compared with 11.8 million tonnes in the same period last year. This excellent performance, despite recent extremely adverse conditions, has shown that the export target is still attainable. With continued excellent performance from our entire system, I am confident that the 26 million tonnes export target for this year will be met.

Senator Donahoe: Honourable senators, I do not know if what I am about to propose is in order or not; if I am out of order, I trust that Madam Speaker will tell me so immediately.

Hon. Raymond J. Perrault (Leader of the Government): Is it in order to congratulate Senator Argue?

Senator Donahoe: I merely wish to move that this house go on record as commending the minister in charge of the Canadian Wheat Board for the excellent speech of which he has delivered himself in reply to an ordinary question planted neatly by one of his colleagues.

Senator Argue: I thank the honourable senator, but I certainly cannot say the same thing about the speech he delivered a few minutes ago.

Hon. Orville H. Phillips: Honourable senators, may I ask Senator Argue if I can get that reply from the *Globe and Mail*?

EMPLOYMENT AND IMMIGRATION

THE ESTIMATES—JOB CREATION—REDUCTION IN VOTE

Hon. C. William Doody: Honourable senators, may I ask a question of the minister who is now responsible for regional development. I did not even hear a sigh. I do not really expect the minister to be able to answer with the spontaneity and total recall of his colleague and seatmate who answers on behalf of the Canadian Wheat Board. I did notice in the estimates that the vote for Employment and Immigration for job creation has been cut to $216 million from $318 million last year. I find that startling and frightening in view of the

current unemployment situation, particularly in some of the more disadvantaged regions of the country.

• (1430)

I contrast that with the fact that there has been a 14 per cent increase in the advertising budget. It is now up to $70 million. We have $70 million allocated to get pictures of Canada geese flying up the Ottawa flyway to their appointed spots around the cabinet table. In any event, I wonder if the minister can tell us what the priorities are in such a decision and how they are arrived at, and what comfort the unemployed can take from those figures.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, job creation expenditures shown in the Employment and Immigration estimates for 1981-82 come to $318 million, as reported. To this must be added additional funds expended by other departments in the amount of another $100 million for the summer student employment program, which bring 1981-82 expenditures to a total of $351 million. The main estimates show a figure of $216 million for 1982-83, but that must similarly be increased by summer job creation expenditures placed in the estimates of other departments, bringing the figure to $316 million.

I must point out that, as is usual, the main estimates can show only those expenditures which were planned at the time they were printed. The government determines its job creation expenditures on the basis of the need for them as it evolves through the fiscal year, and thus, although an expenditure of $318 million is shown for 1981-82 in the main estimates recently tabled, the main estimates tabled a year ago for 1981-82 showed a job creation figure of only $143 million.

Hon. Royce Frith (Deputy Leader of the Government): You wanted total recall. There it is.

Senator Olson: The main estimates for 1982-83 are, therefore, only a portion of the story. The government already plans, following the job creation initiatives announced in December, to request supplementary estimates for 1982-83 totalling $25 million, bringing the 1982-83 figure to $341 million. In addition, the government has undertaken a program of work sharing for which $10 million in unemployment insurance funds was authorized and for which, because of the strong interest on the part of employers and workers across the country, an increase to $30 million has been requested. A further $20 million in funding for job creation under the Unemployment Insurance Act has been authorized, and most of this additional funding will occur in 1982-83, bringing the 1982-83 figure to approximately $386 million, an increase of about $35 million over 1981-82—which, of course, is contrary to the assertion my friend was about to make.

I must point out that the main estimates in past years have included only a portion of the funds actually expended during the year for on-the-job training.

To conclude, the government will monitor the needs carefully and will determine this summer whether a new program cycle and additional funds are required for the winter of 1983. That is not in the main estimates at the moment. The $74 million Employment and Immigration reserve is normally allocated to training programs to ensure that they fully reflect cost increases and to maintain training capacity. The minister, of course, will be announcing the funding levels to the new national training program separately, as discussions with the provinces proceed.

Senator Frith: Next question.

Senator Doody: May I ask for a total on that?

Senator Olson: Which total would the honourable senator like? As I recall, the honourable senator spoke about $216 million being the total amount in the main estimates, and I carefully pointed out to him that there had been an increase of $100 million in the summer student employment program, bringing the total up to $316 million. I went on to explain to him, in case he was not following what I was saying, that there was a further amount in the December supplementary estimates for 1982-83 totalling $25 million, bringing the figure up to $341 million. There is more. There is the $10 million in the Unemployment Insurance Fund that was authorized, and which was provided, and indeed another $20 million has been requested. In addition, $20 million in funding for job creation under the Unemployment Insurance Act has been authorized, which brings the total to approximately $386 million, and not $216 million, as mentioned by the honourable senator.

Senator Doody: So it does not take into account the inflation rate up to last year.

Senator Olson: The inflation rate last year was somewhere around 12 per cent. If we take $216 million and multiply that figure by 12 per cent, it falls a long way short of the $386 million which I mentioned.

Senator Doody: It was $318 million last year. Now the total has gone to $386 million.

Hon. Richard A. Donahoe: Ask him if they were in the supplementary estimates last year.

Senator Doody: Perhaps, when the budget is brought down later this month, there will be new estimates at that time to incorporate all these figures.

Senator Olson: Honourable senators, there is no plan to bring down a budget later this month, and there is no plan to bring in any revised supplementary estimates—that is, main estimates. There possibly could be a number of supplementary estimates throughout the year dealing with this program, which I have explained to the honourable senator. The greatest problem we shall have is in getting honourable senators opposite to understand what has been a standard practice in tabling main estimates along with the supplementary estimates for which some funds have already been authorized. They are put in the supplementary estimates from time to time as they are approved for expenditure.

Senator Doody: Thank you.

Hon. Robert Muir: Honourable senators, I have a supplementary question for the Minister of State for Economic

Development, for Economic and Regional Development, and all things bright and beautiful.

Senator Olson: "Minister of State for Economic Development" will do.

Senator Muir: In view of the tremendously high unemployment across the country, and the much higher unemployment in the Atlantic region, which generally is the situation—if unemployment hurts a little in Ontario, it hurts like hell on the east coast—can the minister tell me, as a result of all the grandiose and wonderful things that have been done, as he has stated, through the spending of hundreds of millions of dollars, how much the unemployment rate has been reduced across the country, particularly on the Atlantic coast, in respect of this year, the year before and the year before that?

Senator Olson: Honourable senators, I would be happy to bring to the house a compilation of government expenditures for economic development and, therefore, job creation in the Atlantic provinces. Whether or not there is a direct and proportional correlation that can be made between that and the change in the unemployment rate, I am not sure, though it does indicate a sincere and determined effort on the part of the government to be helpful in the situation, however difficult it is.

Senator Muir: Honourable senators, I have a further supplementary question for the Minister of State for Economic Development. Has the unemployment rate gone down in the Atlantic region, or has it gone up?

• (1440)

Senator Olson: That is a matter of statistical evidence and is compiled by Statistics Canada. If my honourable friend does not have that report in his office, I shall be glad to provide him with a copy of that Statistics Canada report.

Senator Muir: I would be pleased and honoured to have that report.

May I ask a further supplementary question? Could not some of these millions of dollars in foreign aid that are being spent on these projects be diverted to assist the unemployed in Canada? I realize that foreign aid is important, and I am not against it because I think it is a wonderful thing, but when Canadians are suffering as a result of unemployment, then one has to think about them.

At the moment I am thinking of the $200 million program by CIDA to construct two airports in Trinidad and Tobago. I am also thinking of the millions of dollars being spent in Algeria for a monument. That may or may not be a worthy thing. I am not as bright as the minister and do not know whether that is a great feat or whether that is something that the Canadian government should be involved in, but would he not think that at this particular time in history, and because the economic situation is so bad, some of those monies should be used, and would be put to better use, in Canada?

Senator Olson: Honourable senators, I agree that that is a correct assumption and opinion. I think my honourable friend would agree that this government is pursuing exactly that line.

[Senator Muir.]

For example, on one project that he partially identified—that being the one in Algeria, insofar as the Export Development Corporation is concerned—all of those funds are being spent in Canada and will therefore, create employment for Canadians.

These projects are not tied to Canadian content, but insofar as the Export Development Corporation is concerned, and the projects that it undertakes, it only finances that portion of those projects that are purchased in Canada, thereby creating jobs for Canadians.

Senator Muir: I hesitate to continue this, but I do not speak often in this chamber. I continue out of the goodness and kindness of my heart, but would the minister not agree, and would the government not agree, that it would be much better to provide monies to feed the hungry of the world rather than to build these gigantic monuments to God-knows-what? Would it not be better to clothe, house and feed the needy in the world, including Canada, instead of creating these gigantic monuments, whether they be constructed of ivory or concrete?

Senator Olson: My honourable friend seems to be well acquainted with some project that he alleges Canada or CIDA or the Export Development Corporation is funding. I am not sure which one he is identifying. The statement I made a minute ago has to do with the Export Development Corporation, and I can tell him again that, while he may have his views on this, I do know that there is no financing done on those projects that do not involve Canadian content and therefore the creation of jobs in Canada.

FARM CREDIT CORPORATION

CONTINUATION OF LOW INTEREST LOANS

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have an answer to a question asked by Senator Phillips yesterday. I ask that it be taken as read.

Hon. Senators: Agreed.

(*The answer follows:*)

Special Farm Financial Assistance Program

As of February 15, the Farm Credit Corporation had approved $28,376,890 of the $45.4 million allocated to the Special Farm Financial Assistance Program. This represents 221 borrowers. The breakdown by region is as follows:

British Columbia	11	$ 2,406,400
Alberta	12	2,670,200
Saskatchewan	30	3,361,590
Manitoba	22	3,314,900
Ontario	84	10,947,700
Québec	37	3,386,000
Atlantic	25	2,290,100
Canada	221	28,376,890

FCC presently has enough applications on hand to use up the remaining funds. Since the program ends March 31, 1982 it is understandable that funds have already been exhausted. It should be remembered this program was introduced as a form of short term relief. It was the government's intention to provide assistance as quickly as possible to as many farmers as possible who are facing financial difficulties. Funds under this program have to be disbursed by March 31.

For the month of March FCC has between $15 and $20 million remaining in its regular lending program. Every effort will be made to assist as many farmers as possible under this program.

THE SENATE

REFORM—MOTION RE ELECTION OF MEMBERS—POINT OF ORDER

On the Orders of the Day:

Hon. Orville H. Phillips: Honourable senators, I rise on a point of order arising out of yesterday's proceedings. I ask the indulgence of the Senate to permit me to give some of the background.

On Tuesday, February 23, the Honourable Senator Roblin gave notice that "on Thursday next, February 25, 1982," he would move:

> That this house affirms that the federal character of representative and responsible government in Canada will be strengthened if the membership of the Senate is constituted by election rather than by appointment.

The Honourable Senator Roblin did not cease his remarks at the end of that motion but went on to state:

> In giving this notice, honourable senators, I ask the permission of the Senate to make my speech on this motion tomorrow, rather than on Thursday, in the interest of seeing it advance to the stage where those who may agree or disagree with it will have a full opportunity to take a fling at the subject. I hope that that will be acceptable.

Honourable senators, that portion was not included in *Debates of the Senate*. I realize it is customary to omit Notices of Inquiries and Notices of Motions, providing there is no debate, but the fact that the Honourable Senator Roblin went on, after giving notice, constitutes debate as far as the Senate is concerned. It may have been that there was no thrust back and forth across the chamber, and quite often there is not, but debate did occur, and I submit that this portion of the Honourable Senator Roblin's remarks was deliberately deleted from the record.

Hon. Royce Frith (Deputy Leader of the Opposition): Shame!

Senator Phillips: I want to point out, honourable senators, that I have read those remarks into the record and should like to see them remain in the record.

Honourable senators, we must ask ourselves who took it upon themselves, who assumed the authority, to alter the debates of this chamber.

Senator Roblin stated that he would move the motion on Thursday, February 25, yet the *Minutes of the Proceedings of the Senate* list him as having given notice for Wednesday, February 24. I would point out that yesterday no less a personage than the Deputy Leader of the Government, in his remarks, confirmed that Senator Roblin did say he was moving the motion on February 25.

There was a question arising as to whether 24 or 48 hours' notice was required. That is really immaterial, honourable senators, because the notice stated that the motion would be moved on February 25. That provided for 48 hours' notice. I ask you, honourable senators, who had the authority to change Senator Roblin's notice from Thursday, February 25 to Wednesday, February 24?

Senator Flynn, who was not present when Senator Roblin made his motion, argued that the motion would fall under rule 45 rather than rule 44. Again, I submit that is relevant because the notice was for Thursday, not Wednesday. Therefore, in my view, any attempt to move that motion yesterday was out of order, and it could only be moved with unanimous consent. The fact that the *Minutes of the Proceedings of the Senate* altered matters allowed the motion to be presented without unanimous consent and agreement being required.

● (1450)

The third portion of my point of order concerns rule 24. Rule 24 states:

> A motion made in the Senate, but not seconded, shall not be debated or put from the Chair.

I was present yesterday when Senator Roblin introduced his motion, and I do not recall a seconder being mentioned.

Senator Frith: Yesterday?

Senator Phillips: Yes.

Senator Frith: He mentioned Senator Deschatelets.

Senator Phillips: I did not hear that. In that case, Senator Roblin put the motion properly. However, I have no recollection of the motion ever having been placed before the chamber by the Chair. *Debates of the Senate* of yesterday gives no indication that the motion was placed before this chamber.

To summarize, honourable senators, I ask three questions. The first is: Who deleted a portion of the debate, and where did the authority come from to delete that portion? Personally, I would have liked to refer to that in my point of order yesterday, but since it was not in *Debates of the Senate* I could not refer to it. My second question is: Who has the authority to change Senator Roblin's motion from the 25th to the 24th? And my third and final question is: If the motion was not put by the Chair, then were yesterday's proceedings in order?

The Rules of the Senate do not allow me to address a question to the Chair. However, I am hopeful that Madam Speaker will be gracious enough to consider my remarks to be at least a hint and perhaps even a suggestion for a reply, because the Clerk and the staff of *Hansard* are unable to reply. I think a reply is required.

Senator Frith: Honourable senators, there is no question that Senator Phillips has raised a genuine point of order, and perhaps it must be ruled upon. Certainly, we could use the guidance that would flow from such a ruling.

As I understand the essence of his point of order, as distinct from his questions as to who did what, it is that the motion, having been put down for Thursday, should have appeared under Motions for Thursday. I do not think there is any question there. Most of us can remember Senator Roblin's saying something to the effect, "But I would like to speak on it tomorrow"—namely, Wednesday. I suspect that what happened was that those in charge of the *Debates* and the *Proceedings*, not hearing anyone say "Nay" to that suggestion, assumed that Senator Roblin had been given leave to speak on the following day.

I agree with Senator Phillips in that the evidence to support that position is a bit thin, because I do not know how many people knew what was going on. Certainly, there was no specific request in such words as, "Do I have leave to do so?" Senator Phillips is correct in suggesting that one of us should have said, "Now let's be sure that leave is being granted." But none of us made that suggestion. I believe there was a general feeling of agreement that Senator Roblin would be allowed to speak on the following day, but I cannot give it any more credibility than that.

Under those circumstances, it may or may not have been a good idea for those who are responsible for the preparation of the *Minutes* to assume that leave had been granted. In any event, we have learned a lesson there, that, for their assistance, we should make it very clear as to whether or not we are granting leave.

I am not sure whether Senator Phillips will agree with me on the point that Senator Roblin did not need to give two days' notice. Certainly, we agree that whether or not he needed to, he did give notice for Thursday. Whether or not everybody felt Senator Roblin had leave to proceed on the following day, I agree with Senator Phillips that it was not made clear in the chamber or in the *Debates*.

So maybe we do not need a ruling when we agree on what should have happened. That is, either Senator Roblin should have given notice for the following day, which was all he had to do, or, when he appeared to ask for leave to proceed on the following day, we should have made our position very clear and we should have had the Speaker put the question as to whether leave was or was not granted. Anyway, no one objected.

Hon. Maurice Lamontagne: Senator Flynn said leave was not necessary.

[Senator Phillips.]

Senator Frith: Yes, Senator Flynn did say during the discussion yesterday that leave was not necessary to give notice for Wednesday. However, Senator Phillips' point is that although leave was not necessary to give notice for Wednesday, for some reason Senator Roblin gave notice for Thursday and, therefore, the proceedings were unusual.

When Senator Roblin indicated that he wanted to speak on Wednesday, it was his duty, or perhaps mine, to ensure that leave was properly asked for. As to whether the motion was actually put yesterday, I can find no evidence in the record and I cannot recall whether or not it was put. My recollection is that in the somewhat unusual circumstances and the confusion as to what was happening, from a procedural point of view, though things seemed perfectly clear to me at the time, perhaps the motion was not put.

In any event, if Senator Phillips and I agree as to what should have happened, that no leave was necessary were notice given for Wednesday, and that if notice was given for Thursday and a request was made to proceed on Wednesday, then the Senate should have given its approval to the procedure—because the Senate can give leave for anything of its own accord on such procedures—and when the motion was called it should have been put formally. If we do not agree, then we should have a ruling.

Senator Phillips: Honourable senators, I thank Senator Frith for his intervention. I am pleased that we agree on several points. However, throughout his remarks I detected the notion that no one objected when Senator Roblin said he would like leave to proceed on Wednesday. At least two and possibly three senators in this area of the chamber said, "Thursday." I do not know what more is expected of us. Are we supposed to shoot poisoned darts at Senator Roblin and at the Speaker? I would have thought that, once we objected, the matter would be debated on Thursday.

● (1500)

Senator Frith: Did you say that on Tuesday evening?

Senator Phillips: Yes.

Senator Frith: I do remember that someone said, "Thursday." I thought you said that yesterday, but if you say it was Tuesday night, I accept your word. It makes it obvious that we should have paused for a moment in order to better understand the situation. I think the point of order raised by Senator Phillips is well founded, and we should learn something from it.

The Hon. the Speaker *pro tem:* Honourable senators, yesterday I put the following question:

> Honourable senators, I believe this motion falls under rule 45.

I then said:

> Does Senator Roblin have leave to speak to this motion today?

No one rose and Senator Flynn said, "We do not need to give leave," And everyone said, "Agreed."

Perhaps I omitted to put the motion in its complete form. Therefore, at the conclusion of the debate I will put the motion in accordance with the rules, and then everyone will understand that Senator Deschatelets is the seconder of the motion.

I beg Senator Phillips' forgiveness for my omission, and perhaps Senator Frith also seeks forgiveness for his omission.

THE SENATE

ORDERS OF THE DAY—TRANSPOSITION OF ORDERS NO. 3 AND NO. 4

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, although Senator Guay and Senator Murray have not decided when they wish to go ahead with Orders No. 3 and No. 4, am I right that they have agreed that the orders would be better dealt with in the reverse order? Is that agreed?

Hon. Lowell Murray: That is correct, honourable senators.

Senator Frith: Perhaps it is not a matter of great consequence, but for the sake of some symmetry, we will reverse these Orders, so that "consideration of the First Report of the Special Joint Committee on Official Languages," standing in Senator Murray's name, appears, from here on, in the Orders of the Day ahead of "Consideration of the Second Report of the Special Joint Committee on Official Languages," standing in Senator Guay's name.

Hon. Senators: Agreed.

EL SALVADOR

POLITICAL, MILITARY AND SOCIAL SITUATION—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Macquarrie calling the attention of the Senate to
>
> (1) the increasingly dangerous political, military and social situation in El Salvador;
>
> (2) the compelling hazards of third party interventions and the possibility of the escalation of hostile actions within El Salvador;
>
> (3) the further compelling importance of the resolution of the conflict by means of a political settlement rather than through recourse to sustained and bloody armed conflict; and
>
> (4) the value of Canadian encouragement and support of the efforts of those individuals and groups seeking mediation of the conflict in El Salvador.—(Honourable Senator Murray).

Hon. Lowell Murray: Honourable senators, I still have not had an opportunity to speak with Senator Macquarrie who is out of town, but I had a letter from him this morning in which he indicated that he proposes to close the debate on this matter. From that, I take it that he intends to speak again on this inquiry.

Hon. Royce Frith (Deputy Leader of the Government): Should we put it in his name?

Senator Murray: I think it would be an excellent idea to put the Order in Senator Macquarrie's name.

Order stands.

BROADCASTING

REGION 2 MF (AM) BROADCASTING CONFERENCE (SECOND SESSION)—DEBATE ADJOURNED

Hon. Peter A. Stollery rose pursuant to notice of Wednesday, February 24, 1982:

> That he will call the attention of the Senate to the Region 2 MF (AM) Broadcasting Conference (Second Session) held during November and December, 1981, in Rio de Janeiro, Brazil.

He said: Honourable senators, I will be as brief as possible. I think it would be appropriate for this chamber to hear a report on a very important conference that took place in the fall, particularly in view of the fact that next Friday, at the Conference Centre here in Ottawa, a seminar on the conference will be conducted.

The Rio de Janeiro plan, which will come into effect on July 1, 1983 and replace the North American Regional Broadcasting Agreement (NARBA), is the first western hemisphere plan for medium wave band radio—in other words, all ordinary AM radio stations.

During five weeks of torrential tropical rain in November and December, some 200 communications specialists from 24 countries in the western hemisphere, including a very able 11-person Canadian delegation, met in Rio and laboured over tortuous mathematical calculations by the thousands as they defined the operating areas of some 9,000 radio stations that cover the Americas. Among other things, they worked out an arrangement to ensure that the people who live in North York, Metropolitan Toronto, and who tune into 1010 on their radio dial after sundown, will continue to hear CFRB, one of the most commercial stations in Canada, and not Radio Havana.

Hon. Royce Frith (Deputy Leader of the Government): Who will continue to hear 1010?

Senator Stollery: The residents of North York, who live in the metropolitan area of Toronto, will continue to hear CFRB, one of the most powerful stations in Toronto, after sundown, and not, as may well have occurred, Radio Havana.

The complicated calculations completely jammed one very advanced IBM computer in Geneva with satellite hook-up.

The conference, sponsored by the International Telecommunications Union, took more than two years just to plan. Some have described it as the most complex technical international negotiation ever. A session in Buenos Aires, Argentina, lasted 19 days just to establish the technical basis for Rio de Janeiro.

One of the unusual features of a conference on telecommunications, refreshing to a parliamentarian like myself who

has only witnessed deadlock at international meetings and has stopped going, is that with telecommunications there must be agreement or chaos. "If you don't co-operate with me, then I won't co-operate with you, and our radio stations will interfere with each other and our satellites will interfere with each other." It is a process that I found fascinating, and I would like to share some of the details with you.

There were two interesting issues at Rio de Janeiro. They affect hundreds of thousands of Canadian consumers, and I think Canadians should be more aware of them. The first was technical but certainly comprehensible. It was the issue that attracted me in the first place.

You have to understand only basic broadcasting principles. As many are aware, broadcasting technique is based on the electromagnetic theory, one of the triumphs of nineteenth century science. The electromagnetic spectrum is the range, from zero to infinity, of how frequency per second radio waves are emitted from their source. The frequency of the wave, or hertz, is marked on your radio dial in thousands, or kilohertz. Less frequently emitted waves are longer; more frequently emitted waves are shorter. For example, the actual measurable length of a wave emitted with a frequency of 100 kilohertz is about three kilometers. Emitted one billion times per second, or one gigahertz, the wave is one foot long. Satellite transmission goes up to 20 gigahertz. The reason radio is described in terms like long, medium and short wave is because, in fact, the waves are long, medium and short.

The first issue to be settled in a master plan for the hemisphere was whether there should be more opportunity for AM broadcasting.

In the Americas, medium wave broadcasting takes place at spacings of 10 kilohertz along the spectrum from 535 kilohertz to 1,605 kilohertz. Subtract 535 from 1,605 and you have 1,070. Divided by 10, that makes 107 broadcasting channels. In the rest of the world medium wave broadcasting takes place at intervals of nine kilohertz, which gives you roughly 118 channels.

● (1510)

There is no question that the 9 kilohertz spacing would allow a great deal more competition. That was how the Carter administration saw it in the United States, but that is not how the Reagan administration, the United States and Canadian broadcasters or, remarkably, that defender of Canadian public interest, the CRTC, saw it. MPs were deluged with letters from their local broadcasters telling them to lobby the Minister of Communications not to change it. I do not believe one request was received from consumer interests for more competition. The Reagan approach, presented by Republican appointees to the Federal Communications Commission in the U.S., was summed up by the trade magazine *Broadcasting*.

> The prospect of 200 to 1400 new stations—the precise number would depend on the power of the outlets and the channels given up to satisfy needs of other countries in the region—does not seem worth the candle to a majority on the commission.

[Senator Stollery.]

The comment applies equally to Canadian established broadcasting interests.

The Canadian Department of Communications tried quite hard to encourage open debate on the subject, for once the hemispheric spacing agreement was made it was fixed for time. The broadcasters knew this, but the issue, which has enormous consumer implications—advertising costs being lowered with more competition, community radio, the general principle of the more the merrier—was not appealing enough for consumer groups who were notified by the minister.

The same major U.S. trade magazine, *Broadcasting*, described the Canadian planners as having "demonstrated impressive technical and political skills in winning major points . . ." Unfortunately, we exercised those skills in the rain of Rio de Janeiro totally on behalf of the established radio interests in Canada.

The second issue at Rio, protection for Canadian stations, revealed a fascinating example of one of the unfortunate characteristics of international relations, that too often the public and their political leaders do not readily see the practical implications of policy and of one country's relations with another.

The registration of national broadcast frequencies with the International Frequency Registration Board in Geneva is a very practical business. To be registered with the IFRB the frequency must be of such a power that the range does not interfere unacceptably with a station in another country. If you put a station on the air that interferes unacceptably then it cannot be registered and it receives no protection. This is where Canada-U.S.-Cuba relations enter broadcasting. Who would ever have thought that the future of CFRB Toronto, one of Canada's most valuable commercial radio stations, was connected with the CIA?

Canada and the U.S. have resolved their interference difficulties since 1950 under an agreement known as the North American Regional Broadcasting Agreement. This is the agreement which will be replaced by the Rio plan. Cuba was originally a member of NARBA. In fact, the NARBA office was originally in Havana. In broadcasting Cuba is considered an orderly country.

Nevertheless, because of the breakdown in U.S.-Cuban relations, there has been an increasing number of interference problems. As they are mutually destructive, the Cubans and Americans have met at the official level. Last August, partly in preparation for Rio in November, there was an important meeting in Washington at the State Department. The meeting was described as "delicate and difficult". It began on Monday and ended on Friday. Unfortunately, on Thursday the New York *Times* reported that the Reagan administration was considering the creation of "a separate agency for broadcasts to Cuba about internal developments and other news being censored in the Cuban press". The possible name for the station was reported as "Radio Broadcasting to Cuba".

Put simply, the Reagan administration was considering the expansion of a major irritant in U.S.-Cuban relations: the 50

kilowatt station operating from Marathon, Florida, broadcasting into Cuba, and owned by the CIA.

Article 30 of the International Radio Regulations says:

> Broadcasting stations in the medium band shall not employ power exceeding that necessary to maintain economically an effective national service of good quality within the frontiers of the country concerned.

In other words the Marathon, Florida, station is illegal and so is the planned expansion.

Now, the range of a radio station depends on many things. Power is obviously one of them. The highest power allowed in Canada or the U.S. is 50 kilowatts. CBL Toronto broadcasts with 50 kilowatts power and is permitted by international agreement "skywave coverage". At night CBL bounces the signal off the ionosphere so that at night its protected range is very great. The nearest station to CBL on the same frequency is in Orlando, Florida. Without a skywave you could have stations as close as Albany, New York, or Scranton, Pennsylvania.

As part of the planning process for the Rio de Janeiro conference, countries were obliged to submit a list of their stations to the IFRB by March 1980. Buried in those thousands of submissions were plans by Cuba to put two 500 kilowatt stations on the air assigned to 550 kilohertz and 1010 kilohertz. CFRB is 1010 on your dial. As one Canadian expert said to me, "The Department of Communications ran tests and decided that after sundown the range of CFRB would be an area about the size of a dime."

When our delegation was preparing to go to Rio, led by Mr. Ed DuCharme of the Department of Communications, foremost in everyone's mind was the need to protect CFRB. Working for them was the Reagan administration's penchant for wanting to, as one Latin American delegate told me, "twist the Cubans' nose."

Well, it ended badly for the Americans. I was one of those who watched the dramatic moment as the Cuban delegation walked out of the conference. It alarmed me to see the U.S. delegates, forced by political pressures at home, "twist the Cubans' nose" in full view of 150 or so Latin American technical and political people who would only go home and tell their friends, because, after all, in broadcasting if you do not co-operate you cannot win.

I suppose the omens had turned bad. An enormous boulder had been dislodged by the weeks of pouring rain and rolled down Sao Irmao hill on to the cable connecting the conference with the satellite and computer centre in Geneva, and the head of the U.S. delegation had his passport and money stolen.

The floor fight was brief. The Cubans tried to make a bloc change of 48 frequencies, of which six were controversial. They included the two 500 kilowatt stations. The Americans came back with an announcement that if the Cubans made changes they too would make changes, changes that would not affect Cuba so much but which would damage a lot of other countries, particularly in the Caribbean and northern South America. There was a secret ballot which the Americans won, except that it did not make much sense because the Cubans had no choice but to walk out of the conference.

Just after Christmas Cuba declared its changes unilaterally. As *Broadcasting* magazine commented:

> There now seems little in international law to prevent Cuba from causing additional problems.

CFRB was saved. 1010 on your dial went to 1040, the frequency reported under consideration by the U.S. for their expanded broadcasts into Cuba. Cuba struck out at a number of U.S. stations. One interesting station that will be adversely affected is KDKA Pittsburgh, North America's first commercial radio station.

Honourable senators, when in some months' time you begin to hear Radio Havana at night on your car radio, you will know why.

The Hon. the Speaker *pro tem:* Honourable senators, if no other senator wishes to speak on this matter, it will be considered as having been debated.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I think the subject is sufficiently interesting to justify keeping it alive, or "on the air," if I may so express it, so I move the adjournment of the debate.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until Tuesday, March 2, at 8 p.m.

THE SENATE

Tuesday, March 2, 1982

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

Prayers.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

ELEVENTH REPORT OF STANDING JOINT COMMITTEE TABLED

Hon. John M. Godfrey: Honourable senators, I have the honour to table the eleventh report of the Standing Joint Committee on Regulations and other Statutory Instruments. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

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

Hon. Senators: Agreed.

(*For text of report see Appendix "A", p. 3733.*)

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

Senator Godfrey: Honourable senators, I move that this report be taken into consideration on Wednesday, March 10.

Motion agreed to.

BUSINESS OF THE SENATE

On Notices of Motions

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this is not a Notice of Motion, but I should like to say that we hope to proceed this evening with second reading of Bill C-78. I may also be asking for consent to bring forward an order, standing in the name of Senator Croll, which was adjourned last week until tomorrow, Wednesday. If leave is granted, he would prefer to proceed this evening.

Hon. Jacques Flynn (Leader of the Opposition): To which order are you referring?

Senator Frith: It is not on today's Order Paper because it was adjourned until this Wednesday. I am referring to the resumption of the debate on the consideration of the report of the Standing Senate Committee on Health, Welfare and Science entitled: "Child at Risk."

Honourable senators, before we commence Question Period, I should point out that Senator Perrault, the Leader of the Government, has been delayed. He may be here later this evening, and certainly he will be here tomorrow.

Senator Flynn: We can proceed in the same manner.

Hon. Martial Asselin: I am very disappointed.

Senator Frith: I am happy to say that I have received briefings on some subjects that may be of interest to honourable senators. If I am asked the right questions, I shall attempt to answer them.

Hon. Duff Roblin (Deputy Leader of the Opposition): Are you trying to start something new around here?

QUESTION PERIOD

[*English*]

FEDERAL-PROVINCIAL RELATIONS

STATEMENTS BY LEADER OF THE GOVERNMENT IN THE SENATE AND PRIME MINISTER

Hon. Nathan Nurgitz: Honourable senators, I would prefer to address my question to the Leader of the Government in the Senate but, since he has been delayed, I hope that the deputy leader has in his book the music relating to federal-provincial affairs. Last Wednesday the leader in this chamber said:

● (2010)

> This government is committed to co-operative federal-provincial relations . . . But every effort is being made in all areas to attain friendly and co-operative agreements on all such matters.

That was on Wednesday.

Hon. Richard A. Donahoe: Nice thought.

Senator Nurgitz: On Thursday, the Prime Minister of this country told his press conference:

> I thought we could build a strong Canada through co-operation. I have been disillusioned.

My question, hopefully for the Deputy Leader of the Government, is: Was the leader unaware of this new approach on Wednesday, or was the abandonment of co-operative federalism only formalized at Thursday's cabinet meeting?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have begun, as they say in baseball, 0 for 1.

Hon. Martial Asselin: Touché.

Senator Frith: I do not have an answer to that question, and, anyway, under no circumstances would I attempt to answer a question of that kind on behalf of the Leader of the Government in the Senate, or on behalf of any other cabinet minister or senator.

Senator Nurgitz: Would the deputy leader take the question as notice on behalf of the leader?

Senator Frith: Agreed.

THE ECONOMY

INCREASE IN CAPITAL OUTFLOW

Hon. R. James Balfour: Honourable senators, may I ask a question of the Minister of State for Economic Development?

On February 18 I posed a question to the honourable senator concerning the rate of capital outflow during 1981, and specifically for the four quarters ending on September 30, 1981, in comparison with the average rate of capital outflow during the 1970s. Is the honourable senator in a position to respond to that question?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, no. I do not have the exact information with respect to that with me. I will, however, ask that a reply, or a form of reply that is appropriate for the form in which the question was put, be expedited.

ENERGY

ALSANDS PROJECT—WITHDRAWAL OF PARTNERS

Hon. R. James Balfour: Honourable senators, on a different subject, I would like to ask a question of the Minister of State for Economic Development.

On February 9, at page 3570 of *Debates of the Senate*, in reply to a question concerning the likelihood of self-sufficiency being achieved by 1990, the honourable senator is reported as saying:

> —the Alsands project . . . is a significant part of the increased production that we need.

On February 15 the Minister of Energy, Mines and Resources said that the oil reserves off the east coast and in the Beaufort Sea are large enough to ensure self-sufficiency by 1990, even if Alsands does not proceed. Will the honourable senator explain what happened between February 9 and February 15 to render Alsands unnecessary with regard to the achievement of self-sufficiency?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, it is a matter of perspective, I suppose, and putting into context the possibilities that are available.

The Alsands project, in its present form, I think, is projected to produce about 137,000 barrels a day when it is on full stream. If that project were to go ahead immediately, or very soon, it could be up to full stream by the end of this decade. There are, of course, some very interesting discoveries off the east coast—Hibernia and the surrounding areas, in particular—which are of such a size and nature that they could, I guess, if everything goes well, produce substantially more than that on a daily basis. I suppose that if some of the discoveries that have been made in the Beaufort Sea go ahead as rapidly as the most optimistic scenario, they would also yield in excess of that amount.

Bearing in mind that the deficiency is now substantially less than the total capability of all of these sources, I think it is possible that we could reach self-sufficiency without Alsands by 1990; but that does not change the assertion that I made, namely, that Alsands, and, indeed, perhaps other enhanced recovery processing plants handling heavy oil, and other tar-sands-type projects, would assist in the totality of supply in Canada.

• (2015)

Hon. Jacques Flynn (Leader of the Opposition): Behold the "totality" man.

Senator Balfour: As a further supplementary, would the minister not concede that in addition to the Alsands project, the heavy oil project at Lloydminster and the Esso Cold Lake project are equally in grave doubt as to their ability to proceed as economically viable projects; and, if he does agree with that assertion, will he indicate what that does to his prognostication concerning self-sufficiency?

Senator Olson: Honourable senators, there is more to it than that. Self-sufficiency, in the view of the government, does not include or exclude any one project, whether it be Lloydminster, Cold Lake, Fort McMurray, the Beaufort, Hibernia, or anywhere else. We have added up the totality of the potential that is there.

There is more. The new oil price will, in our view, enhance the drilling program, starting perhaps in 1982, because of the price that is now being offered by both levels of government under the agreement for new oil coming on stream; and it is the totality, or a combination of the totality of all of that, that leads us to believe that it is both physically possible and perhaps highly desirable to have self-sufficiency by the end of this decade.

Senator Balfour: Honourable senators, I have a further supplementary question for the minister. Since he has obviously gone into some painstaking detail in adding up the totality of all of those projects, would he be prepared to indicate—I do not expect him to have this figure at his fingertips this evening, but I am sure he can bring it to the chamber tomorrow—what is his department's estimate, during the calendar year 1982, with respect to conventional drilling activity in the western sedimentary basins in terms of the number of rigs employed and the number of wells to be drilled?

Senator Olson: Honourable senators, I will try to do so; but, of course, what I would be doing is bringing an estimate of the number of oil companies—

Senator Balfour: That is what I am asking for.

Senator Olson: —an estimate of what their drilling programs are, particularly in the exploration area, to bring on new oil. That is something significantly different from developing existing oil fields that do not qualify for the "new oil" price. Therefore, it would be a number of opinions that would be expressed. However, I could obtain some samples, if the

honourable senator would appreciate that; but I cannot guarantee that I will be able to discuss it with every oil company which has drilling plans for 1982.

Senator Balfour: I would not expect that, but I would expect that an estimate of this activity would be within the knowledge of the minister, within an accuracy of plus or minus 10 per cent.

Senator Olson: It may be within an accuracy of plus or minus 10 per cent. I know there are some organizations in existence now which make it their business to monitor, if that is the right word, the views of various oil companies in connection with their exploration programs for 1982, and I know of at least one that is already predicting a 50 per cent increase by the third quarter of 1982.

Senator Balfour: Is the minister telling us that his department, or the government, makes no attempt to monitor these numbers?

Senator Olson: I am not saying that at all, but when one gathers information that may be within the privacy of budget preparations for a number of private sector corporations, it is rather useful to try to gather whatever intelligence there is from some of those organizations which make it their business to pick up that information.

Hon. Lowell Murray: Honourable senators, by way of a supplementary question, may I ask the minister a question concerning the goal of self-sufficiency from the perspective of demand? Has the government revised the demand forecasts on which the national energy policy was based, and, if so, will the minister undertake to bring the new demand projections to the Senate? Also, will he attempt to reconcile the considerable discrepancy, or difference of opinion, between the Department of Energy, Mines and Resources and the National Energy Board with regard to the demand forecasts?

• (2020)

Senator Olson: Honourable senators, that discrepancy may be mostly in the mind of the honourable senator.

Senator Murray: It's on the public record.

Senator Olson: Whatever it may be, I suppose my honourable friend is trying to pin us down.

Senator Murray: On anything.

Senator Olson: He is trying to pin us down on our forecasts.

Senator Murray: The national energy policy is based on those forecasts.

Senator Olson: The honourable senator knows that we make forecasts, as does every government, on an on-going basis. What he also ought to know is that a number of the conservation programs—particularly the off-oil projects, whether they be straight conservation-of-energy projects or whether they be projects touting alternative forms of energy which we have in great supply—have been very effective.

I am talking here about self-sufficiency in crude oil, because in electricity, coal, natural gas and so on we are far more than self-sufficient right now. The Minister of Energy, Mines and Resources outlined a number of programs and stated, in effect, that some of our off-oil alternatives for fuel conservation have been rather effective. Of course, the effectiveness of these programs would change rather dramatically in some cases the totality of the projected consumption.

Another thing my honourable friend ought to know, if he does not already, is that there are certain assumptions that go into forecasts such as these as to the effectiveness of these programs, as well as other programs which may be coming on in the future. All of these programs must be taken into account, and therein a judgment has to be made as to which ones will be the most effective, and then numbers must be put to them. These projections do not always turn out completely perfect, no matter how competent the government is in trying to make the forecasts.

Senator Murray: Honourable senators, you have just heard, in advance, the apologia of the minister.

Senator Olson: You have heard an assertion of truth.

Senator Murray: The fact is that the projections have turned out to be wildly inaccurate. One of the bases on which the demand forecasts were put forward was a certain rate of economic growth by the country every year, and under the economic mismanagement of this government the country has come no where near attaining the economic growth rate on which those demand forecasts were based. Never mind the apologia.

Hon. Royce Frith (Deputy Leader of the Government): Or the rhetoric.

Senator Murray: Or the rhetoric of the minister.

Senator Frith: Of the questioner.

Senator Murray: I am interested in knowing whether, in fact, demand forecasts have been revised. I gather—and I think it is a fair inference from what the minister has said—that the forecasts have been revised. I am asking him whether he will bring to the Senate—with whatever apologia, qualifications or explanations he wishes to bring with them, because that is his privilege—the revised forecasts, as soon as possible, so that we can have a look at them.

Senator Olson: Honourable senators, I shall bring to the Senate a revised estimate from the Department of Energy, Mines and Resources, if one has been made. I give my honourable friend the undertaking that I shall bring it as soon as it is ready, and that it will have the qualifications as to certain assumptions that may exist therein.

Hon. Jacques Flynn (Leader of the Opposition): Plus your own.

Senator Olson: I suspect that, as time goes on, it will become substantially more accurate than some of the projections made by other governments. In fact, the particular government of which I am thinking could not even count to 145.

FOREIGN AFFAIRS

EL SALVADOR—ATTITUDE OF CANADIAN GOVERNMENT

Hon. Heath Macquarrie: Honourable senators, I would like to direct a question to the Deputy Leader of the Government in the Senate in the sure and certain hope that his book, in its totality of information, will be able to provide the answer. Can he indicate whether at this time, after hearing uncertain trumpets for some weeks, there is now a consistent policy in reference to El Salvador and, in particular, the observation of the voting? I ask this in that I note that the Secretary of State for External Affairs has declared that an election is better than no election. I have been in Canada long enough to disprove that by my own memory.

● (2025)

Someone else has said that the whole thing is in such a bad state that we should not be involved. One member of the four-person group from the House of Commons suggests that Canadians should support the view that is supported by our American and British allies.

Has there been a change in this position or are we, as a country and as a government, deciding on a policy of no observer participation whatsoever?

Honourable senators, I could lengthen my question so that my honourable friend will find the answer, but I think I have done very well on its elongation.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I think that the position of the Secretary of State for External Affairs is as sound now as it was when it was first established.

Hon. Richard A. Donahoe: What is it?

Senator Frith: Our understanding is that the Government of El Salvador is attempting to take reasonable steps to ensure that the election is run in a fair and just manner. Certainly El Salvadoran citizens wishing to vote can do so, provided they hold a national identity card, which is to be presented at their respective polling stations. Such cards are available to all citizens over the age of 18 years. I am able to report that, as far as our investigation has ascertained, the ballot boxes will be constructed of a clear plastic material, making it impossible for any more than one ballot to be inserted without being noticed. Each political party will be entitled to have a representative stationed in each polling station to review the actual balloting and the counting of votes. Each voter will have invisible ink placed on his or her small finger. Detection of the ink is possible only under special light, with which each polling station will be equipped. It will, therefore, be virtually impossible for any voter to place more than one ballot in the box.

Of course, that leaves the question that has arisen as to whether all those who genuinely wish to vote will be there to vote. I know, by reason of some recent trips by parliamentarians to El Salvador, that that is a question that has been left up in the air. However, as to the preparations for the election, that is our information.

With regard to the position of the Canadian government on the question of participating in the elections in El Salvador as an observer, I should say, first of all, that I understand the word "observer" to include the preparation for the vote as well as attendance during the vote. I believe the position of the Canadian government on this issue is the same, namely, that we will not be participating as an observer and will not be on the ground during the actual election.

Senator Macquarrie: I thank the honourable senator and I want to tell him that I listened carefully to the totality of his reply. Surely he is not suggesting that the issue is whether or not the citizens of El Salvador wish to vote? Is not the real question more directed toward whether they are able to vote on account of the structures—and possibly strictures—within that country? For instance, I understand that the women of El Salvador are not allowed to vote. We could not stand for that.

Senator Frith: Honourable senators, I simply wanted to disclose the information I have. As background to the reply, I wanted to show I was not ignoring the fact that the group of parliamentarians who recently went to El Salvador returned with the conclusion, based on their observations, that the question of whether all those entitled to vote would be prepared to vote is still unanswered. Of course, I was only asked about the position of the government and I tried to give that position. I mentioned the other material only to let honourable senators know that I was aware of the fact that this issue is of concern to some of our fellow parliamentarians.

[*Translation*]

Hon. Martial Asselin: I have a supplementary. Could the deputy government leader tell us whether, in spite of the statement made by Mr. Maurice Dupras, leader of the parliamentary delegation to El Salvador, who said that the election had been rigged by the government, the government of El Salvador will hold that election not according to the basic rules of a reasonable democracy but according to its own wishes? In spite of the advice given by the Canadian parliamentarians on their return from El Salvador, which is the scene of these tragic incidents, will the Canadian government still support the holding of an election in El Salvador? We know that Mr. Dupras stated today that the election to be held in El Salvador had been rigged, that the dice were loaded, that the voters' lists had not been prepared and that perhaps only 25 per cent of the population would be able to vote. In spite of all that, will the government still support the holding of an election in El Salvador?

Senator Frith: No, I did not say that. It is not up to the Government of Canada to say whether the election will be held.

Senator Asselin: Does the government support an election in El Salvador?

Senator Frith: The Canadian government is not involved. It is up to the citizens of that country. As for supporting an election in El Salvador, I do not know exactly what you mean by that. Do you want to know whether we shall support the results of that election?

Senator Asselin: No.

Senator Frith: Do you mean whether or not we shall support the election?

Senator Asselin: No. What I mean is that the Prime Minister stated in the House of Commons last week that it was better to have an election in El Salvador than no election at all. A parliamentary committee of the Canadian government—and you can read this in *Hansard*—has told the Canadian government: You should not support the holding of an election because the dice are loaded.

Senator Frith: Honourable senator, as I was saying, I do not understand what you mean by "supporting the election".

Senator Asselin: I mean to support the principle of holding an election in El Salvador.

Senator Frith: Would the opposite be to say to El Salvador: You cannot hold an election?

Senator Asselin: No.

Senator Frith: This is exactly my point. To support the holding of an election means that if we say no, we shall not support the election, we shall be saying to El Salvador: You cannot hold your election.

Senator Asselin: Not at all. What I am suggesting is that the Canadian government follow the example of Mexico and France and deny that a legitimate election can be held in El Salvador in the present circumstances.

Senator Frith: Thank you for your explanation. I am now in a position to answer your question which was: Are we going to support the election?

Senator Asselin: No.

Senator Frith: That was not the question?

Senator Asselin: I mean, support the fact that an election will take place.

Senator Frith: Support the fact that an election will take place? It is impossible to answer this question.

Senator Asselin: I will rephrase my question. Is the Government of Canada in favour of an election being held in El Salvador?

Senator Frith: Honourable senators, it seems to me that it does not behoove the Government of Canada to tell the people of El Salvador: We cannot accept the fact that you are going to hold an election.

Senator Asselin: Why, then, was the Prime Minister reported as saying that an election is better than no election at all?

Senator Frith: That is not the same thing.

• (2030)

[*English*]

GRAIN

PROPOSED CHANGE IN CROWSNEST RATES—EFFECT ON EASTERN CANADA

Hon. Peter Bosa: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board. Has a study been done recently on the economic impact that the proposed change in the Crow rate would have in eastern Canada, with particular emphasis on the possible increase in the cost of feed grain which now goes to cattle raisers in eastern Canada?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have no knowledge of a study having been done, but I think it is quite possible that some attention has been given to that by some departments. I would be very happy to pursue that matter, to determine whether or not a study has been made, and, after that, to ascertain whether or not it is the type of document that might be made public at this time.

I do not think that the premise of the honourable senator is quite accurate. I cannot see how an increase in freight rates would increase the price of grain, since that is set on the international market. However, that is a minor detail.

I would be happy to take this question as notice and attempt to get further information for the Honourable Senator Bosa.

Hon. R. James Balfour: I have a supplementary question for the minister. Would the Minister of State for the Canadian Wheat Board explain why such a document should not be made public?

Hon. H. A. Olson (Minister of State for Economic Development): He said that he does not know whether any exists.

Senator Argue: I am not trying to explain anything. I just said that if there is such a document available, I will see if I can make it available to the Senate.

THE SENATE

SEATING PLAN—REQUEST FOR CHANGES IN BROCHURE

Hon. John M. Godfrey: Honourable senators, I have a question to direct to the Deputy Leader of the Government in the Senate. I think on all of our desks this evening is a new seating plan for this chamber dated March 2.

At least five years ago, I think, I started agitation in the Senate to try to get the seating plan changed and improved, and I see that that is in progress. I understand that from now on the seating plan will always be published separately from the descriptive brochure given to visitors to the galleries, and I think that that is sensible.

At least four years ago I wrote about this seating plan and said that it is completely anachronistic, in that it showed these so-called regions, counties, provinces and cities which senators represent. However, that does not convey anything to the ordinary visitor to the gallery. For example—and I do not wish to hurt Senator Macquarrie's feelings—I gather that most people in this country do not know where Hillsborough is and which province it is in.

Some Hon. Senators: Shame!

Senator Godfrey: But they certainly know where Halifax is, so Senator Donahoe does not have to worry. I am sure most visitors to the gallery would not know where Senator Sherwood

is from by simply reading "Royal" in the seating plan. They would not have any problem with Senator Lucier, because he comes from the Yukon; nor with Senator Adams, because he comes from the Northwest Territories.

Hon. G. I. Smith: Where is Rosedale?

Senator Godfrey: Again, I hate to hurt Senator Stollery's feelings, but I suggest that some visitors to the gallery from outside of Ontario would not know which province Bloor and Yonge is in.

This has been going on for 40 or 50 years now, yet 20 years ago we abolished the habit of calling senators by their designation, so why can we not put the province of each senator on this seating plan instead of what is now included, so that those visiting in the galleries will know the province each senator represents?

Further to that, why can we not put one's party affiliation on this document? My recollection is that in the House of Commons they do include this information somewhere.

I have no personal axe to grind, because everyone in the country knows where Rosedale is!

Hon. Richard A. Donahoe: Honourable senators, I rise on a question of privilege. Before I begin, I should like to say that in the main I agree with what my honourable friend has just said. I would be happy to see the provincial nominations declared, but I am not so sure that I would be too happy to see party affiliations declared.

Senator Godfrey raised this question and used my name and my designation and said, with due deference to me, "Does anybody know where Halifax is?"

Hon. Royce Frith (Deputy Leader of the Government): Everybody knows that—that is what he said.

Senator Donahoe: I want to tell him where Halifax is. Halifax is the major portion of Senator Barrow's designation.

Senator Frith: Honourable senators, some of the elements of the question put by Senator Godfrey fall on sympathetic ears. For example, it is true that essentially we are here to represent provinces—that is, each of us is appointed for a certain province. It is also true that the system of designation still exists and, therefore, it might very well be worthwhile trying to find a system that would give both the province and the designation.

As to party affiliation, I think there might be less agreement on that question. In any event, this very subject is under active consideration at the present time by the Standing Committee on Internal Economy, Budgets and Administration. While the material is fairly well advanced at this stage, we will certainly pass Senator Godfrey's comments along as an opportunity to take into account his views. Since the seating plan will be printed separately anyway and, we hope, will be the subject of a computer program designed to facilitate changes, and will also be more handsomely produced so that designations and names will not run off the edge of the box, we will take into account his views and those of other senators.

• (2040)

Hon. Peter A. Stollery: Honourable senators, I rise on a question of privilege. I should like to point out that my name was also mentioned by Senator Godfrey.

Hon. Jacques Flynn (Leader of the Opposition): Your name or your division?

Senator Stollery: My division, in fact. I am referring to the area I listed in the *Parliamentary Guide* designating where I come from.

I should like to point out to honourable senators that, when I looked into the matter, contrary to what Senator Godfrey has just told us, outside the province of Quebec there is no such thing as a designation.

Senator Flynn: That is right.

Senator Stollery: It is a pure fabrication and something that has sprung up over the years. For example, since my family has come from a certain area for the last 100 or 125 years, I thought I would use that as my designated area. Of course, this has no meaning. It is something that is purely a convention and, outside the province of Quebec, the question of designation simply does not exist.

Senator Frith: I would not like the record to be left as noting that because something is only a convention it does not exist.

Hon. Lowell Murray: Conventions are important.

Senator Godfrey: I was going to ask: Is it only a convention? When I was appointed, I was asked to declare my designation.

Hon. Peter Bosa: Are you sure it is just a convention?

Senator Flynn: In Quebec it is legal; outside Quebec it is a convention.

ECONOMIC DEVELOPMENT

MEGA-PROJECTS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed reply to a question asked by Senator McElman concerning labour disputes on work sites of the TQ&M pipeline.

I can inform the honourable senator that I have contacted my two colleagues, the Minister of Labour and the Solicitor General, and have been told that labour disputes of this nature are a provincial concern and come under provincial jurisdiction. The federal government is, of course, disturbed by reports describing the situation on some of the TQ&M work sites. I must reiterate, however, that the matter rests within the provincial government's responsibility.

HEALTH AND WELFARE

SACCHARIN—BAN ON USE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question

asked by Senator Buckwold on June 16, 1981, concerning the ban on the use of saccharin as an additive in food.

Hon. Jacques Flynn (Leader of the Opposition): I hope there was no urgency.

Senator Frith: The decision to ban the use of saccharin in foods, including beverages, was based on the fact that it causes cancer in animals. Since the decision to remove saccharin from foodstuffs was taken in March 1977, further information has become available, some of which indicates that consumption of saccharin may be associated with the development of bladder tumors in humans as well as in animals. This has further supported the view of scientists in the Health Protection Branch that saccharin use must be restricted. The Department of National Health and Welfare, as a regulatory agency concerned with health, could not abrogate its responsibilities and continue to permit the use of saccharin as a food additive on the available information on its safety.

It was recognized at the time of the ban that regulatory actions of this type would cause a degree of hardship to certain individuals. Thus, prior consultation was made with medical experts and representatives of the food industry. As a result, saccharin is available in pharmacies for use in the home by diabetics and others who for personal reasons may wish to use this table-top sweetener.

It may be noted that restrictive actions on saccharin have also been proposed elsewhere. In the United States, the Food and Drug Administration (FDA), has made such proposals. However, proceedings unique to that country's legal system have resulted in a moratorium on the FDA's proposal. In addition, Sweden has banned the use of saccharin in some foods, including beverages, and placed restrictive limitations on others.

Honourable senators will no doubt be interested in knowing that the Department of National Health and Welfare has recently approved the use of a new, low-calorie sweetener called aspartame. This action will expand the range of products available to those who have to restrict their sugar intake.

EFFECTIVENESS AND QUALITY OF FOOD INSPECTION SYSTEM

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Bosa on December 9, 1981, concerning the effectiveness and quality of the food inspection system.

We are indeed aware of the delistment of the Canada Packers plant in Toronto for export to U.S.A. which took place on December 1, 1981. Officials in the meat hygiene division indicate that the plant was delisted because of construction and maintenance problems which were subsequently corrected. It has to be pointed out that the quality and wholesomeness of the finished product has never been jeopardized. Very strong controls were implemented and rooms which were not in compliance were temporarily taken out of production. The plant was relisted on January 7, 1982.

The Ministry of Agriculture provided inspection in 519 registered meat slaughter and processing plants in 1981. Each of these plants was reviewed monthly by regional veterinary supervisors. In the same period USDA veterinarians conducted 525 plant reviews. In addition, the headquarters audit section, responsible for the verification of application of national standards in the department, conducted 951 inspections.

The effectiveness and quality of inspections was, therefore, very closely monitored. New programs and procedures such as AQL, Acceptable Quality Level, and TQC, Total Quality Control, are continually being developed to improve the effectiveness and efficiency of inspection.

FOREIGN AFFAIRS

LAW OF THE SEA CONFERENCE—OBSERVER STATUS FOR SENATORS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Marshall. I notice that he is not in the chamber this evening, and I hope that his colleagues will draw his attention to this delayed answer since I know this matter is of great concern to him. The answer relates to a question asked by Senator Marshall on February 23, 1982, concerning Senate representatives at the Law of the Sea Conference.

Honourable senators, Senator Perrault has been in touch with the Secretary of State for External Affairs, and we are arranging to send two senators to the Law of the Sea Conference as observers. We are presently working out the details.

POLAND AND U.S.S.R.—SANCTIONS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Haidasz on February 23, 1982, concerning the processing of applications of self-exiles in Vienna.

Honourable senators, Canada will be taking a total of 6,000 self-exiles from around the world this year. Most of these people will come from Europe, but not all. I am informed that the number to be accepted from Vienna—and this is out of the total of 6,000—will be 3,500 people.

We have recently augmented our staff in Vienna to be certain that we have enough personnel to process the targeted quota for that city.

BANKS

PROFITS AND OPERATIONS—PROPOSED COMMITTEE STUDY

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Phillips on February 23, 1982, concerning the government's announcement of a committee study of bank profits and bank operations.

Honourable senators, I have made inquiries and I am informed that this study is to be carried out by a committee of the other place, namely, the Standing Committee on Finance, Trade and Economic Affairs.

ECONOMIC DEVELOPMENT

MEGA-PROJECTS—TQ&M PIPELINE

Hon. G. I. Smith: Honourable senators, I refer to the delayed answer given by the Minister of State for Economic Development concerning the TQ&M pipeline labour difficulties in Quebec, and would pose the following supplementary question: Would he be good enough to find out from his colleagues to whom he referred in his delayed answer why this interprovincial work, which is of interest to the whole of Canada, and of particular interest to the Atlantic provinces, is not subject to federal jurisdiction in the same way as any other interprovincial work?

Hon. H. A. Olson (Minister of State for Economic Development): Of course, that assertion is wrong. The pipeline itself, the acquisition of easements, the requirement for plans, profiles and books of reference are federal responsibilities because it is an interprovincial pipeline. However, the labour unions involved on the pipeline come under provincial jurisdiction because the provincial labour law applies.

In regard to some of the other assertions that were made regarding claims or threats and breaking the law, those matters also come under the administration of that part of the Criminal Code which comes under provincial jurisdiction.

Senator Smith: I did not make those assertions; I merely asked, as a supplementary question, for an explanation.

Senator Olson: Honourable senators, the assertions that were made by my honourable friend related to what was contained in the original question. The original question, asked by Senator McElman, included some of those matters. Therefore, the whole question has to be taken into account when responding to a supplementary question. When we build a pipeline, it does not automatically mean that the administration of the Criminal Code or of the labour law in the province will come under federal jurisdiction. That should be completely clear to my honourable friend.

• (2050)

Hon. Jacques Flynn (Leader of the Opposition): You are wrong on the labour laws.

Senator Smith: Honourable senators, I am always glad when my honourable friend decides to tell me what the law is, but that is not what I asked him. I asked him if he would inquire from his colleagues, who supplied him with the answer he gave us, as to the grounds they had determined that this interprovincial work—which is also, I might say, work for the general advantage of Canada, although it may not have been declared as such, and which is of great interest to the Atlantic provinces—does not come under federal jurisdiction in these matters, in the same way as, for instance, the railways do.

Senator Olson: Honourable senators. I gave my friend, in probably more detail than he wanted, the precise reply to his question.

Senator Flynn: You are wrong on labour law.

Senator Smith: Honourable senators, perhaps the honourable gentleman had better look up his law, and perhaps inquire from the Minister of Justice whether all labour matters in Canada, especially in relation to works of interprovincial concern and, therefore, under federal jurisdiction, necessarily come under provincial jurisdiction. Before he sets out to give me a lecture on the law, he had better inform himself on what the law is.

Senator Olson: Honourable senators, I have, and my answer is just as accurate now as it was a few minutes ago when I gave it.

Senator Smith: Honourable senators, if the thing was wrong a few minutes ago it is still wrong now.

EXPORT DEVELOPMENT CORPORATION

CONCESSIONAL FINANCING—NEGATIVE SPREAD ON LOANS

Hon. Lowell Murray: Honourable senators, some days ago the Minister of State for Economic Development and I had exchanges on two subjects. I simply want to say for the record that I do not consider those matters closed, and that I am expecting a reply under the heading of delayed answers.

The first matter is with regard to the so-called negative spread interest rates, between the cost of the money to the Export Development Corporation and the rates at which the corporation lends the money out.

The second matter concerns the respective roles and responsibilities of the representatives of the Minister of State for Economic Development in the provinces, and those of the agents of the Federal-Provincial Relations Office in those provinces.

I would like to have, under delayed answers, a report on both of those matters at the minister's convenience.

Hon. H. A. Olson (Minister of State for Economic Development): I will take note of my honourable friend's expectations.

Hon. G. I. Smith: I do not think his expectations will be very high in view of his experience in asking questions.

LABOUR ADJUSTMENT BENEFITS BILL

SECOND READING—DEBATE ADJOURNED

Hon. Joan Neiman moved the second reading of Bill C-78, to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code.

She said: Honourable senators, Bill C-78, the Labour Adjustment Benefits Act, is a part of Labour Canada's participation in the $350 million industry and labour adjustment program announced in January 1981 by the Ministers of Industry, Trade and Commerce, Employment and Immigration and Labour. As a component of the industrial restructuring, work force retraining and employee mobility promoted by the general program, the Labour Adjustment Benefits Act is designed to provide immediate relief from the distress caused

to older employees and to communities where permanent plant closures and other large scale terminations affect substantial numbers of workers.

The legislation has two major components, the labour adjustments benefits program, and amendments to Part III of the Canada Labour Code.

The legislation is designed to promote closer consultation and co-operation between labour, management and government, by requiring management to take a more responsible attitude towards its employees, employees to assume a greater share in planning for their own future, and government to assist in those cases beyond the reasonable responsibility of the private sector.

The legislation derives from the recommendations of the Carrothers Commission which was appointed by the government in 1978 to investigate ways of mitigating the adverse effects of redundancies and layoffs.

Following the commission's report of March 9, 1979, the government conducted extensive discussions with business and the unions. The result of these efforts is the bill which we are now considering. This is a refinement and expansion of an existing program in which assistance is given to workers laid off in the textile, clothing and footwear industries. It will also permit the Governor in Council to designate as beneficiaries industries undergoing significant economic adjustment of a non-cyclical nature by reason of import competition, or because of industrial restructuring pursuant to a federal government program.

A labour adjustment review board will be created to screen for eligibility the applications from laid-off employees.

In order for an employee to be judged eligible, the board must be satisfied that he was laid off from a designated industry as a result of economic disruption, and that the number of employees at his work place had been reduced as a result of layoffs in the 12-month period preceding by at least 10 per cent or 50 employees, whichever is the lesser number. Furthermore, while the Canada Labour Code presently provides for a system of graduated lengths of time for notice to be given to the minister of a termination, depending upon the number of employees to be terminated, this legislation amends that provision so that any termination of 50 or more employees will require 16 weeks' written notice to the minister.

The laid-off employee, having received the approval of the board, will then be free to register his claim with the Canada Employment and Immigration Commission. The bill is in no way intended to duplicate or replace other provisions for assistance. However, the government wants the money appropriated hereunder to go directly to those in greatest need, so it will be the commission's duty to determine that the applicant is not in receipt of, or eligible to receive, retirement pensions under the Canada Pension Plan or the Quebec Pension Plan, and that he has claimed and exhausted all benefits under the Unemployment Insurance Act, 1971.

Normally, only laid-off employees between the ages of 54 to 65 will be eligible to apply for the benefit. However, the bill does give the commission latitude to lower the eligibility age to 50 on certain closely defined compassionate grounds. The public interest is protected further by the provisions that recipients be Canadian citizens or permanent residents, have a record of employment in the industry of at least 10 of the previous 15 years, and have no present prospect of other employment. These conditions having been met, the laid-off employee will receive payments equal to 60 per cent of his average weekly insurable earnings.

● (2100)

In addition to these generous provisions, the bill will entitle workers to severance pay after one year of employment rather than after five years as is now the case. The employee will continue to receive two days' wages for each completed year of employment and a minimum of five days' wages will be paid. The maximum of 40 days' wages now in effect will apply no longer. Employees will be required to establish management-labour committees whose members will be responsible for developing plans to minimize the impact of termination of employment, and under certain provisions the minister will be able to appoint an arbitrator to settle disputes during the planning stage.

Honourable senators, while the government does not view this bill as a panacea for all the problems stemming from structural changes in the economy, it nevertheless does provide an important measure of relief to those members of the work force who are too old to be reasonably expected to adapt to these changes. It will assist individuals who need and deserve our help and it will also assist the communities in which they live. Therefore, I urge honourable senators to give this legislation their serious consideration and support.

Hon. Duff Roblin (Deputy Leader of the Opposition): The honourable senator who has just spoken gave me the impression that the bill was targeted at senior employees who perhaps have been working for a long time and who could not easily be retrained or relocated. Is that what the bill specifically says? My reading of it is that it has a far more general application than that.

Senator Neiman: Honourable senators, I believe it is targeted primarily to the older employees because there are stipulations. In the first instance, the legislation applies to those employees between the ages of 54 and 65, which is the age at which they would be receiving other benefits. However, in certain instances exceptions are made, and the age is lowered to 50 to accommodate certain employees who otherwise would be harmed by the termination of employment.

Senator Roblin: I thank the honourable senator. That deals with my point.

On motion of Senator Doody, debate adjourned.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, as I mentioned earlier, I now ask leave to have the following order brought forward to be dealt with at

this time. I refer to the order which appeared on last Wednesday's Order Paper as Order No. 7 and which read as follows:

> Resuming the debate on the consideration of the Report of the Standing Senate Committee on Health, Welfare and Science entitled: "Child at Risk"—

At that time the order stood in the name of Senator Croll, who had thought that he would speak tomorrow. However, I understand that he is ready to speak this evening. I therefore ask that that order be brought forward.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am sure that we would be delighted to hear Senator Croll now.

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

Hon. Senators: Agreed.

CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUR

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—DEBATE CONTINUED

The Senate resumed from Wednesday, February 10, the debate on the consideration of the report of the Standing Senate Committee on Health, Welfare and Science entitled: "Child at Risk", tabled in the Senate on 16th October, 1980.

Hon. David A. Croll: Honourable senators, I was preparing myself to speak on the report entitled "Child at Risk", but on getting into it I realized that there was more to it than I had supposed. I have now divided my speech into three sections: "Child at Risk"; poverty as related to it—and, particularly, how to bring people at least up to the poverty line; and then a further idea I developed, that despite the fact that the government says it does not have any money, it does, in fact, have the money to do what needs to be done—which I believe will interest honourable senators more than a little.

Let me begin by saying that the committee's report entitled "Child at Risk", a study on early childhood experiences as causes of criminal behaviour, conducted by the Standing Senate Committee on Health, Welfare and Science, has made a valuable contribution to a little understood and neglected field.

My first words of congratulation must go to Senator McGrand for his interest, assistance and work on the committee, and for his lifelong concern for his fellow man. Congratulations are also due to Senator Bonnell who was most helpful and did a great deal of work in connection with that study.

The committee's report has opened the door, but it has just touched the perimeter of the problem in the hope that concerned citizens will recognize its scope and the need. We recognize the cost of maintaining people in correctional institutions. We know that a pattern of crime begins early in life. We know what effect poverty has on a woman and on a child.

The alarming increase in juvenile delinquency has been placed on record, as have the enlightened efforts to reform offenders and to re-integrate them into society rather than merely to punish them.

The 28 recommendations are thorough and far-reaching. They tell the story. There are recommendations for changes in the Family Allowance, the Unemployment Insurance Act, the National Housing Act, and the Criminal Code. They all have to do with poor people.

I hope that we shall do more than just receive the report and allow it to gather dust on the shelves of the archives or libraries. There is ample opportunity for positive action. Since it originated in the Senate, it is our duty to follow it up, just as we have followed up our recommendations on social measures and in many other committee reports.

• (2110)

Having completed the report, we now have enough experience to follow it up with action and to involve the government in examining the recommendations. In that respect, Senator Godfrey's suggestion, that we should bring the departmental people before us six months after the presentation of our report and ask them what they have done, if anything, about the report, would at least put them on notice so that they would do some work on it. We would simply write to the departmental people involved, ask them to appear before the committee at a mutually agreeable time, and then listen to what they have to say.

However, more than this is necessary. For us to get serious consideration in the House of Commons, it is necessary for one of our friends over there to place a resolution in the same terms on their Order Paper. When they go into their song and dance and decide what will be spoken to, it is quite possible that the resolution will be debated. To get any results at all it is essential that the matter be debated in the other place.

That brings me to one of the points I wish to make on the report, that in reading it one notices that poverty comes up over and over again. It seems that we have difficulty defining poverty. The poverty line has been developed as the main methodology for assessing income insufficiency. It suffers, however, from several limitations. First, it relies exclusively on money income. Resources such as net assets, home ownership, and health and education benefits are not taken into account. The poverty line presents a static view of income. It cannot tell us from year to year whether the same people have remained poor. The data used to compute the poverty line do not include Indians on reserves, people in the Yukon and Northwest Territories, or persons in institutions.

There are two principal approaches to establishing the poverty line: there is the absolute approach; and there is the relative approach. The absolute poverty line is established by determining the amount of money necessary for the minimum food, clothing and shelter requirements. The Statistics Canada low-income cut-off line is an example of the absolute approach. The Statistics Canada line is used by the federal government, though it is not an official poverty line. This line establishes a low-income cut-off where family units spend 62 per cent or more of their income on the basic necessities of

food, shelter and clothing. The Statistics Canada line also takes into account family size and the fact that the cost of living is normally lower in a rural setting. That is the absolute poverty line.

The relative poverty line approach defines poverty in terms of income inequality, or as a shortfall from community standards. Hence, it is a measure of social as well as economic well-being. This is the approach the committee used in compiling its report. This measure has also been accepted throughout this country and is in use in certain universities, as well as by the Canadian Council on Social Development. The basis for both poverty lines is the average Canadian family income. The Canadian Council on Social Development calculates its line at 50 per cent of average Canadian family income, adjusted for family size. The poverty line established by the Senate committee also took into account family size, but it is set at about 52 per cent of average income. While the Statistics Canada line rises with price increases, the Canadian Council on Social Development line and the Senate line reflect real income growth as well as price increases, so they grow at a faster rate.

At this stage, honourable senators, I would like to have appended to today's proceedings a document entitled "Senate Report on Poverty Updated, 1970-1980"; a series of tables from the Department of National Health and Welfare entitled "Poverty in Canada, 1979"; and a single page headed "How Many Canadians are Poor?" which includes a table giving a province-by-province breakdown of the number of poor people in Canada.

Hon. Senators: Agreed.

(*For documents see Appendix "B", p. 3740.*)

Senator Croll: I shall refer to those documents later. The facts sheet on poverty circulated by the Minister of National Health and Welfare, the Honourable Monique Bégin, to all members of the House of Commons and the Senate in July 1980 points out that according to the Statistics Canada low-income cut-off line, the extent of poverty in Canada declined during the 1970s, from 3.3 million in 1973 to 2.8 million in 1978. This represents a decrease from about 16 per cent to about 12.5 per cent over the same period. Relative poverty, however, is unchanged. Throughout the 1970s the percentage of the population with incomes below the Senate poverty line has remained close to 20 per cent. Since 1951 the richest 20 per cent of Canadian families have consistently received over 40 per cent of the national income, while the share of the poorest 20 per cent of Canadian families has remained at about 4 per cent. There has been no change there at all.

Honourable senators, there is no use my playing with the numbers to illustrate to you that we think there are more poverty-striken than the report indicates. That is not the object of my speaking to you tonight. I merely want to emphasize the importance of these figures.

I should now like to point out the plight of females who live below this poverty line. Females experience a consistently higher incidence of poverty than do males. In 1978 a female-headed family had more than one chance in three of being poor, whereas a male-headed family had one chance in thirteen. For female individuals in 1978 the incidence of poverty was 41 per cent; for male individuals the incidence of poverty was 28 per cent. So, if you are old and a woman, you are just old, poor and forgotten. The high incidence of poverty for single females is a result of several factors. As you are aware, females live longer than males. In 1931 the life expectancy of females was 62.1 years, as opposed to that of males, which was 60 years. In 1981 the life expectancy of females was 77.48 years, whereas that of males was 70.19 years.

• (2120)

According to the statistics, honourable senators, women do live longer than men. It can be seen that, in all of Canada, the poorest of the poor are often elderly women who are widows. Two out of three elderly widows are poor.

Full-time working women earn only 62 per cent of what men earn. For a woman, getting married is a way out of poverty; getting divorced is a way into it. The possibility of education is another means of escaping poverty. Studies strongly suggest that the state of being poverty-striken is not something which is passed on mechanically from one generation to the next.

Poverty has many faces. To an adult it may bring high stress levels, poor health, high suicide incidence, lack of energy due to an inadequate diet, low paying jobs without benefits and few training or educational opportunities. For the most innocent victims of poverty—the children—the situation is worse. For the poor child, life begins with a 50 per cent greater chance of being born prematurely and underweight, and continues with a 200 per cent chance of contracting childhood diseases and of missing one to three months of schooling each year due to illness.

Who are the poor? Poor is the family of four trying to survive on the income which one of the spouses receives from a full-time job at the minimum wage. Poor is the mother of two young children who suddenly finds herself with a spouse who has no marketable skills, and no form of child care which would permit her to take such low paying jobs as may be available. Poor is the elderly woman who spent all of her life in a comfortable middle-class home, but who was left with nothing when her husband died and she discovered that his company pension did not pay any survivor benefits. These are the poor—these and many others.

Since the late 1960s there has been a lower incidence of poverty, largely due to the major increases which have been made in income security programs—especially the programs of the federal government. These have included the tripling of family allowances, the introduction of the child tax credit, the complete overhaul of the unemployment insurance system, and the increases in our public pension programs for senior citizens. We must not forget that many wives, no matter what their ages, go out and work full-time or part-time to supplement the family income. This is also an important reason why some of the households are able to subsist.

I must tell honourable senators that, thanks to the committee, 800 copies of the poverty report were printed last year.

They have been distributed, and the impact of that report upon the people of Canada has been truly amazing.

Honourable senators, we shall have to move towards a guaranteed income gradually, over time, just as we have moved gradually and over time towards what already amounts to a guaranteed income for the elderly, through the continually improving old age security and guaranteed income supplement program. I believe that the proposals I shall describe constitute progress. It is realistic to expect that they can be accomplished over the next few years and that they will have the support of the great majority of Canadians.

The purpose of a guaranteed annual income plan is to establish a basic minimum income below which no family unit would be allowed to fall. The method most often proposed for providing guaranteed income payments is the negative income tax. Under a negative income tax system payments are made to families and to individuals whose income falls below some basic level. The level of benefit paid is related to the income of the beneficiary and to family size. Supplements decrease as income increases. At a specified level of income, supplements decline to zero. At the zero supplementation level, regular income taxes are paid. Eligibility for such a plan is determined through an income test related to the income tax system rather than to the social welfare system. A guaranteed income plan could either replace the existing income support programs or, alternatively, could be used in combination with existing programs.

Discussion about reform of the social security system inevitably engenders debate over the universality of some programs. As the Economic Council of Canada has pointed out:

> for some Canadians, any breach of the principle of universality, especially in contributory schemes, would be ideologically unacceptable.

Honourable senators, I have taken some comfort in the fact that I was a member of the Standing Senate Committee on Health, Welfare and Science which, in 1952, brought in the recommendations for universality. I think it has been a great boon to this country.

Hon. Royce Frith (Deputy Leader of the Government): Hear, hear!

Senator Croll: Honourable senators, for those who experience it, is poverty a lasting or a temporary condition? What type of individual or household is more likely to endure either "permanent" or "transitory" poverty? What programs are more likely to be effective in meeting these needs? The answers to these questions have an important bearing on the direction of government policy. Short-term measures, such as income transfers, are adequate to relieve temporary distress. Long-term measures, which include structural changes in the labour market as well as investment in education, training and special services, are needed to address persistent poverty.

In his budget speech, the Minister of Finance said:

> I dedicate myself and this government in this and succeeding years to maintaining a fundamental sense of fairness in our society.

I know that he meant those words, honourable senators; I know him well.

In that same speech, the Minister of Finance identified five areas of priority in terms of economic development policy, one of which was "human resources." The minister went on to say:

> In this decade of development, we must work together to renew the foundation for the fair sharing of wealth and opportunity that binds us together as Canadians.

Honourable senators, I agree with those words, and I also agree that human resources ought to be a vital area of concern. At present, the human resource which is not receiving a fair share of wealth and opportunity—the human resource which is largely cut off from a "fundamental sense of fairness in our society"—is that segment of our population made up of the elderly. At one time, the poor were not outside of the middle-class experience. Our blindness to poverty has developed over a period of many years. Once upon a time, almost everyone had to pass through the miserable housing of the poor on their way to and from work, but now prosperous Canadians live either in the affluent suburbs or in new or restored downtown dwellings which have no place for the unskilled, the unemployed, the elderly or the disabled. The development of our cities has in itself done much to remove poverty from the emotional experience of millions of middle-class Canadians.

● (2130)

Perhaps the worst aspect of this invisibility is that it extends to politics. The dispossessed are the least able to speak for themselves, and they have no lobbies of their own. They do not belong to unions or political parties, so consequently they have no clout. They lack the social energy and political strength to transform their misery into a cause. They do not realize that they contribute that which each member of Parliament wants most in each constituency. They comprise eight, nine or ten per cent of the constituency's population. A couple of members of the House of Commons told me that as high as 16 per cent of the population of their ridings are aged.

The elderly continue their appeal for better treatment and more funds in the same fashion that their mothers and fathers did. They forget that they came into the world during the industrial age, they passed through the nuclear age and are now on the verge of the space age, yet they are still operating in the same manner they did years and years ago. They form clubs and associations and pass meaningful resolutions, which have both long-term and short-term purposes. In good faith, they pass them on to their representatives at all levels of government, and hope for the best. They also visit various members of Parliament and other public bodies to impress upon them their needs.

They try to do a good job of education, though their research is terribly poor. They do obtain the wholehearted support of their elected representatives, who actually promise them that they will do as much as they can—and they do. I have never met a member of Parliament who does not support them as best that he can.

In this day and age that is not enough. Not only has the world changed, but the method of how we live has changed, in the past 10 years, and political approaches have changed, too. The elderly need to undertake a twenty-first century approach. The difficulty is that they do not understand how Ottawa operates. They need guidance and imaginative leadership.

The battle today at all levels of government is for the "top dollar and priority." Everybody is reaching for that, and that is particularly true in Ottawa. Every member of Parliament is sympathetic and wants to help, but the ordinary member of Parliament faces many problems, such as tax problems, health problems, and problems of the environment, employment and inflation. It is true that the elderly and the poor have the largest number of lobbyists in Ottawa in the members of Parliament, but they need more than that. They need experts who can make the facts and research material available for the assistance of their members of Parliament. No one can replace their members of Parliament, but those members need assistance. No one can replace Stanley Knowles in this Parliament, or any Parliament. He directs most of his energy toward a single subject. We shall probably not see his like again, although he will be back in Parliament before very long. He is an example of what we need in Ottawa.

What I have reference to is that, in the past 10 years, the lobbyists themselves have made themselves felt in Ottawa. What they are doing is legal and accepted. It is accepted here now as it always was in Washington, although here in Ottawa they sometimes prefer to use the term "public relations man" rather than "lobbyist." A rose by any other name.

Unless you have one working for you, you are at a disadvantage in Ottawa. Every organization of any consequence has a lobbyist in Ottawa to influence and present its point of view. The lobbyists know their subjects. They are experts who provide research material, the odd drink, and they visit whomever they think can help them accomplish their purpose.

You might ask whom they represent, and I can tell you whom they represent. They represent labour, farming, business, the teaching community, the medical community, and the legal community as well as the accounting community. All large manufacturing firms are represented, as well as all the oil companies. There must be 100 lobbyists in Ottawa now. There are some who prefer to do their lobbying on their own. The best example I know of is Bulloch in the china shop. He has had some success in his own way.

Older people must learn to participate in the game by the new rules They need a first class team of young, able and responsible representatives to lobby and work for them in Ottawa.

They first need an umbrella organization to cover the whole country, and then a topnotch director and a good staff. They need money to do this, and that is available. All they need do is ask every person receiving old age security to contribute one dollar a year to a fund, and, if they do, they will have more money for lobbying than anyone else in Ottawa. There are 2½ million of them, so if only half of them came across with the dollar contribution, they would have a lot of money and could afford the best possible representatives in Ottawa. In addition, those representatives could also work for the poor who are unable to finance themselves.

All they need is a responsible advertising agency. They can set up an organization and make it function efficiently. It is like falling off a log, it is so easy to get this organized. They can continue their drive to have a minister of aging, which is long overdue.

The veterans of Canada—and I agree that they are special to all of us—have a minister. There are 772,000 veterans living in this country, and they have always had that and have enjoyed the benefits flowing from that.

There are 2½ million elderly people, and I think it is about time a Department of Aging came about. I think it is long overdue. A hole in the corner for a director of aging is not becoming. As I say, they can really have clout if they know their resources, and learn how to use them.

For a long time now, I have been talking about the need to help the disadvantaged sector of Canadian society. I mean those who, for one legitimate reason or another, never seem to rise above the poverty level. Some of them, unfortunately, have lived a good part of their lives substantially below the poverty level.

Who are these people? I am thinking particularly of the elderly, especially women living alone. They are the truly disadvantaged ones, but if I single them out for mention, it is not to draw attention away from any other group. All of them need help to a greater or lesser degree.

For a long time while I and others spoke on this subject, no one seemed to be listening. I kept talking about the problem, but it did not seem to make any difference. The statistics on poverty grew and grew. Somehow they never declined. Let me tell you that in real terms the effects of that are incalculable. Right across this country, hundreds of thousands of Canadians are living permanently below the poverty level. That means they are not adequately housed; not adequately fed and not adequately clothed. They do not like their circumstances, but they are not there by choice. They are in this situation because they cannot help themselves. I say to you, earnestly, that we must help them.

● (2140)

There is a way we can do this. When I first spoke about this problem, few people seemed to be paying attention while others joined me. Perhaps some thought that I would dry up and go away. I and others kept talking about it for a while and some people in charge started saying that it was a good idea to look into the situation, but that they did not have enough money to do anything about it. I suppose one could call that progress of a sort. At least they have come half-way by accepting the concept. I now call to them to come the rest of the way with me.

I say that we do have the money, and we must make a start. It is a huge problem which we must start to tackle. The money I am talking about is not like tax money. The money I am

talking about should not be dumped into general revenues and used only to pay bills—that is what taxes are for. The money I am talking about comes from the sale of a capital asset that is a non-renewable capital asset. When the oil and the gas that lie beneath the prairies is gone, they will be gone forever. Taxes are renewable every year. The oil and gas are not a heritage, a birthright, or a legacy. One day the income will stop. This money should not be treated like tax money because it is in a different category.

When I was a boy, fathers sent their sons out into the world with two pieces of advice: Don't back someone's note, and don't dip into capital. As far as I am concerned, the oil and gas monies are like capital. I do not say that we should not spend them; I say we should spend them wisely because they are only going to come around this way once.

The energy agreement concluded between the Government of Canada and the producing provinces was meant to demonstrate that these non-renewable resources belong to all Canadians, not just those fortunate enough to live in the producing provinces. The disadvantaged people of whom I speak are not confined to one area of the country; they are everywhere—in the "have" provinces and in the "have not" provinces.

I want to see some of the heritage money spent on those below the poverty level, wherever they are. This is not windfall money that happens once; it is money that is part of our heritage.

Where does the money come from? I have in my hand a booklet issued by the Department of Energy, Mines and Resources in which it is stated that, in the next five years, the Government of Canada will receive $54.3 billion, which is 25.5 per cent of the total; the Government of Alberta will receive $64.3 billion, which is 30.2 per cent of the total; and industry will receive $94.2 billion, which is 44.3 per cent of the total.

I was a member of the House of Commons when a very famous Canadian asked, "Well, what's a million?" He never did live it down. Now a less famous Canadian is saying, "what's a billion?" Do you know what a billion is? A billion is one thousand million, and a million is a thousand thousands. That's a lot of money. The government wants to use that $54 billion to pay its debts.

I do not disagree with that objective, but one of the debts I want to see paid is the debt we owe our old people in this country. Canada has a debt to them, and it is a major obligation that has been outstanding for a long time. Now is the time to make payment on that debt. It is just as important and just as pressing as the government's other obligations. As a matter of fact, it is more pressing. The government's ordinary creditors can wait for a while; our old people are not ordinary creditors and they cannot wait. Unfortunately, some of them will not be here next month or next year. They need our help and they need it now.

I cannot accept that, with the billions of new revenue dollars that it has, the government cannot lend a hand to raise needy people over the poverty line. I do not ask the government to go it alone. Some of the heritage has descended upon the oil-producing provinces, and I look for them to do their share. It appears that there will be more oil-producing provinces in due course, perhaps Nova Scotia and Newfoundland.

I would draw to your attention, honourable senators, the fact that the Province of Alberta has offered additional assistance to its old people. Ontario, Saskatchewan, and the other provinces have not done so. The Heritage Fund of Alberta stands at about $10 billion. Assuming a rate of return on investment of 15 per cent, it will produce an annual revenue of $1.5 billion. Keep that amount in mind. There are approximately 211,000 people in Alberta living below the poverty line. To bring them up to the poverty line would cost about $1.5 million. The percentage of expenditure of investment revenue would amount to one-tenth of one per cent. If those figures do not shake you, they ought to. One-tenth of one per cent could bring everyone in Alberta above the poverty level.

In the case of Saskatchewan, the assets to be invested would be $1 billion. A return on investment of 15 per cent would produce revenue of $150 million. In order to bring those in that province who require assistance up to the poverty line, the percentage of expenditure of investment revenue would be seven-tenths of one per cent. When I received those figures, I had to peruse them very carefully. I just did not believe them.

So far as the federal government is concerned, we are not asking for capital. The government has $5 billion to invest, or do with as they like. They can use the interest on that to bring the elderly and the poor up to a decent standard of living without doing anybody any harm at all. Please keep those amounts in mind.

● (2150)

I say to the Government of Canada, and to the Governments of Alberta and Saskatchewan, that there is no valid reason for failing to meet this obligation. These revenues must be used for socially desirable objectives, and there is no more desirable objective than to lift our own people out of this long period of poverty. What government can possibly begrudge using a tiny fraction of the interest on a heritage fund for this good purpose? I say to them, and I say to you, honourable senators, that the need is great and the time is now. I also point out that the Province of Alberta is not using their money for general revenue, but is keeping it in the fund. All I am saying to them is that they should keep it there, but use the interest to meet these social needs. To the federal government I say, "Keep the money, the elderly are not laying claim to any of it—although they were impressed by the words of the minister to the effect that they would be treated fairly—but use the interest."

We are all agreed that older people in an affluent society ought to be assured of a decent stipend, paid out of the heritage or birthright. We have a lien on that money, legally and morally. The money does not all belong to our children; some of it belongs to us. We want it while we can use it and our time is running out. We are not asking our children for additional money. We are asking for our share now, while we are still breathing. We will let them decide what our share should be, but a share we should have.

We who are already old, need not agree with Browning's comment on old age that "the best is yet to be." If we cannot ensure that they are the best of years, we can at the very least ensure, by the decency of what we do here, that those years are lived with dignity and freedom from want. All we have to do is use this "found" money, which is part of our birthright, from the energy pricing agreement, to relieve the bitter years of people who have gone without for too long.

The various heritage funds—and there will be more in this country, as I have indicated—can, by assigning only a tiny portion of their enormous incomes, relieve the burden of the poor and wage a real war on poverty. In this connection, it is time to end the phoney war.

The Minister of Finance said that he wants to deal in fairness and equity. That is all we ask.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator Bonnell is not here. I think, since he is the chairman of the committee that made the report, I should adjourn the debate in his name, and leave it to him.

On motion of Senator Frith, for Senator Bonnell, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(*See p. 3718*)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

ELEVENTH REPORT OF STANDING JOINT COMMITTEE

Tuesday, March 2, 1982

The Standing Joint Committee on Regulations and Other Statutory Instruments has the honour to present its Eleventh Report as follows:

(Statutory Instruments No. 16)

1. In relation to its permanent reference, section 26 of the Statutory Instruments Act, S.C. 1970-71-72, c. 38, your Committee wishes to record certain long-outstanding undertakings of Ministers and heads of agencies in response to your Committee's objections to statutory instruments. It also wishes to note those instances in which Ministers have failed to answer correspondence on statutory instruments.

2. When your Committee objects to or questions some provision in a statutory instrument it takes the matter up through its counsel with the Designated Instruments Officer for the Department or Agency responsible for the instrument. That Officer's response, whether by way of explanation, clarification, justification or promise of remedial action, may satisfy the Committee. If it does not, and further attempts to press the Committee's point with the Designated Instruments Officer are fruitless, or if the promised action is not taken within a reasonable time, the Joint Chairmen and the Vice Chairman take the matter up with the responsible Minister or with the head of the relevant agency. Your Committee may, after hearing, or hearing from, the Minister or the head of the agency, be satisfied. If it is not, and the Minister or the head of the agency declines to take action, your Committee reports the statutory instrument to both Houses. Often, however, Ministers or heads of agencies undertake to take some remedial action, whether by amending or revoking objectionable provisions, or by introducing statutory changes. This has been your Committee's manner of proceeding in this Parliament. Previous Committees did not include reference of outstanding objections to Ministers as part of a settled routine.

3. Your Committee monitors all undertakings received and has decided to draw to the special attention of the Houses in Schedule I those instances in which undertakings are long outstanding, recording also for fairness and comparison in Schedule III the outcome of all matters raised with Ministers and heads of agencies by the Committee to date.

4. Your Committee also wishes to record in Schedule II instances of ministerial failure to respond to correspondence from the Joint Chairmen and the Vice Chairman within a reasonable time.

5. Schedules I, II and III reflect the position on the adoption of this Report by your Committee on 25th February 1982.

Respectfully submitted,

JOHN M. GODFREY,
Joint Chairman.

SCHEDULE I

Statutory Instrument	Minister's or Agency's Undertaking	Minister or Agency and Date of Undertaking
SOR/79-508, Territorial Timber Regulations, amendment	1. To report progress on negotiations which affect preparation of new legislation 2. To amend sections 6(3) and 21 of the Regulations	Indian and Northern Affairs March 27, 1981 (1.) August 14, 1980 (2.)
SOR/74-8, Indian Off-Reserve and Eskimo Housing Regulations	To redraft and replace Regulations	Indian and Northern Affairs August 1, 1980
CRC c. 461, Customs Sufferance Warehouses Regulations	Amendment to provide for disclosure in writing of reasons for denying application for appointment of customs sufferance warehouse	National Revenue May 13, 1981
SOR/79-53, Petroleum Import Cost Compensation Regulations, amendment	To amend paragraphs 10(a)(ii) and 10(b)(ii) of the Regulations	Energy, Mines and Resources March 26, 1981
Grain Futures Regulations—Regulations of Commodity Futures Markets	To keep Committee informed of progress of planning for changes to Grain Futures Act	Agriculture February 2, 1981
CRC c. 1047, Defence Establishment Trespass Regulations	To rewrite regulations after amendment of section 245 of the National Defence Act, but Minister insisting such amendment form part of larger scheme of amendments to the Act	National Defence April 3, 1981
SOR/76-803, SOR/79-713, Coastal Fisheries Protection Regulations and amendment	To revoke sections 11(j) and 11.1(2)(e) of the Regulations	Fisheries and Oceans February 24, 1981

SCHEDULE II

Subject	Date of Committee's Letter	Minister
Authority for the making of Remission Orders under Section 17, Financial Administration Act	March 19, 1981 Nov. 16, 1981*	Finance
SOR/79-345, Alice Arm Tailings Deposit Regulations	Oct. 16, 1981 Feb. 4, 1982*	Fisheries and Oceans
SOR/81-299, Fishing and Recreational Harbours Regulations, amendment	May 21, 1981 Feb. 15, 1982*	Fisheries and Oceans
SOR/81-363, Atlantic Coast Marine Plant Regulations, amendment	Oct. 23, 1981 Feb. 15, 1982*	Fisheries and Oceans
SOR/79-151, Small Business Loans Regulations, amendment	Feb. 20, 1981 June 11, 1981*	Industry, Trade and Commerce
SOR/79-508, Territorial Timber Regulations, amendment	May 21, 1981 June 26, 1981**	Indian and Northern Affairs

* Date of follow-up letter

** Date of follow-up letter to Assistant Deputy Minister following his request for list of all matters outstanding between the Committee and his Department

SCHEDULE III

MATTERS TAKEN UP WITH MINISTERS AND HEADS OF AGENCIES

Number	Title	Minister	Status
SOR/72-263	Sale of Postage Stamps Regulations	Post Office	Reported—5th Report 1st Session, 32nd Parl. (S.I. No. 11)
Divers	Airport Zoning Regulations	Transport	All regulations amended
SOR/73-36	Canadian Passport Regulations	External Affairs	Revoked and replaced
SOR/79-538	Consolidated Regulations Delivery Regulations	Justice	Copy supplied to Committee
Divers	Export Levies on Crude Oil	Energy, Mines & Resources	Ultra vires tax to be validated by Legislation introduced pursuant to Ways and Means Motion Nov/80
SOR/77-866	Wildlife Area Regulations	Environment	Amendment of Regulation and Act promised—Progress report promised for mid-February, 1982
SOR/79-785	Automobili Ferruccio Lamborghini S.p.A. Exemption Order, 1979	Transport	Sections 4 and 7 of Order revoked
SOR/78-557	R.C.M.P. Regulations, amendment	Solicitor General	Further discussions with Deputy Comm. of R.C.M.P. indicated amendments will be made
SOR/78-767	Fishing and Recreational Harbours Regulations, amendment	Fisheries and Oceans	Regulations amended; one outstanding problem requires amendment of enabling Act
SOR/74-456 as amended	Regulations for the Transportation of Dangerous Commodities by Rail	(1) Canadian Transport Commission	Committee prepared to await appearance of new Regulations under the Transportation of Dangerous Goods Act, 1980
		(2) Justice	On suggestion of Minister the question of preparing an Index to the Consolidated Regulations of Canada referred to Clerk of the Privy Council
SOR/79-508	Territorial Timber Regulations, amendment	Indian and Northern Affairs	Amendment of Regulations promised
CRC c. 461	Customs Sufferance Warehouses Regulations	National Revenue	Amendment of Regulations promised
	—Standing Orders of the Commissioner of the R.C.M.P.	Solicitor General	Position unclear—Correspondence current
Divers	—Authority for the making of Remission Orders under Section 17 of the Financial Administration Act	Finance	Awaiting reply from the Minister

Number	Title	Minister	Status
SOR/77-869, SOR/78-286, SOR/78-287,	as extended by SOR/81-25, Railway Passenger Services Adjustment Assistance Regulations Railway Passenger Services Contract Regulations Schedule D to the Financial Administration Act, amendment	Transport	Reported—7th Report, 1st Session, 32nd Parl. (S.I. No. 12)
SOR/79-88	Parole Regulations,	Solicitor General	Action to be taken eventually—Committee prepared to wait until Regulations revised
SOR/78-792	Weights and Measures Regulations, amendment	Consumer and Corporate Affairs	Department will change its practice in drafting future Regulations
SOR/77-836	Uranium Information Security Regulations	Energy, Mines and Resources	Legislation introduced—Foreign Proceedings and Judgments Bill (C-41). Committee's misgivings about enabling powers communicated to Minister and request made for reference to study them
SOR/77-624	Motor Vehicle Tire Safety Regulations	Transport	Amendment of Act promised in 1982
SOR/78-867,	as amended by SOR/81-363, Atlantic Coast Marine Plant Regulations	Fisheries and Oceans	Matter unresolved—Correspondence current
SOR/74-8	Indian Off-Reserve and Eskimo Housing Regulations	Indian and Northern Affairs	New Regulations promised
Divers	Income Tax Regulations Canada Pension Plan Regulations (Retroactivity)	National Revenue and Finance	Action taken as to part of the problem of retroactivity—Correspondence current
SOR/76-716	Grain Futures Regulations	Agriculture	Department studying Act and has promised to keep Committee informed
SOR/77-666 SOR/77-979	Canada Oil and Gas Land Regulations, amendments	Energy, Mines and Resources	Legislative Action taken by Canada Oil and Gas Act—S.C. 1980-81 C. 81
SOR/78-810 SOR/79-481	Unemployment Insurance Regulations, amendment	Employment and Immigration	Regulations to be amended
SOR/79-419 SOR/79-420	National Housing Loan Regulations, amendments	Canada Mortgage and Housing Corporation	Amendment of Regulations promised
SI/78-57	Cruiser Remission Order	Finance	Order amended
CRC c. 1047	Defence establishment Trespass Regulations	National Defence	Amendment of Act and Regulations promised at an indefinite date
SOR/79-53	Petroleum Import Cost Compensation Regulations, amendment	Energy, Mines and Resources	Amendment of Regulations promised

Number	Title	Minister	Status
SOR/79-151	Small Businesses Loans Regulations, amendment	Industry, Trade and Commerce	Long standing undertaking to amend Act when revised following further study-reply awaited from Minister as to status of study
SOR/76-273 SOR/76-274 SOR/77-713	Regulations made by Order in Council with no Minister recommending action by the Governor in Council	Justice	Correspondence current; Legal opinion requested from Counsel
SOR/77-395	Broadcasting Licence Fees Regulations	Canadian Radio-television and Tele-Communications Commission	Regulations amended to delete penalty provision
SOR/77-271	Countervailing Duty Regulations	Finance	New legislation promised; White paper published and referred to Committee on Finance, Trade and Economic Affairs
SOR/76-803 SOR/79-713	Coastal Fisheries Protection Regulations, amendments	Fisheries and Oceans	Amendment of Regulations promised
SOR/78-415	Canada Cycle and Motor Company Limited Enterprise Development Regulations	Industry, Trade and Commerce	Committee satisfied with Minister's explanation
Divers	Fees Orders made pursuant to section 13(b) of the Financial Administration Act	Treasury Board	Correspondence current
SOR/81-367	Second Class Mail Regulations, amendment	Post Office	Committee satisfied with Minister's explanation
SOR/77-504	Pipe Crossings Under Railways (No. E-10) Regulations	Canadian Transport Commission	Regulations amended
CRC c. 683	Claims Regulations	Treasury Board	Reported—10th Report, 1st Session, 32nd Parl. (S.I. No. 15)
SOR/77-125 SOR/77-794	Medical Devices Regulations amendment Cosmetics Regulations	National Health and Welfare	Correspondence current
SOR/80-832	Schedule to the Hazardous Products Act, amendment	President of Privy Council	Act includes a tabling requirement. Instruments valid even when no tabling takes place. The Committee's objection to this situation to be considered in context of Parliamentary reform
SOR/79-527	By-law 1978 No. 8, Eel Ground Band Council	Indian and Northern Affairs	Committee pressing for amendments. Department has agreed to supply all future by-laws for scrutiny

Number	Title	Minister	Status
SOR/79-345	Alice Arm Tailings Deposit Regulations	Fisheries and Oceans	Awaiting reply from Minister
Divers	Pilotage Regulations—"Passing Mark"	Transport	Regulations amended
SOR/78-670	Restricted Weapons and Firearms Control Regulations	Justice	Awaiting reply from Minister
SOR/73-153	Trade Mark Rules, amendment	Consumer and Corporate Affairs	Awaiting reply from Minister
SOR/79-954	Supplementary Death Benefit Regulations, amendment	Treasury Board	Amendment of Regulations promised
SI/81-76	Emergency Planning Order	Prime Minister	Awaiting reply from Minister
SOR/76-271 SOR/76-366	Public Service Superannuation Regulations, Canadian Forces Superannuation Regulations, amendment	Treasury Board	Correspondence current
SOR/76-358	Atlantic Coast Herring Regulations, amendment	Fisheries and Oceans	Awaiting reply from Minister
SOR/73-286 SOR/76-62	Canadian Egg Licensing Regulations, and amendment	Agriculture	Awaiting reply from Minister
	-4th Report, 4th Session, 30th Parl. (S.I. No. 5) "Footwear"	Industry, Trade and Commerce	Failure to act upon Committee's Report led to appearance of the Minister—Correspondence current

APPENDIX "B"

(*See p. 3728*)

POVERTY IN CANADA

SENATE REPORT ON POVERTY

UPDATED — 1970-1980

Family Size	Senate Committee Poverty Line 1970	% ***	Senate Committee Poverty Line 1971	%	Senate Committee Poverty Line 1972	%	Senate Committee Poverty Line 1973	%	Senate Committee Poverty Line 1974	%	Senate Committee Poverty Line 1975	%	Senate Committee Poverty Line 1976	%	Senate Committee Poverty Line 1977	%	Senate Committee Poverty Line 1978	%	Senate* Committee Poverty Line 1979	%	Senate** Committee Poverty Line 1980
	$		$		$		$		$		$		$		$		$		$		$
1	2,310	(5)	2,430	(10)	2,700	(10)	2,990	(3)	3,100	(11)	3,490	(25)	4,660	(2)	4,770	(10)	5,300	(9)	5,860	(12)	6,610
2	3,860	(5)	4,040	(10)	4,500	(10)	4,990	(3)	5,130	(11)	5,810	(25)	7,760	(2)	7,940	(10)	8,840	(10)	9,760	(12)	11,030
3	4,630	(5)	4,860	(10)	5,390	(10)	5,990	(3)	6,145	(12)	6,970	(25)	9,310	(2)	9,530	(10)	10,610	(10)	11,710	(13)	13,230
4	5,400	(5)	5,660	(10)	6,290	(10)	6,990	(3)	7,200	(12)	8,140	(25)	10,860	(2)	11,110	(10)	12,390	(9)	13,660	(13)	15,440
5	6,170	(5)	6,470	(10)	7,190	(10)	7,970	(3)	8,200	(12)	9,300	(25)	12,410	(2)	12,710	(10)	14,140	(9)	15,610	(13)	17,640
6	6,940	(5)	7,270	(10)	8,090	(10)	8,970	(10)	9,970	(5)	10,470	(25)	13,960	(2)	14,300	(10)	15,910	(9)	17,560	(13)	19,860
7	7,710	(4)	8,090	(10)	8,990	(10)	9,970	(10)	10,970	(6)	11,630	(25)	15,510	(2)	15,890	(10)	17,690	(9)	19,510	(13)	22,060
8																					
9																					
10	10,020	(4)	10,510	(10)	11,690	(10)	12,960	(10)	14,000	(4)	14,612										

* *SENATE REPORT*: 1979 — Poverty level set at approximately 50% of average Canadian family income adjusted to family size, making provision for inflation and gross national product.

** *SENATE REPORT*: 1980 — Poverty level for families of sizes 2, 3, and 4, the Poverty Lines are almost exactly half of the average income for families of those sizes.

*** *SENATE REPORT*: = percentage increase is indicated.

NUMBER AND PERCENTAGE OF FAMILY UNITS WITH INCOMES BELOW SENATE COMMITTEE AND STATISTICS CANADA CUT-OFFS FOR 1979 AND 1980

1980	SENATE COMMITTEE LINES	STATISTICS CANADA LINES
Unattached individuals	40.2% (1,058,000 persons)	31.4% (826,000 persons)
Families of two or more persons	21.9% (1,340,000 families)	10.4% (639,000 families)
1979		
Unattached individuals	40.5% (1,017,000)	34.3% (861,000 persons)
Families of two or more	23% (1,383,000)	11.9% (720,000 families)

SENATE REPORT: Poverty level set at approximately 50% of average Canadian family income adjusted to family size, making provision for inflation and gross national product. For families of sizes 2, 3, and 4, the Poverty Lines are almost exactly half of the average income for families of those sizes.

STATISTICS CANADA: Lines are based on changing consumption patterns which now indicate that families who spend 62% or more of their income on food, clothing and shelter (as opposed to the 70% criterion used at an earlier date) are in straitened circumstances. These limits are also differentiated by size of area of residence.

According to Statistics Canada figures the lowest 20% of families (lowest income quintile) received only about 6% of the total income of families. By way of contrast, the highest 20% of families (highest income quintile) received about 43% of total family income, or about 7 times as much as the lowest quintile.

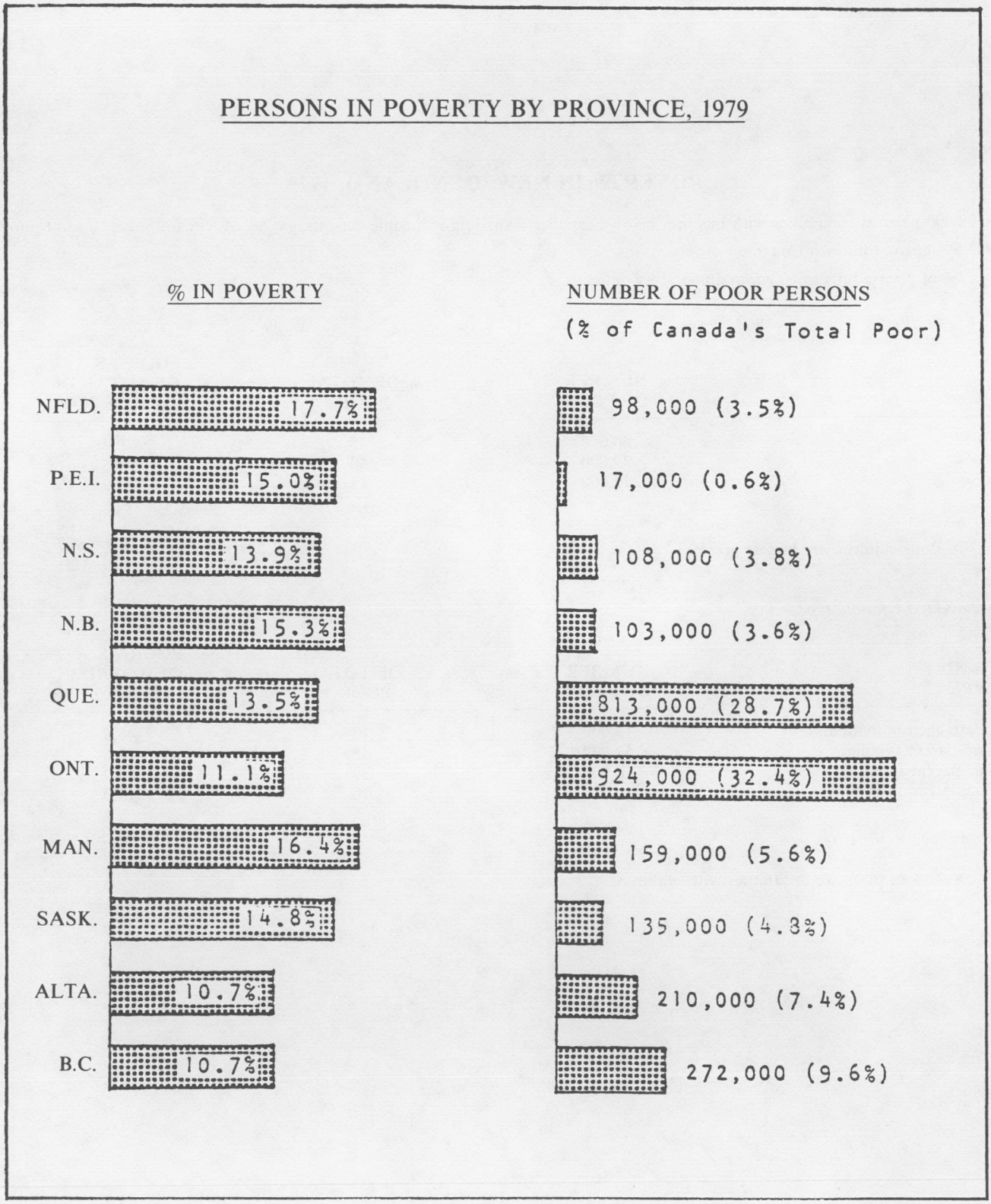
Produced by
Senator David A. Croll
November 1981

Poverty in Canada
Updated Poverty Line

POVERTY IN CANADA, 1979

*2,839,000 PERSONS IN FAMILIES WITH INCOMES BELOW STATISTICS CANADA LOW INCOME CUT-OFFS.

	NUMBER OF POOR	% OF TOTAL POOR	POOR AS A % OF TOTAL POPULATION
POVERTY BY SEX			
MALE	1,184,000	42	10.7
FEMALE	1,665,000	58	14.0
POVERTY BY AGE			
0-17	866,000	31	12.8
18-64	1,365,000	48	10.0
65+	608,000	21	24.6
POVERTY BY FAMILY TYPE			
UNATTACHED INDIVIDUALS	809,000	29	32.3
TWO-PARENT FAMILIES*	998,000	35	7.6
ONE-PARENT FAMILIES*	576,000	20	43.8
COUPLES/ADULT FAMILIES	456,000	16	7.7
*WITH CHILDREN UNDER 18			
TOTAL PERSONS IN POVERTY	2,839,000	100	12.4


PERSONS IN POVERTY BY PROVINCE, 1979
% IN POVERTY
NUMBER OF POOR PERSONS
(% of Canada's Total Poor)
NFLD.
17.7%
98,000 (3.5%)
P.E.I.
15.0%
17,000 (0.6%)
N.S.
13.9%
108,000 (3.8%)
N.B.
15.3%
103,000 (3.6%)
QUE.
13.5%
813,000 (28.7%)
ONT.
11.1%
924,000 (32.4%)
MAN.
16.4%
159,000 (5.6%)
SASK.
14.8%
135,000 (4.8%)
ALTA.
10.7%
210,000 (7.4%)
B.C.
10.7%
272,000 (9.6%)

POVERTY IN NEWFOUNDLAND, 1979

- 98,000 persons in families with incomes below Statistics Canada low income cut-offs; 17.7% of Newfoundland's total population.
- 3.5% of total poor in Canada.
- 57% of poor adults in Newfoundland are women.
- *Poverty by age*

AGE	NUMBER OF POOR	% OF TOTAL POOR	POOR AS A % OF TOTAL IN AGE GROUP
0-17	44,000	45	20.6
18-64	39,000	40	14.3
65+	15,000	15	22.9
		100	

- Poor children are largest group.

- *Poverty by family type*

FAMILY TYPE	NUMBER OF POOR	% OF TOTAL POOR	POOR AS A % OF TOTAL IN FAMILY TYPE
Unattached individuals	13,000	13	46.5
Two-parent families*	57,000	58	14.6
One-parent families*	18,000	19	50.0
Couples/adult families	10,000	10	10.0
		100	

(*With children under 18)

- 77% of poor are in families with children.

POVERTY IN PRINCE EDWARD ISLAND, 1979

- 17,000 persons in families with incomes below Statistics Canada low income cut-offs; 15.0% of Prince Edward Island's total population.
- 0.6% of total poor in Canada.
- 55% of poor adults in Prince Edward Island are women.
- *Poverty by age*

AGE	NUMBER OF POOR	% OF TOTAL POOR	POOR AS A % OF TOTAL IN AGE GROUP
0-17	6,000	35	16.2
18-64	8,000	47	12.4
65+	3,000	18	22.7
		100	

- Over one-third of the poor are children.

- *Poverty by family type*

FAMILY TYPE	NUMBER OF POOR	% OF TOTAL POOR	POOR AS A % OF TOTAL IN FAMILY TYPE
Unattached individuals	4,000	24	39.1
Two-parent families*	7,000	40	10.6
One-parent families*	4,000	24	39.7
Couples/adult families	2,000	12	8.6
		100	

(*With children under 18)

- 66% of poor are in families with children.

POVERTY IN NOVA SCOTIA, 1979

- 108,000 persons in families with incomes below Statistics Canada low income cut-offs; 13.9% of Nova Scotia's total population
- 3.8% of total poor in Canada.
- 64% of poor adults in Nova Scotia are women.
- *Poverty by age*

AGE	NUMBER OF POOR	% OF TOTAL POOR	POOR AS A % OF TOTAL IN AGE GROUP
0-17	35,000	32	14.2
18-64	49,000	46	11.6
65+	24,000	22	22.4
		100	

- One-third of poor are children.

- *Poverty by family type*

FAMILY TYPE	NUMBER OF POOR	% OF TOTAL POOR	POOR AS A % OF TOTAL IN FAMILY TYPE
Unattached individuals	32,000	30	38.8
Two-parent families*	41,000	38	9.0
One-parent families*	20,000	18	37.2
Couples/adult families	15,000	14	8.0
		100	

(*With children under 18)

- 56% of poor are in families with children.

POVERTY IN NEW BRUNSWICK, 1979

- 103,000 persons in families with incomes below Statistics Canada low income cut-offs; 15.3% of New Brunswick's total population
- 3.6% of total poor in Canada.
- 62% of poor adults in New Brunswick are women.
- *Poverty by age*

AGE	NUMBER OF POOR	% OF TOTAL POOR	POOR AS A % OF TOTAL IN AGE GROUP
0-17	42,000	41	18.8
18-64	45,000	44	12.1
65+	16,000	15	20.7
		100	

- Over 40% of poor are children.
- *Poverty by family type*

FAMILY TYPE	NUMBER OF POOR	% OF TOTAL POOR	POOR AS A % OF TOTAL IN FAMILY GROUP
Unattached individuals	19,000	18	32.2
Two-parent families*	47,000	46	11.3
One-parent families*	25,000	24	53.6
Couples/adult families	12,000	12	7.7
		100	

(*With children under 18)

- 70% of poor are in families with children.

POVERTY IN QUEBEC, 1979

- 813,000 persons in families with incomes below Statistics Canada low income cut-offs; 13.5% of Quebec's total population.
- 28.7% of total poor in Canada.
- 62% of poor adults in Quebec are women.
- *Poverty by age*

AGE	NUMBER OF POOR	% OF TOTAL POOR	POOR AS A % OF TOTAL IN AGE GROUP
0-17	229,000	28	13.4
18-64	421,000	52	11.4
65+	163,000	20	26.5
		100	

- Over half the poor are adults under age 65.

- *Poverty by family type*

FAMILY TYPE	NUMBER OF POOR	% OF TOTAL POOR	POOR AS A % OF TOTAL IN FAMILY TYPE
Unattached individuals	231,000	29	39.3
Two-parent families*	294,000	36	8.5
One-parent families*	140,000	17	45.4
Couples/adult families	148,000	18	8.8
		100	

(*With children under 18)

- 53% of poor are in families with children.

POVERTY IN ONTARIO, 1979

- 924,000 persons in families with incomes below Statistics Canada low income cut-offs; 11.1% of Ontario's total population.
- 32.4% of total poor in Canada.
- 62% of poor adults in Ontario are women.
- *Poverty by age*

AGE	NUMBER OF POOR	% OF TOTAL POOR	POOR AS A % OF TOTAL IN AGE GROUP
0-17	271,000	29	11.3
18-64	445,000	48	8.8
65+	208,000	23	23.4
		100	

- About half the poor are adults under age 65.

- *Poverty by family type*

FAMILY TYPE	NUMBER OF POOR	% OF TOTAL POOR	POOR AS A % OF TOTAL IN FAMILY TYPE
Unattached individuals	274,000	30	30.3
Two-parent families*	300,000	32	6.3
One-parent families*	204,000	22	41.7
Couples/adult families	146,000	16	6.7
		100	

(*With children under 18)

- 54% of poor are in families with children.

POVERTY IN MANITOBA, 1979

- 159,000 persons in families with incomes below Statistics Canada low income cut-offs; 16.4% of Manitoba's total population.
- 5.6% of total poor in Canada.
- 63% of poor adults in Manitoba are women.
- *Poverty by age*

AGE	NUMBER OF POOR	% OF TOTAL POOR	POOR AS A % OF TOTAL IN AGE GROUP
0-17	49,000	31	16.5
18-64	69,000	43	12.7
65+	41,000	26	32.1
		100	

- Nearly one-third of poor are children.

- *Poverty by family type*

FAMILY TYPE	NUMBER OF POOR	% OF TOTAL POOR	POOR AS A % OF TOTAL IN FAMILY TYPE
Unattached individuals	47,000	30	38.9
Two-parent families*	53,000	33	9.8
One-parent families*	32,000	20	53.7
Couples/adult families	27,000	17	10.9
		100	

(*With children under 18)

- 53% of poor are in families with children.

POVERTY IN SASKATCHEWAN, 1979

- 135,000 persons in families with incomes below Statistics Canada low income cut-offs; 14.8% of Saskatchewan's total population.
- 4.8% of total poor in Canada.
- 61% of poor adults in Saskatchewan are women.
- *Poverty by age*

AGE	NUMBER OF POOR	% OF TOTAL POOR	POOR AS A % OF TOTAL IN AGE GROUP
0-17	45,000	33	15.7
18-64	58,000	43	11.7
65+	32,000	24	24.4
		100	

- One-third of poor are children.

- *Poverty by family type*

FAMILY TYPE	NUMBER OF POOR	% OF TOTAL POOR	POOR AS A % OF TOTAL IN FAMILY TYPE
Unattached individuals	40,000	30	34.0
Two-parent families*	54,000	40	10.3
One-parent families*	23,000	17	44.0
Couples/adult families	18,000	13	8.2
		100	

(*With children under 18)

- 57% of poor are in families with children.

POVERTY IN ALBERTA, 1979

- 210,000 persons in families with incomes below Statistics Canada low income cut-offs; 10.7% of Alberta's total population.
- 7.4% of total poor in Canada.
- 62% of poor adults in Alberta are women.
- *Poverty by age*

AGE	NUMBER OF POOR	% OF TOTAL POOR	POOR AS A % OF TOTAL IN AGE GROUP
0-17	77,000	37	12.5
18-64	100,000	47	8.5
65+	33,000	16	19.9
		100	

- One-third of poor are children.
- *Poverty by family type*

FAMILY TYPE	NUMBER OF POOR	% OF TOTAL POOR	POOR AS A % OF TOTAL IN FAMILY TYPE
Unattached individuals	48,000	23	20.4
Two-parent families*	76,000	36	6.8
One-parent families*	55,000	26	39.7
Couples/adult families	31,000	15	6.6
		100	

(*With children under 18)

- 62% of poor are in families with children.

POVERTY IN BRITISH COLUMBIA, 1979

- 272,000 persons in families with incomes below Statistics Canada low income cut-offs; 10.7% of British Columbia's total population.
- 9.6% of total poor in Canada.
- 63% of poor adults in British Columbia are women.
- *Poverty by age*

AGE	NUMBER OF POOR	% OF TOTAL POOR	POOR AS A % OF TOTAL IN AGE GROUP
0-17	68,000	25	9.4
18-64	133,000	49	8.6
65+	71,000	26	26.3
		100	

- Half the poor are adults under age 65.

- *Poverty by family type*

FAMILY TYPE	NUMBER OF POOR	% OF TOTAL POOR	POOR AS A % OF TOTAL IN FAMILY TYPE
Unattached individuals	101,000	37	28.1
Two-parent families*	68,000	25	5.0
One-parent families*	55,000	20	34.1
Couples/adult families	48,000	18	7.5
		100	

(*With children under 18)

- 45% of the poor are in families with children.

HOW MANY CANADIANS ARE POOR?

In 1977, 3,013,000 Canadians (according to Statistics Canada) were poor. 929,000 were children and approximately 400,000 of these were children in single-parent families. The following table presents a breakdown of the poor by province.

NUMBER AND PERCENT OF PERSONS IN FAMILY UNITS* BELOW STATISTICS CANADA POVERTY LINES IN 1977 (MOST RECENT YEAR FOR WHICH PROVINCIAL ESTIMATES AVAILABLE)

PROVINCE	NUMBER OF PERSONS	PERCENT OF TOTAL POPULATION
NEWFOUNDLAND	97	17.2
PRINCE EDWARD ISLAND	16	14.0
NOVA SCOTIA	117	15.0
NEW BRUNSWICK	109	16.4
QUEBEC	894	14.3
ONTARIO	956	11.6
MANITOBA	169	17.1
SASKATCHEWAN	141	15.5
ALBERTA	211	11.4
BRITISH COLUMBIA	303	12.4
CANADA	3,013	13.3

1) Excluding Persons on Indian Reserves or in Institutions

* Refers to unattached individuals, childless couples and families with children.

SOURCE Health and Welfare Canada, Policy Resources, October 1980

THE SENATE

Wednesday, March 3, 1982

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

Prayers.

QUESTION PERIOD

[*Translation*]

ENERGY

OIL PRICING—GOVERNMENT POLICY

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, my question is directed to the Minister of State for Economic Development.

In view of the British government's decision to reduce the price of crude oil by $4 per barrel, can the minister inform us what impact this decision is expected to have on the Canadian government's energy policy, the agreement with Alberta and perhaps also on the Alsands project?

[*English*]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, it is a little early to assess what my honourable friend, the Leader of the Opposition, or both, has described—

Senator Flynn: That is quite a combination.

Senator Olson: Yes—as the consequences of the decision by the British authorities to reduce the price of North Sea crude by $4 a barrel. It was, of course, the position of the government that when the national energy agreement was put into place there was a price schedule attached to that agreement that was in large part related to a projection of price increases that the world economy or world oil market is not following at the moment.

We realize, of course, that since September 1 there have been a number of price reductions announced by several major exporters. Even more important, I suppose, there has been a changed pattern, in that spot oil prices have been below contracted prices—at least, I think, in most recent times. That is a changed pattern from the situation that was in effect prior to the signing of the September 1 agreement.

I am sure that the governments of the producing provinces and the federal government will make an assessment of this significantly changed world situation, particularly as it applies to the pricing schedule that was included in that agreement.

When I have more positive—or perhaps that is not the right word—firm assessments of the projections, I will advise the Leader of the Opposition.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to ask questions on the general topic introduced by my leader. I ask the honourable minister if he can tell the Senate the changes that have been made in the heavy oil pricing arrangement that has existed heretofore in western Canada. I understand there has been some change in government policy regarding the pricing of heavy oil, which is quite significant. Can he tell the house what those changes are, and to whom they apply?

• (1410)

Senator Olson: Honourable senators, I shall be glad to provide that information in more detail. I am sorry that I did not have it with me today. At this point in time I suppose that what I know about the matter is essentially the same as the honourable senator's knowledge, he having read something about it in the press. However, I will try to provide him with a complete description of the change in the pricing schedule, and will also provide a reply to the other part of his question.

Senator Roblin: According to the report that I have on the matter, the average price for heavy oil, now $21.24 per barrel, would be increased to $35.02 per barrel, which is a very significant change. Would the minister care to comment on the reason for that?

Senator Olson: Honourable senators, I believe it would be more accurate if I were to provide a more detailed report. I agree that it is a significant change, although it applies, of course, to some fields where heavy oil is produced and, indeed, was going into the stream at the so-called conventional price. I am not sure whether "conventional price" is the right term, but a fairly significant portion of the so-called heavy oil and the upgraded oil were under a different pricing regime related to the Syncrude price and the amended price to Suncor, for example; but, obviously, it is a wider base for the new price than was in effect prior to the making of the announcement.

Senator Roblin: In view of this very significant change in government policy with respect to pricing, can the minister tell me whether it applies to the heavy oil developments which are commonly referred to as the Cold Lake project?

Senator Olson: Honourable senators, I will find that out. If my memory serves me correctly, I believe that a price even higher than $35 was offered to the Cold Lake project a long time ago. As a matter of fact, I believe that $38 plus escalation was offered in that enhanced recovery situation in early October 1980.

Senator Roblin: That may well be true, but in view of the significant rise of around 50 per cent, if not more, in respect of other heavy oil projects, the Cold Lake project obviously has to be considered in this context.

ALSANDS PROJECT—GOVERNMENT POLICY

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would proceed further by asking the minister to give us a statement on the government's policy with respect to Alsands at the present time. According to the latest information we have received, the final offer was made for Alsands some time in January. Obviously, that did not entice anyone to go ahead. In fact, it seems to have persuaded about half of those companies originally in it to opt out. I have asked the minister on a number of occasions whether there is any intention on the part of the government to change its formula in connection with Alsands so that it will become commercially attractive.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I know that further discussions are going on which have been announced by the Minister of Energy, Mines and Resources and the Minister of Energy for Alberta. I believe that a meeting between those two ministers will be held in Winnipeg tomorrow. I do not believe that it relates directly to the pricing schedule to which the honourable senator referred, because I believe that the total price of Alsands oil was indeed substantially higher than the $35 per barrel he mentioned.

Senator Roblin: Can the minister tell me whether any consideration has been given to a special interest price regime with respect to Alsands?

Senator Olson: Not that I know of. If the honourable senator is talking about the interest on the capital investment, no consideration, that I know of, has been given to any special interest on that capital requirement.

Senator Roblin: Honourable senators, if the minister tells me that there is no special arrangement in view with respect to interest rates on the Alsands project, can he explain to me the policy of the government with respect to interest rates on energy projects in the Soviet Union? We have learned that although no deal has apparently yet been consummated, it is the policy of the government to provide subsidized interest rates for the export of Canadian techniques and materials that benefit energy self-sufficiency within the Soviet Union. A 10 per cent rate of interest, or something of the sort, is available for sales to that country, as against a commercial rate of some 16 per cent, and perhaps higher.

● (1415)

If it is considered advisable to support exports to the Soviet Union, and thus energy self-sufficiency in that country, by means of a subsidized interest rate, why does the government not take a more constructive attitude towards the problems of self-sufficiency within Canada, with particular reference to the Alsands project? Where is the rationale for cheap money for the Russians but no cheap money for Canadians?

Senator Olson: Honourable senators, we have just had another typical example of the kind of convoluted reasoning that goes on in the mind of my honourable friend. It is too bad he does not tell the rest of the story. I do not blame him, because usually you produce arguments, including in them the pieces you want in and either advertently or inadvertently leaving out others.

The fact of the matter is that there is no outstanding offer for the gas line project in the Soviet Union. There was one until December 31, 1981. I told Senator Roblin then that it is not the practice of the Export Development Corporation to reveal the details of offers made by them in competition with other countries.

There is another even more important factor that my honourable friend, I am sure, in fairness wants to take into account, and that is that the total amount of the offers made by the Export Development Corporation to meet the competition respecting concessional financing in the world applies only to Canadian content, and is therefore 100 per cent applicable to Canadians and to the creation of jobs in Canada.

Senator Roblin: Well, when it comes to leaving out and putting in with respect to questions and answers, my honourable friend need take lessons from nobody, because he is very adept at doing that himself. I suggest to him that it is just as satisfactory to Canadians to create jobs in Canada for Canadians on Alsands, which is regarded by the Economic Council of Canada as being among the mega-projects on which our immediate economic future largely hinges. Canadians would be just as happy to have those jobs as the ones my honourable friend refers to with respect to our exports.

The point is that he is willing to subsidize jobs that are involved with the export trade, but turns a blind eye to the advantages of dealing more equitably with the people in Canada.

Hon. George J. McIlraith: What is your question?

Senator Roblin: My question to my honourable friend is—and I always get around to the question; I always have a question in the end—

Senator McIlraith: Why don't you consult the rules before you ask a question?

Senator Roblin: If my honourable friend wants to deal with the rules, I am prepared to listen to him, because he is a man whose opinions I respect.

What I want to know is why my honourable friend is not prepared to tell the house—and I am not asking him to give away any secrets—that he is prepared to negotiate from his so-called final position on the Alsands financing project in order to arrive at a position today which would be viable under the present conditions of price referred to by my friend the Leader of the Opposition. Why does the minister persist in stonewalling on that point?

Senator Olson: My honourable friend knows just as well as I do, in making his selective assertions, that the Export Development Corporation was set up, and is set up, for the purpose of financing export sales.

Senator Roblin: Is my honourable friend not set up for the purpose of getting self-sufficiency in oil in Canada? Is my honourable friend not the main actor in the Alsands negotiations? Of course he is. To say that the Export Development

Corporation has another function does not absolve him from having the responsibility for the other matter. Yet he will not tell this house, in spite of repeated questioning, that he intends to do something to make this project successful.

Senator Olson: Honourable senators, I understand the convolutions of these arguments, but if my friend insists on, or persists in, mixing apples and oranges, that is his responsibility; but it does not make any sense.

Hon. Jacques Flynn (Leader of the Opposition): You do that yourself, and very well.

• (1420)

Senator Roblin: I will ask my honourable friend about the oranges if he does not like the apples. What is he going to do about the Alsands situation in Canada today?

Senator Olson: The Government of Canada and the Government of Alberta, both of which are directly involved, are having further meetings with the partners of the consortium for the purpose of exploring where they can and ought to move in compliance with the agreement that was signed between the two governments. Although my friend can ask what has gone on at these meetings, quite obviously he is not going to get an answer from me, because I was not there. When an announcement is prepared—whether an agreement is reached or there is failure to reach an agreement—I will make sure that my honourable friend is one of the first to know.

Senator Roblin: Well, I submit that my honourable friend is preparing the ground for retreat. He has made it perfectly clear to us on previous occasions that he was standing by the agreement reached in January with respect to Alsands. Everybody knows that in present circumstances he will not be able to hold that ground if he intends to make any progress. Why doesn't he come clean?

Senator Olson: Honourable senators, now it is a matter of "coming clean." I will say, though my honourable friend seems to disregard this, that I respect the fact that if negotiations are to be genuine amongst all of the people who are directly involved—the ministers and the partners of the consortium I mentioned a few minutes ago—we really ought not to be discussing these details across the floor of this chamber or any other place. They should be discussed only in a meeting where the principals are in attendance. It seems to me that that is so obvious and simple that even my honourable friend should be able to understand it.

Senator Roblin: Of course your honourable friend understands it, and he does not disagree with it. I am not suggesting that the minister should negotiate with me or with anyone else across the floor of this chamber with respect to these matters.

Senator Olson: You are asking for details.

Senator Roblin: I am asking for a statement of policy, and that I have not got.

Hon. G. I. Smith: Neither have they!

Senator Olson: My friend obviously cannot read his mail very closely, because if he did he would know the terms and conditions of the agreement signed between the governments of Canada and Alberta with respect to the negotiating position with consortia such as Alsands. My honourable friend knows very well that the two governments have agreed to move concurrently with respect to any changes that may, indeed, make the whole deal more attractive to the private sector investors that are involved.

Senator Roblin: I can extract one crumb of comfort from these convoluted and partial statements made by the minister. I take it from what he has said to me that he is prepared to alter the final deal that he has offered to Alsands, and that we may expect to see some changes with respect to that project.

Senator Olson: My honourable friend can take that crumb if he wants to.

Hon. R. James Balfour: That is all he can get from it.

Senator Olson: I think, however, that my honourable friend has to understand this issue on a higher level. If the two ministers have agreed to attend a meeting to discuss what can be done in order to get this important project under way, they are prepared to do exactly that, which involves discussing all of the factors that are involved, along with the concerns of the consortium which would be expected to finance, build and operate such a project. All of these things together constitute genuine negotiation, something that this government has done for a long time.

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear!

LEGISLATION

SUGGESTED INTRODUCTION OF GOVERNMENT BILLS IN SENATE

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate.

Hon. C. William Doody: Sock it to him, Peter!

Senator Bosa: I am going to try. Since the other place appears to be paralyzed, I wonder whether the leader would consider discussing with his colleagues the possibility of introducing government legislation in this chamber so that the country can get on with its business.

Hon. Jacques Flynn (Leader of the Opposition): Mind your own business!

Hon. Royce Frith (Deputy Leader of the Government): Legislation is our business.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the preparedness of the Senate to initiate certain bills has already been made known to my colleagues in the cabinet.

Senator Flynn: Instead of making pious utterances, bring some bills in.

Senator Perrault: Perhaps this is an opportunity for the Senate to do just that.

Senator Flynn: What are you prepared to do today?

Hon. Duff Roblin (Deputy Leader of the Opposition): Nothing.

Senator Flynn: You are only bringing in hot air, provoked by Senator Bosa.

Senator Perrault: I felt that I spoke on behalf of all honourable senators when I suggested that the Senate is prepared to assist in the parliamentary process to the best of its capacity and ability. I know that this view is held by the Leader of the Opposition, and I hope that he does not misunderstand what I have said.

● (1425)

Senator Flynn: It is not that I misunderstand, but that you are not minding your own business.

Senator Perrault: Honourable senators, I fail to understand how the Leader of the Opposition can take umbrage at what I have said. I said that I have made known to my cabinet colleagues the willingness and the preparedness of the Senate to initiate various government measures, should this process be made possible.

Senator Flynn: The question is as to when you did that. It should have been done four weeks ago, because we have been doing nothing since we returned at the beginning of February. We have produced nothing but hot air and empty words.

Senator Perrault: The Leader of the Opposition may have been doing little beyond orating from time to time, but many honourable senators have been occupied working very diligently on behalf of this country. I want to remind the Leader of the Opposition that the willingness of the Senate to initiate bills and to be of any help to this parliamentary process has been reiterated time and time again by the Leader of the Government.

Senator Flynn: Without results.

Senator Perrault: And I hope he did the same thing when he served for that mercifully brief period under Mr. Clark.

Senator Flynn: But it has all been without results. How many bills have been obtained from the government to be initiated in this chamber?

Hon. George J. McIlraith: On a point of order—

Senator Flynn: Senator McIlraith, if you want to raise a point of order, then stand up and raise it.

Senator McIlraith: Honourable senators, I am very glad to stand up and raise my point of order.

Senator Flynn: Then go ahead.

Senator McIlraith: I hope that the Leader of the Opposition in the Senate will listen to me as I make it. We are now on Question Period, which is the period that permits honourable senators to obtain information from ministers here and, to a certain extent, from chairmen of committees.

Senator Flynn: That's right.

Senator McIlraith: But subject to that qualification, "from ministers," that presupposes asking questions and getting answers.

[Senator Flynn.]

Senator Flynn: Is that the point?

Senator McIlraith: The Leader of the Opposition did not avail himself of this opportunity. He went on to debate—well, that is on the record and I leave it to honourable senators to assess—with the Leader of the Government in the Senate some private views he holds. This, of course, is not the purpose of Question Period.

I hope that we can get to a situation soon where Question Period, which is so valuable and important to our parliamentary system, is used by honourable senators for the purpose of obtaining all the information possible from government ministers, rather than to make speeches and to debate other matters. I feel very strongly on the subject, and I believe that I am raising a legitimate point of order because the rules have been abused today.

Senator Flynn: By whom?

Senator McIlraith: I do not wish to name honourable senators, but I will if the Senate wishes me to.

Senator Flynn: Make your point clear. Are you referring to me or to the Leader of the Government?

Senator McIlraith: I am referring to you, your desk-mate and to parts of an answer given to a question.

Senator Flynn: That's fine.

Senator McIlraith: I want to make that very clear.

Senator Flynn: Well, please make it clear.

Senator McIlraith: I am confining myself specifically to the point of order because I believe the right to have a good Question Period and to ask questions of and receive answers from ministers, in particular, is a very important right of all parliamentarians, and I do not wish to see it abused.

Some Hon. Senators: Hear, hear.

Senator Flynn: Honourable senators, on the point of order, I would draw to the attention of Senator McIlraith the fact that this matter was raised by Senator Bosa and subsequently abused by the Leader of the Government. Senator McIlraith should have the courage occasionally to raise a point of order when his leader, the Leader of the Government in the Senate, is abusing the rules—

Senator Perrault: Absolute nonsense.

Senator Flynn: —by not answering questions and dealing with matters that are not relevant to the Senate. If the honourable senator has the courage to state that what I have said is so, then I will accept his point of order.

Senator McIlraith: Honourable senators, I hope I made it clear that the rules pertaining to Question Period apply equally to those who answer questions, whether they be ministers or chairmen of committees, and those asking questions.

Senator Flynn: You should have said that before; you simply referred to me. If you had said that it applied also to the Leader of the Government, then I would have accepted your point of order.

Senator McIlraith: I accepted your invitation to raise the point of order.

Senator Flynn: But you did not point out that it concerns both sides.

Hon. Louis-J. Robichaud: Honourable senators, at this stage I would like to—

Senator Flynn: Stand up!

An Hon. Senator: Cheap, cheap!

Senator Robichaud: —raise a point of order. And I can tell the honourable senator that I am standing up. I will stand up at any time against the Leader of the Opposition in the Senate, especially when he behaves in such an infantile manner as he did this afternoon.

• (1430)

Senator Flynn: We were on an equal footing at that time.

Senator Robichaud: I agree with my colleague, Senator McIlraith. It is obvious that something has gone wrong in the other place and we know who is culpable.

Hon. Richard A. Donahoe: Trudeau.

Senator Robichaud: We are not going to discuss the situation in the other place this afternoon. Let us not behave childishly.

Hon. Martial Asselin: Make your point.

Senator Robichaud: Let us not behave as others are behaving in the other place; let us conduct ourselves as honourable senators.

Hon. G. I. Smith: I wish to speak to the point of order raised by Senator McIlraith. I agree with what he says is the object of Question Period. I have been on the receiving and the giving end of a Question Period for many years. My experience has been that Question Period gets along best when both sides do as is suggested by Senator McIlraith, and that is when questions are asked in accordance with the rules and answers are given briefly and in accordance with the rules. If we follow that practice, we may reach the very desirable objective that the honourable senator raises.

He and I may have to be very active in pressing this point often to ensure that the question is posed and the response is given in the manner my colleague suggests. I will gladly follow my colleague's advice when I am faced with both situations, and I hope he will join me when I raise the point with reference to some of the answers.

Senator Donahoe: Honourable senators, I wish to direct a question to the Leader of the Government in the Senate. Would he be kind enough to tell us now—or take the question as notice—the number of bills that have been introduced in this chamber since we resumed after the Christmas recess? I am speaking of those bills, private or public, presented in the Senate.

Senator Perrault: Honourable senators, yes.

Hon. John M. Godfrey: As a supplementary question, I would point out that people have been referring to legislation, and yet some of the most important work the Senate performs is done in its committees.

My question is: In view of the paralysis in the other place, should we not jump into the breach and have our committees take over some matters? As an example, the Minister of Finance said that he was prepared to refer to a parliamentary committee—he did not say a House of Commons committee—rules relating to corporate re-organization, taxation of whole life insurance, charitable foundations, retirement allowances and work in progress. These are five areas the Standing Senate Committee on Banking, Trade and Commerce is well qualified to study.

I do not agree with Senator McIlraith that the sole purpose of asking questions in the Senate is to elicit information. Ninety per cent of the questions I ask are for the purpose of getting some action.

Senator Donahoe: It should be 100 per cent.

Senator Flynn: No reply.

FREEDOM OF INFORMATION

STATUS OF PROPOSED LEGISLATION

Hon. Nathan Nurgitz: Honourable senators, I have a very brief question for the Leader of the Government in the Senate. Some weeks ago I raised some questions concerning the freedom of information bill. The staff of the Leader of the Government is, no doubt, busily working on an answer for him.

I read, albeit late, an article that appeared in the November-December issue of *Canadian Lawyer* wherein the Solicitor General dismissed concerns about limitations on the privacy of Canadians by citing this new proposed bill that would save private citizens from, for example, letter-opening and dossiers being kept on them.

My question, which I am sure the Leader of the Government would prefer to take as notice, is: As it becomes clear that the government intends either to abandon its Throne Speech commitment respecting freedom of information legislation or, as the leader proposed last time, to wait for provincial Liberal attorneys general to surface on the scene, would the leader indicate if the government will justify the faith of the Solicitor General in that some protection for citizens will be provided by introducing other legislation, not covering the whole realm of freedom of information and privacy, but just particular legislation to protect personal privacy?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the statement that I mentioned earlier, which I said I would attempt to bring to the Senate, has not yet been completed. However, the additional question posed by Senator Nurgitz shall be forwarded to the appropriate sources and perhaps a reply to this question can be included in the main reply.

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

QUEBEC—JOB CREATION—REQUEST FOR FEDERAL AID

Hon. Martial Asselin: My question is directed to the Leader of the Government. Last Monday, ministers of the federal government and ministers of the Government of Quebec met to discuss the latter's proposal to earmark $300 million for saving small- and medium-sized businesses. The Quebec government's request was not exaggerated, considering the unemployment rate of close to 14 per cent in Quebec. As a matter of fact, the province must inject substantial amounts of money into the economy if it is to put small- and medium-sized businesses back on the track. However, Mr. Lalonde stated that in the future, the federal government will spend its money and the provinces will spend theirs. Could the Leader of the Government tell us what fundamental reason the federal government had to refuse to agree with the proposal put forward by the Quebec government to create a three hundred million dollar fund in order to help small- and medium-sized businesses? Could the Leader of the Government inform us whether this refusal is final? And could he inform us whether the minister may have meant that the parties had agreed on a mechanism for consultation instead of earmarking funds? Is this the beginning of the end of co-operative federalism as announced last week by Prime Minister Trudeau?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was raised in the other place yesterday and, in reply, the Honourable Charles Lapointe said:

> We did not refuse to collaborate with Quebec . . . we indicated to our Quebec counterparts that a firm proposal had been made by our Minister of Employment and Immigration to create jobs in Quebec in the near future. However, the Quebec ministers preferred to play petty politics by leaving the meeting and announcing that we refused to help small businesses in Quebec. However, at the present time, our programs are able to help more than 7,000 Quebec businesses . . . We asked whether we could fit our programs in with the Quebec programs so that Quebec entrepreneurs and Quebec businessmen and women would be able to make use of our programs sooner and in greater numbers and more federal funds could be put to work in Quebec's economy.

Perhaps our colleague, Senator Olson, may wish to amplify on the statement by Mr. Lapointe or add information which may be available to him.

On the general question of co-operative federalism, the Government of Canada is co-operating in a very real way with the people of Canada in every province, district and region.

The Prime Minister has made it abundantly plain that, in some cases where generous federal aid is directed to certain provinces, efforts are made to denigrate the federal effort and to prevent the citizens of that province from gaining full knowledge of the federal contribution. Those days are over, but not the generosity of the federal government toward the provinces.

For example, the New Democratic Party in the province of Saskatchewan is condemning the Government of Canada for suggesting that there should be a new look at the Crow rate. I would yield on this point to Senator Argue, should he wish to add further remarks.

Hon. Jacques Flynn (Leader of the Opposition): You had better not.

Senator Perrault: This year alone the federal government is investing over $600 million to assist grain farmers of the province of Saskatchewan and, so far, the New Democratic government of that province has invested mostly oratorical assistance to the farmers. I would welcome a statement by Senator Argue on this point.

Hon. G. I. Smith: On a point of order; how does the Leader of the Government justify the immediately-recent, lengthy and vigorous oration regarding the rule that requires brief answers to questions?

• (1440)

Senator Perrault: Honourable senators, I was asked a question on the important matter of co-operative federalism. I was challenged on that point by the Honourable Senator Asselin, and I find it rather strange that he has not objected to the reply which I have given, but that the Honourable Senator Smith, who is not interested in the question, is objecting.

Senator Smith: I am very interested in the question. The memory of the Leader of the Government may be good enough to recall that one of the honourable senators opposite and I engaged in some discussion on this point of order just a few minutes ago. At the very first opportunity the Leader of the Government has to demonstrate that he agrees with that point of order, and indicate that he will follow it, he abuses it.

Senator Perrault: Honourable senators, if I have offended the delicate sensibilities of the Honourable Senator Smith, I apologize.

I can assure honourable senators that this question of provincial and federal relations is an important question, so important that perhaps we should have a debate on the subject.

I cited just one example of what took place in the province of Saskatchewan, where the government was unfairly attacked by a provincial government that knows better.

Senator Smith: Honourable senators, I just want to say that it was not my sensibilities that were offended by the action and conduct of the Leader of the Government a moment ago; it was the sensibilities of this house and the rules of this house, and parliamentary rules generally, that were offended, as well as the sensibilities of honourable senators opposite who are equally interested in following the rules of order as I.

[*Translation*]

Senator Asselin: I have a supplementary for the Leader of the Government, to obtain further details. Could the Leader of

the Government confirm that at a press conference last week, the Prime Minister of Canada stated in more or less these terms that, from now on, co-operative federalism was out. When he was in Quebec City, Mr. Lalonde added the following: In the future, we are going to spend our money and the provinces are going to spend theirs. What does this mean? If federal co-operation is finished, could the Leader of the Government inform us what kind of federalism we can expect in the future, since Canadian federalism is based on consultation and co-operation between the central government and the provinces?

[*English*]

Senator Perrault: Honourable senators, I will take the question as notice and a full statement will be brought to the Senate so that no one can dispute this point. The days when the provincial governments are not responsive to federal initiatives and fail to credit federal initiatives are over.

The Honourable Senator Asselin comes from a province which has been the recipient of vast amounts of aid, approved by Parliament but initiated by this government. I wonder whether the honourable senator is suggesting that proper credit has been given to those who serve in Parliament for the type of federal aid extended to his province.

THE SENATE

RULES—SUGGESTED AMENDMENT

Hon. Richard A. Donahoe: Honourable senators, I have a question to address to the minister in charge of—what is it?—regional, industrial or economic development in the country—anyway, it is to Senator Olson, but with your permission, Monsieur le Président, perhaps I could make one suggestion before I ask the question. The suggestion was sponsored by Senator Frith.

On another occasion when we were proceeding merrily along, strictly in accordance with the rules of the Senate, he did not have the courage to make a motion to accomplish his end, but rose and said that it was his desire to suggest that some senator less conspicuous, some senator less accountable, should make a motion.

With respect to the discussion that has been going on about the rules of the Senate, I have a suggestion. I think the rules of the Senate should be amended; I think the rule should be amended to the effect that the lower the person to whom the question is addressed is cut, the longer he shall have to reply.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I rise on a point of privilege. Did I understand Senator Donahoe to say that he has some doubts about my courage, because if he did, perhaps we can find a way of assuring him that I do not think anything I have done in this house was done out of lack of courage. I hope that he did not mean to imply that.

Senator Donahoe: Until the day on which he rose and asked somebody else to do his dirty work for him, I had no thought that there was any question of the honourable senator's courage, and I have none now, because—

Senator Frith: Here we go with another illustration as to why occasionally it is not valuable to have introductory statements to questions, although sometimes it may be.

Hon. Jacques Flynn (Leader of the Opposition): You have had experience with that yourself.

Senator Frith: Honourable senators, just on the question of my motivation for not making a motion with respect to the subject of Senate reform, I thought I made it clear that when I raised the question of Senate reform, I was raising it on a personal basis.

I was then, I thought, guided by honourable senators on both sides of the house indicating: Look, I don't think you can hold the position you hold and create the impression that you are not speaking for the government. That is why I said that I ought not to move that motion. It was not through a lack of courage, but simply on the basis—pointed out to me by my colleagues on both sides of the house—that it would not be proper for me to do so unless I were speaking for the government.

I hope that that is clear. Probably, I have not changed Senator Donahoe's mind. He thinks I am getting somebody else to do "dirty work", but I do not consider Senate reform to be dirty work. The only reason that I did not move the motion myself was because of the fact that I was told that if I did I would be creating the impression that I was doing it on behalf of the government. That is the reason and the only reason, and I thought everyone had understood that that was the right and proper thing to do. I am surprised to be accused of a lack of courage or of getting somebody to do dirty work.

Senator Donahoe: Honourable senators, when I rose and made my suggestion, it was only incidental to asking a question. I had no intention of provoking a debate. I can only say to the honourable senator who has just spoken that in this house we have had the example of a deputy leader rising to his feet and taking exactly the same attitude that was taken by Senator Frith. In other words, he said, "I am about to propose a motion, but I want it clearly understood that any motion that I make is not to be considered as a motion from the opposition or from the Conservative Party." Having said that, notwithstanding the fact that he is the deputy leader of his group in the Senate, I am sure you will recall, Monsieur le Président, that he did, in fact, follow that by the very gesture about which he had spoken—that is, of making a motion. I was struck by the obvious differences between the two leaders in this house, both of whom rose, said the same thing, and then acted in an entirely opposite manner. That is all I wanted to say.

Senator Smith: Deputy leaders.

Senator Donahoe: Deputy leaders, I beg your pardon. Thank you for the correction. It was the deputy leaders who made comparable statements respecting two motions, the substance of each of which was almost the same, yet both behaved in a diametrically opposite manner.

That is exactly what happened, and anything I may have said is related to what I observed with my own eyes and listened to with my own ears.

THE PUBLIC SERVICE

REDUCTION IN SIZE

Hon. Richard A. Donahoe: Honourable senators, notwithstanding the Auditor General's assertion that the public service is operating at only 60 per cent efficiency, and the commitment made in 1980 by the President of the Treasury Board that he would take steps to reduce the size of the public service, has the government abandoned that commitment, and why does it continue to expand in the face of the Auditor General's views as expressed on inefficiency?

• (1450)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there are some statements in that question that are not factual. One is that there has been a rise in the total complement of the public service. That is simply not true. I believe that since 1976 the growth in the public service has been something less than 2 per cent over the whole period of time.

It is very difficult to answer questions when the preamble or the premise is based on absolutely false information. I am sorry to say that, but that happens to be what we are presented with today.

An Hon. Senator: Did you say "false"?

Senator Olson: Yes; the preamble to that question is absolutely false. I do not know how else I can answer.

Senator Donahoe: Honourable senators, I am highly entertained by the answer to my question, and I am moved to make one statement and to ask one further question. The statement I made was the result of what was positively and definitely stated in the estimates of this country. The estimates are produced by the people who run this country; they are the product of the government of this country; and they are brought forward and placed on the table before those who are elected to represent the constituents of this country. One would think, at the very least, that one could give credence to what the government puts forward as its view. In those estimates it is stated that there is to be a net increase of 2,152 person-years in the public service.

My question is: Can we believe what is in the estimates, or should we ignore it?

Senator Olson: Honourable senators, you should believe it.

Hon. G. I. Smith: How can we believe you?

TRANSPORT

MAINLAND-NEWFOUNDLAND FERRY SERVICE—SUBSIDIZATION OF PRIVATE CORPORATIONS

Hon. Robert Muir: Honourable senators, I have a question for the Leader of the Government—and may I be forgiven for giving a short preamble? My question can be taken as notice as I do not expect to have the answer today.

[Senator Donahoe.]

As the Leader of the Government is probably aware, for years we have been combatting the subsidizing of shipping from the mainland of Canada to the Province of Newfoundland—that is, the subsidizing of private corporations which, in turn, are competing with CN Marine, which is a crown corporation. As a result, goods are being shipped directly from Montreal to Newfoundland and from Halifax to Newfoundland and are not going through the Port of North Sydney where the trans-Canada highway ends. The goods are supposed to continue by ship to Newfoundland. As a result, many, many people have been laid off—stevedores and CN Marine crewmen.

The chairman of the Manpower Adjustment Committee for CN Marine in the town of North Sydney—it is a combined labour-government organization—Mr. Guy LaFosse, met recently with the Minister of Transport, the Honourable Jean-Luc Pepin. Mr. LaFosse announced to all and sundry that the minister stated that:

> he will propose to cabinet that all federal subsidies to private shipping companies be terminated so that the federal government would be subsidizing only the Gulf ferry service.

Could the Leader of the Government ascertain whether that minister has made that representation to cabinet, and, if so, how soon it will be acted upon. If it is acted upon, more goods will go through the Port of North Sydney, thus creating more employment, and this is better than subsidizing a private company such as the Leader of the Government and I might set up, for example, and, finding out that it cannot operate profitably, look to the government for handouts in order to continue operating.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

FOREIGN AFFAIRS

POLAND AND U.S.S.R.—SANCTIONS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Roblin on February 24 concerning the government's policy with respect to the export of high technology items to Poland and the Soviet Union.

The government does not have a policy with respect to the export of high technology items to those countries. However, the government does have a policy to ensure, along with our allies, that strategic goods are not sold to East Bloc countries, such as Poland and the Soviet Union. Consequently, there are security controls that apply to the export of such goods.

A further question was asked by Senator Roblin on February 24 as to "whether it is the policy of the government to abstain from extending new commercial credits to the Soviet Union."

Honourable senators, the short answer is no. The government is not at present considering any further sanctions against the U.S.S.R. beyond those outlined in the chamber on February 23.

COSTA RICA—ELECTION RESULTS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Stollery on February 23 concerning whether or not the newly elected Costa Rican government supports the holding of next month's election in El Salvador.

The newly elected National Liberation Party government of Costa Rica, led by President Luis Alberto Monge, does, indeed, support the holding of next month's election in El Salvador.

However, although it has been recently elected, the new Costa Rican government does not take office until May 8, after the election in El Salvador.

LABOUR ADJUSTMENT BENEFITS BILL

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Neiman for the second reading of Bill C-78, to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code.

Hon. C. William Doody: Honourable senators, Bill C-78, which Senator Neiman presented so well yesterday, is really one that was presented in the other place back in 1981 and which, because of a ruling by Madam Speaker, had to be resubmitted in its true guise, namely, that of a bill of supply.

I note that the amount mentioned in Senator Neiman's remarks yesterday was something in the order of $350 million, but it is my understanding that this bill represents a small portion of that total sum, perhaps somewhere in the order of $7.5 million to $10 million. I do not believe that anyone can really be sure as to what the total amount will be because no one really knows how many people will be laid off and in need of assistance. Therefore, it is a relatively small supply bill and also a small bill in terms of the number of Canadians who at this time desperately need help, those who are out of work or who are laid off and who have no hope of being re-employed in the immediate or foreseeable future. So, when Senator Neiman mentioned that the bill should not be considered as a panacea, one could regard it as one of the understatements of the year.

The bill really should not be considered in terms of the employment or unemployment situation in this country. As a matter of fact, its title—An Act to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code—is a little misleading because of the specifics or the qualifying factors of the bill which are really limited to a comparatively small number of people. My understanding is that it applies to perhaps 500, 600, 700 or 800 persons. The bill may be applicable to more than that number because another commission is being set up to examine the credentials of those who, under the provisions of the bill, may qualify for help. So it is another level of bureaucracy for people to try to beat their way through in an attempt to obtain assistance in these horrendous times. I believe that is unfortunate.

It appears to me, from reading the bill, that it could be discriminatory. I do not know how the terms and conditions in the bill with regard to qualifiers for assistance is consistent with the new Charter of Rights which we expect to receive shortly from another government.

Therefore, honourable senators, I have to say that, all in all, this is not a major piece of legislation. In fact, when one considers the amount of time spent on it in the other place—it was back and forth in committee, presented and re-presented—it really is a rather sad commentary on the efforts of this government to deal with the economic problems of this country.

I know that the problems that exist in the country as a whole are similar to those in the area I represent, and we are in a very bad state indeed. I never imagined that there could be such appalling human conditions as those which exist in Newfoundland today. I was in the province over the weekend, and I never imagined that Newfoundland could be so humourless or so depressed as it is today. The fishery has been a complete disaster both inshore and offshore, which is very unusual. The economic conditions that are affecting the rest of Canada are even more apparent in Newfoundland, which has had a history of seasonal employment, at best, and chronic unemployment, at worst. Today all of these things are aggravating a very sad situation. The seal fishery is on the verge of extinction because of well-meaning but misinformed people all around the world, and, as I say, our regular fishery has been a disaster.

● (1500)

No money is being spent for construction. The industrial effort down there is nothing, and now, to cut off all the hopes and dreams and aspirations of our people, we have had the *Ocean Ranger* disaster, which has God knows what portents for the future of the offshore development.

Co-operative federalism, as has been discussed here today, has certainly not been very evident in dealing with the problems in that part of Canada, particularly as they relate to our offshore hopes and aspirations with regard to territory that was certainly an associative part of Newfoundland before Confederation, but which is apparently not to be recognized as part of Newfoundland subsequent to Confederation.

Hon. Richard A. Donahoe: No wonder. Co-operative federalism is dead.

Senator Doody: It has been so announced and pronounced. I hope that is wrong.

This bill is a band-aid measure, though inasmuch as it helps 900 or 1,000 people it is certainly welcome, for any help that any of those people who have been laid off work through no fault of their own can get is certainly to be commended. It

seems to build in, in my estimation, more discrimination against those people who have been traditionally discriminated against in the labour force. I see nothing in it which would assume special attention to people who have always been given a smaller share of the labour market, such as women, for instance, who have never had the opportunity to compete fairly in the labour market. I see nothing in it to help the under-educated or the untrained or the young. As a matter of fact, it seems to me that the great criteria are having attained the age of 54 years and having worked a certain specified number of years. That is fine for people who fit into that category, but people who do not quite fit are thrown on the mercies of this commission that will be set up. I think that is a bit demeaning for people who need help.

As I say, honourable senators, the bill is an infinitesimally small dent in the horrendous economic problems facing our country today, and as regards those people who will qualify for help under it, we certainly wish them well. As far as it goes, I will certainly vote for the bill.

Hon. Robert Muir: I wonder if the honourable senator would accept a question.

Senator Doody: Certainly.

Senator Muir: I listened, honourable senators, very carefully to Senator Neiman yesterday. Clause 3(1) of the bill says:

> 3. (1) For the purposes of this Act, the Governor in Council may, by order, designate any industry either generally or with respect to any region of Canada.

The reason I would like to put this question to Senator Doody is this: Does he feel that this would cover those employees who are being laid off by CN Marine at Port aux Basques in Newfoundland, and North Sydney in Nova Scotia, through no fault of their own? In yesterday's paper I read that 60 more positions had been eliminated on the boats operating between Newfoundland and the mainland.

I am just wondering what the honourable senator's views are on that. Does he think this bill will cover these men, some of whom are in the age bracket mentioned by Senator Neiman and who have no alternative employment?

Senator Doody: I think this is a question that would more properly be directed to Senator Neiman, the sponsor of the bill.

In clause 3(2), immediately following the clause referred to by Senator Muir, a description of the designations is given. It refers to an industry in Canada that is generally

> undergoing significant economic adjustment of a non-cyclical nature by reason of import competition or by reason of industrial restructuring—

In my estimation, that could very well rule out most of the basic resource industries, and certainly the transportation industry could very well be ruled out. As I say, it is an interpretation that is left up to the Governor in Council, but it offers very little help for those people in that part of the world which is suffering the most in the present state of the economy.

[Senator Doody.]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, normally, of course, we refer bills to committee on second reading, and I am not putting forward any reason why we should not do so in this case. Frequently, however, we do so because during second reading debate on a bill honourable senators speaking to it suggest that there are matters they would like to have considered in committee. According to our rules, this bill would go to the Standing Senate Committee on Health, Welfare and Science, under the rule that provides specifically that labour legislation shall go to that committee, where the Senate wishes it.

I am wondering if the position of the sponsor, or the position of the opposition, is that we do or do not need to send this bill to committee. I have no objection to its going to committee, but if there is no reason for this to be done, there is no point in having that committee convene just to look at something that the Senate does not feel requires further study. As Senator Doody has just pointed out, the bill has been before Parliament for some time now.

Senator Doody: Honourable senators, I have no strong feeling on this. If it were left to my tender mercies I would scrap the bill and try to deal with the causes of the disasters that we have in this country today; but I do not think those disasters are going to be dealt with by this bill, no matter how many committees it goes to. As far as I am concerned, it can pass now. I have no strong feeling on the matter, as I say.

Senator Frith: Another suggestion, honourable senators, would be that I could adjourn the debate until tomorrow to give an opportunity to those who are concerned to consider whether or not they want the bill to be sent to committee on second reading. If it turns out that the bill does not need to be sent to committee, we can have third reading next week. If, on the other hand, it turns out that some honourable senators wish the bill to go to committee, we can so move tomorrow and have it go to committee for consideration next week.

That is the feeling on this side. I leave it for comment from the other side by Senator Roblin.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, speaking to the point of order, I think my honourable friend's suggestion that he should adjourn the debate, to give us a little time to think about this matter, is a good one. My own prejudice is, I must confess, that the committee stage is usually productive of some good, although, as my honourable friend said, in the case of this bill it may be an open question.

If left to my own devices at the moment I would think that the committee stage would be valuable, but I am quite prepared to leave the matter open. We can come up with a definitive proposal tomorrow.

Senator Muir: Honourable senators, I agree with Senator Roblin and Senator Doody to a certain extent but, until we get answers to some of the questions we are interested in in this connection, I think it might be a good idea to refer the bill to committee. The instance referred to by my friend today, and the matter that I raised in my question to the house leader

earlier involves hundreds of stevedores and CN Marine crewmen today on ships operating between Nova Scotia and Newfoundland, as well as other workers in those two provinces. All we want to know is, will they qualify for what is provided for in the bill, as Senator Neiman has suggested?

Senator Roblin: Honourable senators, again on the point of order and responding to what Senator Muir says, I should like to say that this strengthens my view that the bill should go to committee.

Senator Frith: Honourable senators, I agree with Senator Roblin. I think our general rule is that legislation always goes to committee. A bill's not going to committee should be the exception.

If Senator Muir feels that he would get answers to his questions better in committee, then I think that is decisive of the matter as far as I am concerned and that we should send it to committee. If he feels he can get an answer from the sponsor of the bill here in the Senate, that is fine, but if he has any doubts about it I think we should send it to committee.

Senator Muir: Honourable senators, I think it should go to committee, as long as it does not go this week, because I shall be in the National Defence Medical Centre for a couple of days. I hope we will have a chance to address the matter later.

Hon. Joan Neiman: Honourable senators—

The Hon. the Speaker: I wish to inform honourable senators that if the Honourable Senator Neiman speaks now her speech will have the effect of closing the debate.

• (1510)

Senator Neiman: Honourable senators, I want to thank both Senator Doody and Senator Muir for their intervention. I am inclined to agree with them, because they have both raised what I consider to be important questions, and I am not in a position to answer those questions myself.

I might just say, in reply to the remarks made by Senator Doody, that of course the bill does not provide answers to all of the economic and social problems that are facing us today. Perhaps it represents a small effort. I really do not know how small or how big it is. I would remind Senator Doody, however, that there are other bills which deal with specific problems such as unemployment among the youth and among women. This bill is part of a much larger group of bills which deals with these problems.

I do think that there are some specific areas of the bill that require clarification, and I would be happy to see the bill referred to committee.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator Neiman moved that the bill be referred to the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

CANADA ELECTIONS ACT

BILL TO AMEND—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Austin, seconded by the Honourable Senator Goldenberg, for the second reading of the Bill S-11, intituled: "An Act to amend the Canada Elections Act".—(*Honourable Senator Macquarrie*).

Hon. Heath Macquarrie: Honourable senators, I am not a man who is usually troubled, but I am troubled over this bill. For a month now I have been asking about the procedural niceties with regard to it. I believe it is a well-known parliamentary tradition that, when a bill stands in the name of a minister, it is in fact a government bill.

Some weeks ago I asked if the Senate could be given an indication whether this has become a government bill or, if it is not a government bill, whether processes have been set in motion to make a change in the name of the mover. I do not think that we can proceed with the matter "half lost and half saved", as the Evangelists say. It is either a government bill, as is indicated by the name of Senator Austin, or it is not.

I would ask this question one more time. I do not live in British Columbia, I have no personal interests in that province; we will be voting early in P.E.I. I think, however that the matter should be clarified. There will be an election held at some point, and I understand that the Chief Electoral Officer needs all the lead time he can get in preparation for that very important event. I should like to hear from Senator Frith.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I agree with most of what Senator Macquarrie has said. I do not think that we should proceed with the bill in the minister's name. In fact, I do not think we could proceed unless it were a government bill.

As a result of questions which were quite properly asked by Senator Macquarrie, I have sought information and have been assured that the matter is under study with a view to preparing a government bill on the subject of the so-called "electoral clock." However, because of some other electoral reforms that I think are now before the other place, I had asked for some time in order to have the picture clarified. Senator Macquarrie graciously gave me that time, but I have not yet received the answer I sought. I will, therefore, renew my efforts to clarify the procedural position of this question of legislation relating to the electoral clock, as it is called.

Order stands.

[*Translation*]

OFFICIAL LANGUAGES

MOTION TO ADOPT SECOND REPORT OF SPECIAL JOINT COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the Second Report of the Special Joint Committee on Official Languages, which was presented on Wednesday, December 16, 1981.

Hon. Joseph-Philippe Guay moved that the report be adopted.

He said: Honourable senators, last December the Special Joint Committee on Official Languages presented its Second Report to Parliament with two main recommendations, namely, a request to be reconstituted in the new session of Parliament and a request to be empowered to travel both within Canada and abroad. Before addressing these two recommendations specifically, I should like to say a few words about the excellent work done by this committee since it was created in the spring of 1980.

In order to monitor implementation of the government's bilingualism policy in federal services dealing with the public, the Parliament of Canada decided, at the end of May 1980, to create a Special Joint Committee on Official Languages. The concept of a committee that would deal specifically with matters related to linguistic reform was first suggested by the Commissioner of Official Languages in his annual report to Parliament. Similarly, twice during 1979, a motion to establish a committee was put on the Order Paper of the House of Commons, without, however, being submitted for consideration by the House, owing to the fact that a general election was called.

The committee's job is to consider the last three annual reports of the Commissioner of Official Languages and to report on its findings to the two houses of Parliament. In fact, this assignment is extremely wide-ranging, because the reports on implementation of the Official Languages Act deal not only with the government's policy on bilingualism within the public service but also with aspects of constitutional reform relating to official languages, and even with second-language teaching in the provinces.

Within its terms of reference, the committee has defined three main objectives: First, to study the manner in which government departments and agencies implement the Official Languages Act, in terms of the three main components of the official languages program in the federal public service, namely, language of service to the public, language of work and equitable participation of both language communities. The second objective is to review the cogency of the act itself as the resources and methods used by the organizations which are responsible for its application. The committee will thus review various provisions of the Official Languages Act to ensure the effectiveness of this legislation as the foundation and the legal basis for the language reform. Finally, the third objective is to make members of Parliament, public servants and the general public aware of both the progress achieved and the problems encountered with respect to the language reform initiated when the Official Languages Act was passed in 1969, and to explain the objectives and background of the legislation.

The joint committee started holding its public hearings in October 1980, but had to suspend its activities to let the Special Joint Committee on the Constitution proceed with its work. During its first four meetings before its work was interrupted, the committee heard testimony from the Commissioner of Official Languages and from the Deputy Secretary of the Official Languages Branch of the Treasury Board Secretariat.

After resuming its regular meetings in February 1981, the committee heard testimony from senior officials from central bodies responsible for the implementation of the official languages policy. It heard further testimony from the Commissioner of Official Languages, the President of Treasury Board, the Chairman of the Public Service Commission and the Under Secretary of State. Having thus gained an overview of the roles, responsibilities, policies and programs of these central bodies the Committee decided to devote its immediate attention to issues relating to the provision of federal services in both official languages to members of the public. In this context, it has heard testimony from the Fédération des francophones hors Québec, the Council of Quebec Minorities, the Speaker of the Senate, senior officials of the House of Commons and deputy heads and other senior officials of over fifteen federal departments, agencies and crown corporations.

Based on the testimony presented since October 1980 the Committee tabled its first report in the Senate and the House of Commons on July 9, 1981, which addresses exclusively issues associated with the provision of federal services to the public in both official languages. This report contains six recommendations which can be summarized as follows: The formulation of guidelines and appropriate time frames by the Senate and the House of Commons; the removal of all references in the Official Languages Act to federal bilingual districts; the inclusion in this act of the concept of "where numbers warrant" and the concept of "active offer of service"; the establishment of regulations under the Official Languages Act on the locations "where numbers warrant" and "where there is significant demand"; the examination before March 31, 1982, of the identification of all positions providing service to the public in each department and government agency; confirmation of the deadline of December 31, 1983 by parliamentary resolution, after which there should be no conditional appointments.

Since last fall, the committee has been reviewing issues related to the working language and equitable representation within the government departments, agencies and crown corporations. In addition to the Commissioner of Official Languages and the President of Treasury Board, as well as representatives from the two major employee unions of the Public Service, the Public Service Alliance and the Professional Institute of the Public Service, up to now the committee has heard testimony from 14 federal departments, agencies and crown corporations about the issues related to the working language and the equitable participation of both linguistic groups. In addition, the committee decided to hear again the Departments of Fisheries and Oceans, Energy, Mines and Resources and Environment Canada on the issue of service to the public, in order to assess their progress, because these three departments had been considered at fault when they first appeared.

In a few weeks, the committee will be submitting to Parliament its third report on the working language and fair partici-

pation of both language groups, based on evidence heard since early fall in 1981.

Despite all that excellent work already performed, honourable senators, there remains much to be accomplished. The committee intends to analyze federal government activities in the area of official languages outside the Public Service, including the various language and cultural programs of the Secretary of State. The committee will deal with the amendments to the Official Languages Act proposed by the commissioner, and the resources and activities of the Office of the Commissioner of Official Languages, to ensure that he is in a position to guide and assess language reform. The committee also wishes to scrutinize private members' bills that have been referred to it. Considering the large amount of work that remains to be performed, the committee felt it essential to recommend to Parliament, in its second report submitted in December 1981, that it be revived during the new session.

As far as I am concerned, honourable senators, I would go further than that recommendation and suggest that during the new session that committee be established on a permanent basis. I think this is vital. That recommendation indeed is in line with the report submitted by the Standing Senate Committee on Legal and Constitutional Affairs, entitled "Certain aspects of the Canadian Constitution," tabled in the Senate in November 1980 and which recommended the establishment of a standing committee of the Senate on official languages, comprising an equal number of French-speaking and English-speaking senators. However, it would be better in my view to maintain the joint nature of that committee with participation from both houses, because official language matters are of interest to members of both houses. That committee would be responsible for monitoring the implementation of the charter of language rights enshrined in our Constitution, the Official Languages Act, and more generally the federal policy on bilingualism. A permanent committee could more easily promote on-going public awareness of official languages matters.

The second recommendation in the committee report tabled in December 1981 deals with the authority to travel in Canada and abroad. It is based in part on the same reasons. Travelling in various regions of Canada is essential, in our view, to make the public aware of their language rights. In return, while travelling in the regions, the committee would be in a position to check on the spot the quality of bilingual services available to minority language groups. On the other hand, the committee would find it most useful to travel to countries which have implemented official languages policies. Discussions with those responsible for law enforcement in those countries would give the committee a good idea of those countries' achievements as far as official languages are concerned. Of course, if leave is given, the committee intends to travel during the adjournment of the Senate.

• (1520)

[*English*]

On motion of Senator Roblin, debate adjourned.

LEGAL AND CONSTITUTIONAL AFFAIRS

REPORT OF COMMITTEE ENTITLED "CERTAIN ASPECTS OF THE CANADIAN CONSTITUTION"—DEBATE ADJOURNED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Lamontagne, P.C., calling the attention of the Senate to the Report of the Standing Senate Committee on Legal and Constitutional Affairs entitled: "Certain Aspects of the Canadian Constitution", tabled in the Senate on 26th November, 1980.—(*Honourable Senator Macdonald*).

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, speaking for Senator Macdonald, I believe that Senator Leblanc would like to resume the debate this afternoon, in which case we would be delighted to accommodate him.

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

Hon. Senators: Agreed.

[*Translation*]

Hon. Fernand-E. Leblanc: I thank Senator Roblin, for giving me the opportunity to speak this afternoon. Honourable senators, in a recent statement made in this house, Senator Frith told us that Senate reform had been discussed in Canada since 1890. Since that date, a hoard of material has been gathered—speeches, magazine and newspaper articles, radio and television interviews, books and pamphlets, seminars, bills, meetings of joint committees, Senate committees, meetings and caucuses of all kinds. I certainly do not have the impression, nor do I entertain the presumption that my intervention will provide any new material for that debate. However, if the Senate could only remember how urgent it is to undertake its reform before other politicians take the matter in their own hands, I will be satisfied that I have done my share in that debate. As mentioned by other senators who spoke before me in this debate, we can proceed with some reforms simply by changing our Standing Orders, without having to amend the Constitution or some of the laws that govern us.

I presume that everybody here is interested in this subject. It would be interesting to hear all senators state clearly and precisely what methods they propose not only to increase the Senate's productivity but also to extend its usefulness in its present form and with appropriate changes.

It would certainly be very easy to quote numerous excerpts from authorities who have made an extensive study of the Senate and who are familiar with its operation, excerpts praising and commending the Senate for its legislative, investigative and sober-second-thought role. And it would be just as easy to quote authorities that support the opposite views, because most have not bothered or had the courage to look fully into the necessity of the Senate in the present Canadian Parliamentary system.

Honourable senators, Canada will soon have a new Constitution. Section 44 provides that, after the expiration of a period of 90 days, the Senate will no longer have the right to

voice its opinion on any amendment to the Constitution and, consequently, on abolishing, retaining or reforming the Senate. Hence the urgency for us senators to take a position in the near future. I am quite confident that we do have within this chamber all the necessary elements to recommend the changes to be made. I know that all honourable senators are more concerned with the constitutional future of the country than with their own future. It is in that nonpartisan and unbiased spirit that we should pursue the debate.

In November 1980, the Standing Senate Committee on Legal and Constitutional Affairs, under the outstanding chairmanship of the Honourable Senator H. Carl Goldenberg, submitted a report which could surely be used as a basic working document. As you know, that report is entitled "Certain Aspects of the Canadian Constitution."

I particularly want to congratulate the Honourable Maurice Lamontagne, the chairman of a subcommittee on which I had the privilege of sitting. There are two parts to that report: Part I, "Toward A Renewed Federation: A New Federal-Provincial Council", and Part II, "Toward A Renewed Senate".

It is possible, and surely it must be true, that several senators do not agree with all its recommendations, and in particular, the Honourable Senator Duff Roblin who advocates an elected Senate, contrary to the recommendation contained in the report.

Senator Asselin: That possibility is also dealt with in the report.

Senator Leblanc: Yes, it is. I believe the recommendations advocate that present procedures be maintained but that, in addition, the provinces be asked to assist with the appointments.

Some honourable senators may not agree fully with Part I. It might be interesting to hear them on the subject, and also to find out what their own proposals might be in this respect.

● (1530)

Some senators may not agree with all the recommendations of Part II. Some may wish to present recommendations not included in this report. Now is the time and the opportunity to express and to command them to the Senate and thus to all Canadians.

Perhaps right from the start we should stick to reforms which require neither changes to our Constitution nor amendments to existing legislation and concentrate on the fourth conclusion of the report which is that the internal operation of the Senate should be improved.

Sad to say, there are 14 vacancies in the Senate at the present time. I believe that this lack of human resources should be corrected as soon as possible so that we can discuss this problem with people who also have opinions on the main objective, namely, to see that the Senate becomes a more efficient tool of federalism through which regional interests of all citizens could be represented.

I, for one, endorse the report's recommendations, although I am open and receptive to any further recommendations that might be put forward in this chamber. I hope that for the benefit of all Canadians and our political system, the government and the provinces will heed us and retain the bicameral system which has proved successful politically, socially and economically in this country and which many other countries have envied and, indeed, often copied. One thing is sure: the Senate in its present form is now on its way out and any changes made will have an impact on the whole Canadian parliamentary system.

Honourable senators, I had many misgivings when drawing up the conclusion to my brief remarks. Since I am convinced of the usefulness of the Senate in the Canadian system, I wondered if, as an accountant and a Canadian citizen, I should reply to the argument often made in some circles that the Senate is not worth the money it costs the Canadian people. In reply—and I repeat that I was not without misgivings, but I believe that these figures are rather significant just the same—I should like to say to the Canadian people that each senator, including the 375 or so members of the Senate staff, costs every citizen of Canada $1 per year, since our budget for 1982-83 is $24 million and Canada has a population of over 24 million, which means that it costs one third of a cent per Canadian per day.

Proceeding with this financial analogy, I might determine the cost per year per taxpayer. As there are approximately 14 million taxpayers, the cost per year per taxpayer would be about $1.70 per day. And proceeding with this financial analogy even further, I might say that the budget of the Senate represents 3/10 thousandths of 1 per cent of the total $74 billion budget of the Canadian government.

Senator Haidasz: That is all?

Senator Leblanc: Yes, that is all. Of course, I do not mean to suggest that the 90 honourable senators and 375 employees are not worth more than the figures I have quoted. But I think it is important to provide such information while the question of Senate reform is being debated and to emphasize that it would be impossible to find within a single institution so many highly qualified Canadians at so small a cost, even in the private sector.

● (1540)

[*English*]

On motion of Senator Asselin, for Senator Macdonald, debate adjourned.

EL SALVADOR

POLITICAL, MILITARY AND SOCIAL SITUATION—DEBATE CONCLUDED

The Senate resumed from Thursday, June 11, 1981, the debate on the inquiry of Senator Macquarrie calling the attention of the Senate to:

(1) the increasingly dangerous political, military and social situation in El Salvador;

(2) the compelling hazards of third party interventions and the possibility of the escalation of hostile actions within El Salvador;

(3) the further compelling importance of the resolution of the conflict by means of a political settlement rather than through recourse to sustained and bloody armed conflict; and

(4) the value of Canadian encouragement and support of the efforts of those individuals and groups seeking mediation of the conflict in El Salvador.

Hon. Heath Macquarrie: Honourable senators—

The Hon. the Speaker: I wish to inform honourable senators that if the Honourable Senator Macquarrie speaks now his speech will have the effect of closing the debate.

Senator Macquarrie: Honourable senators, my closing of the debate will be somewhat pro forma and certainly brief. I wish to thank the Honourable Senator Frith for his excellent contribution and for his fine thoughts. He looks as if he has almost forgotten making his contribution, because it was, indeed, many months ago. I also extend my thanks to my colleague, Senator Murray, for keeping the subject before us.

While I am suggesting that we consider the matter debated, we all know that we cannot consider the matter closed in the broader scene, nor is there anything that has happened, alas, in the months that have ensued since this was put down which could or should diminish our concern for the situation in El Salvador.

As I look at the four points in the Notice of Inquiry, I can think of nothing that has happened in El Salvador or in the world around it which diminishes the cogency or urgency of any of the aspects which have been set out.

We are all, I am sure, hopeful that some resolution of the difficulties will be found, and that Canada will make a worthy and helpful contribution thereto.

I thank all honourable senators for their interest in this matter, which is one of great concern to Canadians and to the broader world.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, March 4, 1982

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

Prayers.

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until Tuesday next, March 9, 1982, at 8 o'clock in the evening.

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

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

LEGISLATION

SUGGESTED INTRODUCTION OF GOVERNMENT BILLS IN SENATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I believe that yesterday, Senator Bosa put an interesting question to the Leader of the Government. I should like to know whether today, he is prepared to table a list of the bills he would like the Senate to consider before the House of Commons does.

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): That related to government bills introduced in the Senate?

Senator Flynn: Yes.

Senator Perrault: Yes, honourable senators, that matter was taken up this morning. We are hoping that next week there will be some bills available for the Senate. Those immediately available relate to the expenditure of money and cannot be initiated in this chamber.

Senator Flynn: We know that.

Senator Perrault: I bore the glad tidings that the official opposition supports this initiative as well.

Senator Flynn: Yes, but we want action, not only words.

Hon. Royce Frith (Deputy Leader of the Government): So do we!

Senator Perrault: As the Leader of the Opposition is aware, one of the continuing problems in the progress of legislation through Parliament is the delay in the other place caused by the official opposition.

Senator Flynn: That is none of our business.

Some Hon. Senators: Oh, oh!

Senator Flynn: All I ask the Leader of the Government is: What can we do? That is all he has to consider. If he has no bills to present, he knows what he should do—stay put.

THE ECONOMY

GROSS NATIONAL PRODUCT—GROWTH RATE

Hon. Lowell Murray: I have a question for the Minister of State for Economic Development.

Hon. R. James Balfour: I hope you can get an answer.

Hon. H. A. Olson (Minister of State for Economic Development): It will be better than the question.

Senator Murray: Honourable senators, the question is precise and specific, and I hope that the minister will have an answer that is equally precise and specific. Does the government stand by its budget projection of a 2.2 per cent real growth in the GNP for the year 1982? I ask the question in view of the fact that the Toronto Dominion Bank and the Bank of Montreal both predict a 0.6 per cent rate of growth in the GNP for 1982. The highly respected Data Resources Limited predicts a rate of growth of minus 0.2 per cent. I also ask this question about the projected rate of growth in 1982 in view of the fact that Mr. MacEachen, in his November budget, predicted that the 1981 growth rate would reach 3.6 per cent. In actual fact, it appears to have been no higher than 3 per cent.

Senator Olson: Yes, honourable senators, I have heard the precision of the question, but the honourable senator failed to include one or two other factors. One is that the projection made by the same people a little more than a year ago was also wrong—more so than the projection made by the Minister of Finance.

• (1410)

Hon. Royce Frith (Deputy Leader of the Government): I think they were precisely wrong.

Senator Olson: Yes, they were precisely wrong. The Minister of Finance did admit something which these people do not seem to have the courage to admit themselves, and that is that he underestimated the growth in the last quarter of 1980 and the first quarter of 1981. I believe the figures will indicate that we had approximately 3 per cent real growth in 1981, most of

which occurred in the first two quarters because there was very strong growth in the first quarter and positive growth in the second quarter of 1981.

Another factor which must be taken into account, obviously, is that those people who revise their forecasts every few days do so on the same basis of taking current trends and projecting them over longer periods of time, which has the effect of creating the picture of a somewhat softer international market in many sectors, but particularly in the energy sector. So I expect that the prognosticators in the Department of Finance and other departments of government where prognostications are made will also adjust to what the real world is at present, thereby alternating the projections made last September and October.

Senator Murray: Honourable senators, that being the case, can the minister explain why the Minister of Finance, when the year was almost 11 months completed, persisted in projecting economic growth at 3.6 per cent when it turned out to be at no more than 3 per cent?

Senator Olson: That projection is reasonably close.

Senator Balfour: It is only 20 per cent out.

Senator Olson: What my honourable friend ought to know is that there is usually a bit of delay while the statistics are being gathered from the quarter. Those statistics are not available on the last day of that quarter. Considering that, I am sure that my honourable friend will find that Department of Finance and other departments are being as open, frank and forthcoming as is possible under the circumstances.

CONSUMER AND CORPORATE AFFAIRS

RESTRICTIVE TRADE PRACTICES COMMISSION—INVESTIGATION OF CANADIAN JAVELIN LIMITED

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate and one which, I appreciate, he will have to take as notice, but I hope and expect he will give us an answer at the next sitting. It relates to a matter dealing with the Restrictive Trade Practices Commission and an investigation which it is conducting into the affairs of Canadian Javelin Limited. Will the Leader of the Government ascertain for us whether a statement of evidence prepared for the commission will be either tabled, published or made public in some manner? I do know that the Chairman of the Restrictive Trade Practices Commission has indicated that the documents are public documents.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice, though I am given to understand that the matter will be dealt with in accordance with the terms of the act. But I shall bring a more complete explanation to the chamber.

Senator Nurgitz: Honourable senators, while at this point it is not ascertainable whether those documents can be tabled or even released, I am aware of some documents which are in circulation, and in which the chairman of the commission in fact indicates that these documents are public documents. I do not know if, in fact, that is the case.

Hon. Royce Frith (Deputy Leader of the Government): The documents have probably been circulated, according to the statute, to the people involved and to the people who are to appear before the commission.

● (1415)

Senator Nurgitz: I would direct my question to the deputy leader and go one step further: That statement was delivered to a non-party to the proceedings with the notation: "This is a public document."

Senator Perrault: The question will be taken as notice.

THE ECONOMY

INCREASE IN CAPITAL OUTFLOW

Hon. R. James Balfour: Honourable senators, I would direct my question to the Minister of State for Economic Development. Is the minister's failure to respond to my question concerning the alarming rate of capital outflow during 1981 the result of his unwillingness or his inability to answer the question?

Hon. H. A. Olson (Minister of State for Economic Development): No, it is not related to our inability to answer the question, nor is it related to our unwillingness to answer the question. As a matter of fact, I believe I have that answer with me today. If the honourable senator will allow me a few minutes, I will locate that answer.

THE CABINET

HON. H. A. OLSON, P.C.—DESIGNATION

Hon. Arthur Tremblay: My question is for the Minister of State for Economic Development. How should we address him in terms of his cabinet responsibility?

Hon. H. A. Olson (Minister of State for Economic Development): I can answer that without further explanation.

Senator Tremblay: Appended to the *Debates of the Senate* of March 2 is a list of the ministry which indicates that Senator Olson should be addressed as "Minister of State for Economic Development," and that the Honourable Herbert Gray should be addressed as "Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion." Does, in fact, the Honourable Herbert Gray have responsibility for regional economic expansion, and does Senator Olson no longer have responsibility for that department?

Senator Olson: The change in the designation of the Department of Regional Economic Expansion, commonly known as DREE, is not effective until Parliament gives statutory approval to the change. In the meantime, the Honourable Herbert Gray is the minister responsible for DREE and the Minister of Industry, Trade and Commerce. When the statutory changes are made, the Department of Regional Economic

Expansion will become the Department of Regional and Industrial Expansion.

In regard to the first part of the question, this matter has somewhat the same implications since it requires some statutory change. I am now the Minister of State for Economic Development—in other words, MSED—and my designation will change to that of Minister of State for Economic and Regional Expansion, MSERD.

Senator Tremblay: Is it effective yet?

Senator Olson: The announcement of the intention has been made.

Senator Tremblay: As a supplementary question, does this mean that the legislation, which established the Department of Regional Economic Expansion in 1969, will be abolished and replaced with new legislation?

Senator Olson: There will be a change in the legislation to add the word "Regional" to cover the functions that MSERD will be carrying out.

If you want to nit-pick, I do not mind if you call me the Minister of State for Economic Development although we have announced it will be changed to the Minister of State for Economic and Regional Development. This will not be an administrative department but secretariat support, and will have a co-ordinating capacity both here in the national capital and in the regions, to the cabinet committee on economic development.

Senator Tremblay: What will happen to the legislation which established the Department of Regional Economic Expansion in 1969? This legislation has already been amended once. I am concerned as to what will happen to that legislation since there are some parts of it which are quite important.

Senator Olson: I expect it will be amended to add the capability for regional support to the cabinet committee.

● (1420)

Senator Tremblay: I have a further supplementary question for the minister. That legislation, if I am correct, provided for compulsory joint planning between the federal government and the provincial governments. Will that part of the legislation be abolished?

Senator Olson: I do not know. I will have to read the legislation. I would seriously doubt, however, that there is any legislation that would make it compulsory upon the provinces to plan with the federal government. They do that if they wish to, and if they do not wish to, they do not.

Senator Tremblay: I suggest to the minister that he should read the legislation of 1969 again. I think it is quite clear in that legislation that it was in the context of joint planning that action should take place, both on the—

Senator Olson: There is that possibility.

Senator Tremblay: —part of the federal government and the provinces. I am concerned about that part of the legislation, and should like to know whether this part of the legislation will be abolished.

[Senator Olson.]

Senator Olson: The requirement that there be liaison and joint planning, and hopefully some co-operation with the provinces, will obviously still be in the legislation, but it cannot take the other form. I am not sure if you are placing a different connotation on the word "compulsory" or not, but we do not pass legislation that compels the provinces to co-operate with us, because we know better.

THE ECONOMY

INCREASE IN CAPITAL OUTFLOW

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised on February 19, 1982 by Senator Balfour which concerned capital outflow.

I can inform him that traditionally Canada has been a net borrower on international capital markets and funds have flowed inwards on a net basis from abroad. This was also the case during 1981. During the first three quarters of last year there was a net capital inflow of $10.4 billion. Official statistics for the balance of payments for the fourth quarter of 1981 have not yet been released by Statistics Canada.

Over the first three quarters of 1981, there were sizeable net outflows on direct investment account, with corporate takeover activity, particularly in the energy sector, playing a large role. On the other hand, capital inflows in the form of new issues of long-term securities abroad were up strongly.

Additionally, there were large capital inflows in short-term forms, related, in part, to takeover activity. Preliminary evidence strongly suggests that outflows related to takeovers eased back considerably in the fourth quarter, while inflows in the form of new issues of Canadian securities abroad increased.

Canada's financial markets are closely linked with those in a number of other countries, particularly the United States. In any period there are both outward and inward financial flows, with Canadian residents acquiring financial claims on non-residents and vice versa. In general, however, the outflows have been outweighed by inflows. To concentrate only on the outflows, especially when there are large flows in the other direction, cannot provide a balanced picture of financial transactions between Canada and other countries.

Hon. R. James Balfour: Obviously, the minister did not understand my question, or he has attempted to present a distorted answer. The average capital outflow in the decade 1971 to 1980 was of the order of $2.4 billion. The capital outflow—I am not talking about the net capital outflow—for the four quarters ending in the third quarter of 1981 was of the order of $15.6 billion. That figure suggests to me an alarming aberration.

I asked the minister to explain that figure. I am not talking about inflows, I am talking about outflows; I am not talking about net, I am talking about the outflow of capital from

Canada. I asked the minister to explain that and he has failed to do so.

• (1425)

Senator Olson: Honourable senators, I fail to follow that kind of convoluted reasoning. If my honourable friend wants to pick out selected figures and does not want to look at both sides of the ledger, then that is his option if he wants to make that kind of distorted convoluted argument. What I gave him was a balance between the two. He claims that in 1981 there was an outflow of $15 billion, which he said was something like six times larger than some other date that he arbitrarily picked. That kind of selected statistic does not impress me. I told the honourable senator that for the first three quarters of 1981—and these are the only figures that are available—there was a net capital inflow of $10.4 billion. If he wants to selectively pick out this one or that one, he can get even more distorted figures than he gave, but it is not a very intelligent exercise.

Senator Balfour: Honourable senators, I am sorry that the minister finds it necessary to denigrate my intelligence.

Senator Olson: I said that if the honourable senator wanted to select convoluted figures, it meant nothing.

Senator Balfour: I put to the minister two straightforward figures. The first was the average capital outflow during the 1970s, a 10-year period, which is very simple for the minister to understand. I also presented to him the capital outflow figure for four quarters ending September 30, 1981. I pointed out that the figure was six times the average in the preceding decade and I asked him, as the Minister of State for Economic Development, to offer an explanation for that alarming figure. He is a member of the government and he should have those figures at his fingertips, and also the explanation.

Senator Olson: Honourable senators, it is like a lot of other things. We can always take dollar figures and flows for a certain year, back 10 years or whatever, and pick out certain figures. The honourable senator is picking out capital outflows, but what he does not put into the equation is that the totality of flows in both directions has gone up rather substantially. I am also saying that he should balance it out and be fair about it by looking at both sides of the account. The interpretation that he tried to put on his analysis—wherever he got his figures from, I don't know—is an unfair assessment.

Senator Balfour: Honourable senators, I now ask two short supplementary questions. First, does the minister disagree with my analysis?

Senator Olson: Yes.

Senator Balfour: Secondly, is the minister refusing to answer the question?

Senator Olson: Honourable senators, the minister disagrees with the type of analysis that is being made, and he is not refusing to answer the question because he has just answered it in great detail.

INDUSTRY

MASSEY-FERGUSON LIMITED—GOVERNMENT ASSISTANCE

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Minister of State for Economic Development. Massey-Ferguson is currently seeking to ease the terms of its refinancing agreement reached last summer—at least, its officiers are talking about this matter, and certainly accounts in the media indicate that the private bankers are saying that the company will have some considerable difficulty in renegotiating with them for more financial aid. Could the minister indicate if Massey-Ferguson has made any overtures to the government seeking either an increase or some modification of its present loan guarantees over and above the $125 million given last year?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, no, not to my knowledge. I do not believe that Massey-Ferguson has approached the government for any change at all, but I will check into the matter. All I know is that there has been some speculation in the press that the company is trying to ease—I believe that is the word used in the press—some of the terms and conditions in connection with the refinancing package with the banks. However, I have not heard of any overtures being made to the government.

• (1430)

THE SENATE

SEATING PLAN—REQUEST FOR CHANGES IN BROCHURE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to, or at least a follow-up on, a question that was asked by Senator Godfrey on the subject of the seating plan for this chamber. I told Senator Godfrey that I would be making this report, and he advised me that in his opinion this is a propitious time for doing so because he first asked the question a year ago today.

What has happened in the meantime, as some honourable senators may know, is that work has gone forward with regard to the seating plan, the brochure, and information material intended to be handed to guests, tourists and others who may be interested. It has been studied by the Internal Economy, Budgets and Administration Committee, and of course there will be a more detailed report from the chairman of that committee at some later stage. At the moment, I just want to report on the specific question asked by Senator Godfrey.

You remember, honourable senators, that Senator Godfrey's question referred to the problems arising from the seating plan with regard to the designation, province and party affiliation of senators. The plan is to have a printed brochure, telling something about the Senate, with the picture that was taken earlier. That picture is excellent, by the way. In general, I would say that a lot of promise is demonstrated in this brochure.

The intention is also to include with the brochure, but separate, a seating plan. It, of course, will change from time to time for various reasons.

The question was, can we put in the block appearing for each seat in the seating plan the name of the senator, the province he represents and the designation, together with the senator's party affiliation, or some combination of those elements.

The answer is that because the seating plan must be bilingual, there are cases where it is virtually impossible to get all of that information, in both languages, within a block of any appropriate size within the seating plan. It seems that the solution is to have the seating plan show the name of the senator only, though we could probably add his province and perhaps the designation. It would, however, be better to have a separate sheet listing provinces, with the senators listed alphabetically under those provinces, plus the designation and party affiliation. In those circumstances, the block would show only the name, and perhaps the province, but, ideally, I think, just the name, with all the supplementary information set out on a separate sheet. The seating plan will be computerized, so that we will not have the problem of having names not fit into the block, of having names typed in different characters, and so on.

That is the answer to Senator Godfrey's question. I believe we can look forward to having in our hands within the next month or so the plans I have just described.

CANADA ELECTIONS ACT

BILL TO AMEND—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Austin, seconded by the Honourable Senator Goldenberg, for the second reading of the Bill S-11, intituled: "An Act to amend the Canada Elections Act".—(*Honourable Senator Macquarrie*).

Hon. Heath Macquarrie: Honourable senators, I am sorry that I must rise again on a point of order and procedure with regard to this matter. I profoundly hope that this will be my last intervention on this particular measure.

I have said that we cannot properly proceed with this until something has been done with regard to deciding whether or not this is a government bill. Having to request the Senate to stand this matter puts me in an invidious position, since such a request might be taken to mean that I am indifferent, that I am not ready, that I do not care, that I am in a hurry, or that I simply do not want to make a speech today. That, however, does not matter, although I maintain that I am not ready to speak simply because of the matter to which I have alluded already, namely, the importance of knowing whether this is a government bill.

I suggest to the deputy leader that he ascertain whether or not this is a government bill or whether he does not know, or whether no one in the government can tell him. Should the latter be the case it would probably be purer, procedurally, to withdraw the measure and to start again properly.

[Senator Frith.]

I wonder if the deputy leader, who is a most excellent man, despite his affiliations, could find out what the real disposition of the government is on this measure. Electoral machinery and legislation with regard to it are important matters. I do not want to be put in the position of having to ask the members of this house to stand this order again.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators know that I share Senator Macquarrie's passion for procedural purity, and they also know that I share his analysis of the procedural dimension of this order, namely, that since it was first introduced as a private bill its sponsor has become a minister of the Crown.

The second fact is that it is quite undesirable—in fact, I think it is quite improper—that a private bill stand in the name of a minister of the Crown and create ambiguity as to whether it is a private bill or a government bill.

A third factor is that it is perfectly true that Senator Macquarrie, in whose name this order stands, has been very patient with regard to his request to have this procedural impurity corrected. I have taken steps, as he knows, as recently as last evening, as a result of his questions of yesterday, to clarify the situation, and have asked that I be authorized, on behalf of the government, to make a statement by Tuesday evening as to exactly what we are going to do with this order and, if I understand Senator Macquarrie's question properly, as to what we are going to do with the subject matter involved.

I am not going to stand here and say that we want to drop the whole thing. It may be that I will say that we want to drop this order, but it seems to me that I am going to have to say also what we want to do about the subject matter, the so-called electoral clock.

Order stands.

BUSINESS OF THE SENATE

On the motion to adjourn:

Hon. George J. McIlraith: Honourable senators, before the adjournment motion is put, I wish to raise one matter with the Deputy Leader of the Government in the Senate. Although the effect of this motion is that we adjourn until Tuesday evening, based on the motion that was put and carried earlier today, could he, in light of the unusual situation in the other place, tell us whether his motion should be amended so as to indicate an adjournment to a later date?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I can understand that question being raised. The present situation is unusual. We normally take it for granted that the other place will sit every week, but we do not know whether it is going to be sitting next week because of what, as far as I am concerned at any rate, is a very unusual procedural situation over there. Senator McIlraith, of course, has a much longer memory than I, and would be able to tell us whether this has ever happened before.

We do have a certain amount of business in the Senate that could occupy us next week, however. There is the question of

Bill S-11 to be clarified, and certain inquiries that have to be dealt with. We also have committee work, arising out of the study of bills and the subject matter of bills.

• (1440)

I must say that, as far as legislation is concerned, as the Leader of the Government has said, we hope that we can, in some way, step into this situation in a helpful manner and introduce some legislation in this place. The spectrum is somewhat limited by the fact that we cannot introduce money bills, but the leader has told us that the government is trying to find bills that, constitutionally and procedurally, we can introduce. In this way, we will try to solve the problem that we are faced with by somehow having Parliament proceed in spite of the fact that one of the houses of Parliament does seem to be paralyzed, as someone said yesterday.

I must say that I am still a little new at the job, compared to Senator McIlraith. For that reason, I propose the usual motion, in spite of the fact that we have no assurance that the other place will be sitting and producing any business for us next week.

Senator McIlraith: Honourable senators, I must thank the Deputy Leader of the Government for his lengthy answer and for all of the material he put into it. There is, however, something that I want to take exception to. He spoke of the Senate's stepping in. I think it would be better if he clarified the situation right now. The difficulty in the House of Commons is its own business. We must not put ourselves in the position of telling them what to do. At the same time, however, I should like to know what effect that situation has on the Senate. That is the point on which I was seeking information from the Deputy Leader of the Government.

I think that we should take full cognizance of the situation in the House of Commons in determining the action we take in the Senate with regard to our own business. We should thoroughly understand that the situation in the other place results from a simple motion to adjourn the house. If I remember correctly from last Tuesday—I have heard so many bells ringing since that time that I am not sure—the motion was that "this house do now adjourn." Honourable senators, for obvious reasons that is not a debatable motion and is one which is used on extraordinary occasions. I can remember one such occasion when a minister of the Crown unfortunately died in an accident just before the house sat. On another occasion a member of the House of Commons died on his way down to the sitting. In such instances, of course, there is a motion to adjourn the house.

As I understand it, the practice involved with such a motion is very simple. Once the Speaker puts the motion and the required number of members rise, they call in the members. In the process of calling in the members they start to ring the bell. As an act of courtesy, the whips go out and sometimes wait quite a while before bringing the various members in from wherever they may be. In any event, a vote is then taken. That, again, is not our business.

I would like to point out that in this instance we are placed in the extraordinary position of having all the nationally elected representatives of the people of this country denied the right to meet together to conduct the public business of this country. Perhaps I am naive, honourable senators, but I have a firm conviction that these representatives were elected and sent to Parliament to attend to the public business, which, goodness knows, probably needs attention in light of certain economic situations. That is the purpose for which they were sent here. They have been kept from carrying out their duties for almost 48 hours. That bell has been ringing for two days to prevent the House of Commons from meeting and carrying out the business of this country which is in desperate need of being taken care of.

Honourable senators, I am one of those who are naive enough to believe that the government has the right to have government business brought before Parliament, and that Parliament has the right to meet, in both houses, to pass on that legislation and either accept it or reject it. When the elected representatives of the people of Canada cannot get into the chamber to do the business they were sent here to do, we are seeing a complete negation of the whole system of government.

Honourable senators, the situation in the House of Commons has nothing to do with the energy bill, with what the leaders have agreed upon privately as to how they will conduct themselves afterwards, or with anything else of that nature. I think the situation has implications for the Senate in terms of our internal business. I want to find out from the deputy leader whether he considers there is anything we may have to do, in light of this extraordinary situation in the other place, though I want him to stay clear of interfering in what they do in their own house.

Hon. Richard A. Donahoe: Honourable senators, I have listened closely to what my honourable friend has just said. It was not my intention to rise at this time—indeed, I did not expect to have anything to say. However, in response to my honourable friend I would like to say that we were sitting in this Parliament on the occasion when the Prime Minister of this country said, in unequivocal terms, that although there is a convention that the Constitution of this country cannot be amended without the consent of the provinces, that is only a convention; it is not binding. The Supreme Court, when questioned, said that the convention exists but there is no such law. Therefore, the Prime Minister said, "We shall do what we said we would do because we are legally doing what we have the right to do. We will ignore the convention."

Honourable senators, there may or may not be a convention with regard to what should happen to enable the members of the other place to resume the work of Parliament when the bells are ringing. We all know what is customary. We all know that the whips enter the chamber, approach the Chair, and thereby acknowledge that they have done everything they wished to do. We then know that all the members who intend to be present are in fact present, and then the vote proceeds. That, honourable senators, is not taking place in the House of Commons today. Whether it takes place or not is entirely the

business of the House of Commons. It is not our business and it should not even be mentioned in this chamber. It has, however, been mentioned. An honourable senator has risen to his feet and has given us his views with respect to what should be done, so I will now give honourable senators my views.

In my view, the members of the opposition in the House of Commons are entirely justified in remaining out of the chamber because they are being subjected to a procedure which makes it impossible for any man of conscience to vote. I have seen such a thing happen in my day. I know that in this country we have a law with respect to abortion. I know that that law became the law of the country because it was included in an omnibus bill to amend the Criminal Code. I know that there were other matters contained in that omnibus bill to which no reasonable man could have taken objection and for which any reasonable man would have voted. However, the members were placed in a position where they could not vote for provisions of the bill they agreed with unless they also voted for a provision they disagreed with.

In the House of Commons today this situation has arisen because of the attempt to have 15 bills incorporated into one. Many of those bills are such that they might be supported. More of them, however, are such that they might not be supported. Many of them contain a principle which is objectionable in any good Parliament. That principle provides in advance for the expenditure of money by the government of the country without reference to the legislative body.

Some Hon. Senators: Order!

• (1450)

Senator Donahoe: I may be out of order, but I am no more out of order than Senator McIlraith.

Hon. Raymond J. Perrault (Leader of the Government): You certainly are.

Senator Donahoe: I did not rise until he commented the rights and wrongs of what was taking place in the House of Commons, and I am sure you will give me that much credit. But I did rise when he finished his comments because I felt, though it is quite in order for the senator to say what he feels, that it was not in order for us to let his comments go without rebuttal.

Senator Frith: Honourable senators, as I understand the position we were in before Senator Donahoe spoke, I was asked to explain the motion for the adjournment of one house of Parliament, which is to continue its business next week, while there is the possibility that the other house of Parliament will not. Two honourable senators said that the matter is none of our business but then proceeded to talk about it, so I assume that to some extent it is our business.

Certainly, the procedural situation is quite clear. It is that an omnibus bill was presented, and objected to by the opposition in the other place on the grounds that it was out of order to present such a bill, for the very reasons suggested by Senator Donahoe. As a result, Madam Speaker made a ruling on the grounds that she was bound by the precedent that previous omnibus bills had been questioned and found in order.

Although the ruling was discussed, it was not appealed, and at that point a member of the opposition moved the adjournment.

It seems to me that that is a means of taking an objection to a ruling by the Speaker and to government conduct. Personally, I agree with Senator McIlraith as to the appropriateness of such a procedure, but just as do members of the other place, we too have different views on the subject. However, I believe the procedural situation is exactly as I have described it, and I believe that the political situation is as I have described it. Perhaps it is not right to use the expression "step in" in trying to deal with some of the legislation, but whether that is so or not, I feel that we in this place—as I have indicated in moving the adjournment—should wait and see, and that we should proceed next week whether we are called upon to step in or whatever.

We all have our views as to the propriety of what is happening in the other place, but in the meantime I think that we should proceed next week and wait and see what happens.

Senator McIlraith: Honourable senators, I do not think I have made myself clear.

Senator Dohahoe: You certainly did not.

Senator McIlraith: I do not wish in any way to tell the House of Commons what to do with regard to their procedure. All I know is that the motion is before the House of Commons and that the bells are still ringing 48 hours later, which is unusual. The motion is very simple and very narrow in its wording.

With the greatest deference to the Deputy Leader of the Government in the Senate, the motion has nothing attached to it that has anything to do with severing a bill. The procedure for severing a bill is an old one, and there are clear procedures for that. The motion has nothing to do with the procedure the honourable senator explained. The motion is "that this House do now adjourn"—nothing else.

With the greatest deference, the situation here is that Senator Donahoe began discussing the business of the other place and a grievance he alleged against the government. At the moment, I am not interested in grievances either for or against the government.

Senator Donahoe: You introduced them.

Senator McIlraith: Rather, I am interested in what we in this chamber should do in light of what has happened. I wrote down part of Senator Donahoe's remarks. He said that "they were justified in staying out of the chamber." Whether the members of the House of Commons are justified or not in staying out of the chamber is not our business, nor is it the point I sought to raise.

What is going on in the other place is not a case of the opposition staying out of the chamber. Rather, because of the motion and by virtue of the practice of voting on a motion only after the whips are seated, the members of that house are prevented from conducting their business. The whips are preventing their fellow elected representatives, whether they be for or against the government, from considering the business

they wish to bring before Parliament and from taking decisions on that business. Those are the facts with which we in this house must contend. It is not a matter of whether the members of the other place are justified in their action. That is their business and, since they are an elected body, they will have to answer for that. The point I wish to make is that one of the whips is preventing the house from meeting to do public business, not that the members are staying out of the house.

Senator Donahoe: In an improper way.

Hon. H. A. Olson (Minister of State for Economic Development): Yes, it is improper.

Hon. Andrew Thompson: Honourable senators, my clear impression of Senator McIlraith's point is the matter of procedure. Rather than direct my question to His Honour, I shall direct it to the Leader of the Government in the Senate and ask: What procedure would the Senate adopt were such a procedural difficulty to arise in this house? I think this is a matter which should be reviewed in case of any such future emergency.

Senator Perrault: Honourable senators, precisely the same situation would prevail. The adjournment motion is not debatable. If the two whips did not enter this chamber, representing the preparedness of the members to have the vote taken, then we would be in a similar situation.

However, I cannot contemplate any conjunction of events or any circumstance which would immobilize the Senate in that fashion. The traditions of this chamber and the way the senators on all sides approach their duties, I think, are such that we would want the work of the chamber to proceed.

Senator Thompson: Can the Leader of the Government tell me whether such a situation has ever occurred in the upper chamber of any parliamentary system? Also, assuming that we were not men and women of sound reasoning and that such a situation did arise, how would the deadlock be resolved?

Senator Perrault: Honourable senators, I have never heard of such a situation occurring in this fashion. I can assure honourable senators that this matter is under intensive study by parliamentary authorities at this moment. Certainly, the duration of this impasse in the other place—

Senator Donahoe: Honourable senators, on a point of privilege—

Senator Perrault: Honourable senator, I am trying to reply. You are not on your feet and you do not have the floor.

An Hon. Senator: He is trying to raise a point of privilege.

Senator Perrault: What is your point of privilege?

Senator Donahoe: I have not advanced it yet.

Hon. Peter A. Stollery: Honourable senators, I was on my feet to follow up on a question—

Senator Donahoe: My point of privilege deals with the fact that there have been assertions made by several senators that what occurs in the House of Commons is none of our business.

Senator Perrault: That is not a point of privilege.

Senator Donahoe: Notwithstanding that, the Leader of the Government continues what was begun—

Senator Perrault: May I appeal to you, honourable senators—

Senator Donahoe: —by another honourable senator on his side.

Senator Olson: Sit down!

Senator Perrault: —to recognize this for what it is.

Senator Donahoe: He continues to impute blame for the events in the House of Commons. I say that if blame is to be imputed to one side of this chamber, then that side has the right of defence.

Senator Stollery: Honourable senators—

Senator Perrault: Honourable senators, the statement by the honourable senator opposite is clearly out of order. He has already made one speech, and he is trying to make another while I am trying to reply to a question asked by an honourable senator, in which reply I have said that studies are now under way in order to determine whether or not—

Senator Donahoe: He is trying to impute blame to somebody.

An Hon. Senator: Order!

Senator Perrault: —a similar circumstance has occurred before and how impasses of this kind can be dealt with. Certainly, the situation in the other chamber, from the standpoint of the duration of time itself, is unprecedented. Attempts are being made to determine, how a parliamentary assembly—which is established to allow spokesmen from various sectors of the country to meet together, to reason together and to pass legislation on behalf of the people—can continue if one section of the members elected, or appointed, refuse to enter the chamber.

• (1500)

Senator Donahoe: There you go again.

Senator Stollery: On a point of order, I would follow up on what appears to me, by any rule under which we operate, to be a clear question of order. I should like to ask the deputy leader what will happen in the Senate if this unprecedented occurrence in the other place continues into next week. Since we have no way of knowing how long the bell will ring, at what point, and on what instruction from the Leader of the Government in the Senate, will senators have to stop their activity and go home?

Senator Frith: Honourable senators, we are dealing with an unprecedented situation, but the Senate has enough business to operate next week. There is no constitutional or procedural provision I am aware of that states that we act only derivatively from the House of Commons. Many matters can be and, indeed, have been initiated in the Senate, and we can deal with those next week. Committee work also is planned for next week.

I understand the concerns of honourable senators, but I believe we have enough work to keep us going next week, and

we may have enough to keep us going even longer if we introduce some bills in the Senate.

If we were to behave as though we were totally unaware of what is happening in the other place, we would lose credibility, but to react to it in such a way as to become infected with the same paralysis, I think, is unnecessary. We should proceed.

I point out for the record, since we have been talking about points of order here and elsewhere, it may appear to some observers that the same procedures apply here for the motion to adjourn, namely, it is not debatable. What have we been debating for the last half hour? In fact, we were not debating that motion; we were dealing with a series of questions that were asked and, therefore, in that purist sense, I would point out to Senator Macquarrie that we were in order.

Hon. John M. Godfrey: Cannot we, as senators, benefit from the experience of the other place to ensure that that kind of nonsense will not happen here, and refer the question to our Rules Committee? They can then consider the question and recommend a rule for adoption by the Senate to ensure that there is no possibility of this happening here in the future. I am quite prepared to refer it to the Rules Committee myself.

Senator Frith: Honourable senators, may I suggest that we reflect on that proposition over the weekend? We could add this matter to the other business that awaits us next week.

[*Translation*]

Hon. Arthur Tremblay: I have a question but I would first like to say a few words by way of introduction. Clearly, a number of our colleagues could not resist using questions or points of order to get involved in a debate on the substance of what is happening in the other place. And now for my question.

This year, the House of Commons resumed sitting on January 25. Is that correct?

Senator Frith: Yes.

Senator Tremblay: The Senate came back a week later, and so, since the Senate is under no obligation to sit when the House of Commons is sitting, as far as the principle of simultaneous sittings of the House of Commons and the Senate is concerned, we already have the answer.

My question is, can the Senate sit when the House of Commons is not? If we have the answer to the first eventuality, the same answer applies to the second.

Senator Frith: Honourable senators, I believe that the question is a rhetorical one, since the answer has already been given. I cannot blame Senator Tremblay for adding a last touch of rhetoric to this debate, and I feel he has given a very clear analysis of the question whether or not both chambers must sit simultaneously.

The Senate adjourned until Tuesday, March 9, at 8 p.m.

THE SENATE

Tuesday, March 9, 1982

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

Prayers.

DISTINGUISHED VISITORS IN GALLERY

GROUP OF ITALIAN PARLIAMENTARIANS ACCOMPANIED BY HIS EXCELLENCY F. PAOLO FULCI, ITALIAN AMBASSADOR

Hon. Peter Bosa: Honourable senators, I should like to draw the attention of the Senate to the presence in the gallery of a distinguished group of parliamentarians from Italy. They are part of a delegation of the Western European Union Defence and Armaments Committee. This afternoon they met with members of the Standing Committee on External Affairs and National Defence of the House of Commons, as well as with officials of the Department of External Affairs and the Department of National Defence. They are accompanied by His Excellency Paolo Fulci, the Italian Ambassador to this country.

I extend to the members of the delegation and their wives a hearty welcome on behalf of the Senate of Canada.

Hon. Senators: Hear, hear.

OFFICIAL LANGUAGES

MEETING OF SPECIAL JOINT COMMITTEE—QUESTION OF PRIVILEGE

Hon. Lowell Murray: Honourable senators, I rise on a matter of privilege relating to the Senate.

In my capacity as Joint Chairman of the Special Joint Committee on Official Languages I was advised at noon today, by the other joint chairman of that committee, Mr. Emard Corbin, M.P., that he had instructed the joint clerk of the committee from the House of Commons to cancel a meeting of the committee, which had been scheduled for 3.30 this afternoon, on the grounds that while the bell was ringing, summoning the members of the other house to a vote, it was out of order for the committee to meet. Further, he advised me that he had had advice to that effect, and to the effect that one joint chairman of a joint committee could unilaterally cancel such a meeting, from the appropriate Table officer in the House of Commons.

My position was, and is, that I could not, as a member of the Senate, accept the premises on which Mr. Corbin issued his instructions. Therefore, I declined to advise senators that the meeting had been cancelled.

At 3.30 this afternoon I attended at the committee, and after ascertaining that a quorum, consisting of four members representing both chambers, was present, I called the meeting to order. I noted the absence of the witnesses, senior officers of the Department of Justice, who were to have appeared this afternoon. A telephone call was made to the Deputy Minister of Justice, who said that he had received one advice from the House of Commons clerk that the meeting had been cancelled, and another advice from the Senate side that a meeting was going ahead. A motion was then made, seconded and agreed to, calling another meeting of the committee for 3.30 tomorrow afternoon, and inviting the Department of Justice to have its witnesses on hand.

I thought it appropriate to inform the Senate of these facts concerning the meeting of that joint committee today, and of its intention to sit tomorrow.

Hon. Senators: Hear, hear.

• (2010)

Hon. Peter A. Stollery: Honourable senators, I wish to direct a question to the Honourable Senator Murray, joint chairman of the committee, on the point he has just raised. Were members of more than one party present when the decision was made?

Senator Murray: I can tell the honourable senator that the answer to his question is no. All of those present were members of the Progressive Conservative Party. I may say with great respect, however, that the point is irrelevant because the only rule to which I have been referred on the subject is that the quorum consist of four members, provided both chambers are represented.

Senator Stollery: I have a supplementary question which I direct to the Honourable Senator Murray. Normally, under the terms of reference laid down for parliamentary committees, it is made clear that votes shall not take place unless representatives of two out of the three parties in the House of Commons are present. I wonder whether similar terms of reference were laid down for this joint committee. If not, I would like to know why not.

Senator Murray: The answer to the first part of the question is no, there is no such reference contained in the order under which the committee was formed. As to why there is no such reference, the honourable senator would have to address his question to the government, which proposed the motion setting up the committee.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, in speaking to that so-called "point of privilege," which really is not a point of privilege, it should be observed that a joint committee ideally and necessarily involves members from both chambers representing diverse political viewpoints.

Hon. Jacques Flynn (Leader of the Opposition): No!

Senator Perrault: It seems to me that Senator Murray should be encouraged to proceed in agreement with representatives of the other parties represented on that joint committee, so that it will truly be a balanced reflection of the views of both houses of Parliament.

Senator Flynn: He rose in order to invite senators from all sides to attend.

Hon. H. A. Olson (Minister of State for Economic Development): It is a joint committee involving the House of Commons and the Senate.

Senator Flynn: Yes, but the house was represented.

Senator Olson: The members of the other place do not attend committee meetings when they have been summoned to the chamber.

Hon. G. I. Smith: How do you know?

Senator Olson: I was there for 10 years.

Hon. George van Roggen: Honourable senators, I should like to direct a question to Senator Murray in his capacity as joint chairman of the committee. If there were a vote called in this chamber at the time a committee was meeting, is he suggesting that the committee would not be entitled to adjourn and that it should not adjourn for the purpose of taking a vote in the chamber?

Senator Flynn: For the purpose of taking the vote, yes. Make your joke elsewhere.

Senator van Roggen: It is not a joke!

Senator Flynn: Yes it is. You are a joker.

Hon. Royce Frith (Deputy Leader of the Government): Why, then, are the bells ringing over there? Is that not why they are ringing?

Some Hon. Senators: Order!

Senator van Roggen: If I may, honourable senators, I will ask a perfectly proper question of the chairman of a committee, to whom I am entitled to address a question. If he were chairman of that committee and if it were sitting at a time when a vote was to be taken in this chamber, would he advocate that the committee not adjourn for that vote?

Senator Murray: With great respect, the honourable senator is not asking me a perfectly proper question. He is asking me to interpret the rules of this chamber.

Senator Frith: Under the rules, if the question deals with the proceedings of the committee of which you are the chairman, it is a proper question. That is exactly what the rules say.

Senator Flynn: It was for your information; if you don't want to come, don't come.

Senator Olson: How about an answer?

Senator Smith: How often have you refused to answer a hypothetical question, Mr. Minister of State?

Senator Olson: I have attended a lot of committee meetings, and they adjourn when the division bell rings.

[Senator Flynn.]

[*Translation*]

HEALTH, WELFARE AND SCIENCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

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

> That the Standing Senate Committee on Health, Welfare and Science have power to sit at four o'clock in the afternoon tomorrow, Wednesday, March 10, 1982, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Hon. Arthur Tremblay: At what time?

Senator Frith: At four o'clock in the afternoon.

Honourable senators, the motion has to do with a bill that was referred to this committee. The vice-chairman, Senator Bird, has asked me to propose the motion so as to enable the committee to continue and, if possible, complete consideration of the bill this week.

● (2015)

[*English*]

Hon. G. I. Smith: Honourable senators, I wish to speak to this motion for a moment. I attended a meeting of all chairmen of committees of the Senate just last week. I understood then that the question of when committees meet is of great importance in terms of space, staff and services, and that one should consult with the honourable senator who has undertaken—upon request, of course—to correlate these meetings so that there is not a duplication of demand. Before we are asked to vote on this matter I should like to know whether or not the consent of the Honourable Senator Lafond has been obtained.

Senator Frith: Honourable senators, I must say that Senator Smith has laid a good foundation for his question. I agree with what he has said, both as to what took place at that meeting and as to the fact that we had agreed that that procedure would be followed.

I must also say that I assumed the committee clerk had checked with Senator Lafond before I was asked to put the motion. If that is not correct and I made that assumption on insufficient ground, then I apologize.

If I may have permission of the Senate, I can find out from Senator Lafond now whether that procedure was followed. It certainly ought to have been.

Hon. Florence B. Bird: Honourable senators, I must apologize for not consulting Senator Lafond, but my problem was that it was getting rather late. The deputy minister was there to speak to us, and two committee members requested that he return for a further meeting. We want to deal with the matter expeditiously because we are most anxious to get to the people the pensions that will be put into effect by this bill.

Another difficulty I faced was that, although we could have gone on for another half hour, unfortunately there was no member of the opposition present at that time in the committee. Therefore, I felt I had to act quickly and ask the deputy minister to attend at a further meeting. I do apologize, but it was just at the dinner hour. I hope that I will be forgiven and that you will allow me to hold the meeting tomorrow.

• (2020)

Hon. Paul C. Lafond: Honourable senators, I apologize for being absent from the chamber for approximately one-and-a-half minutes when this question was raised. I gather that the question concerns a delay in the commencement of the meeting of the Standing Senate Committee on Health, Welfare and Science this afternoon.

Senator Frith: Honourable senators, I was asked to move a motion to permit the Health, Welfare and Science Committee to meet at 4 o'clock tomorrow afternoon, even if the Senate is sitting at that time. I received the message about a half an hour before we convened this evening, and I assumed that the Clerk would have followed the point raised by Senator Smith and asked Senator Lafond for clearance, because it has been agreed, that all committee meetings, ordinary and extraordinary, would be cleared through his co-ordinating office. It seems that there has been a bit of a contretemps here, and the matter was not cleared with Senator Lafond's office. That is the background to what we are discussing at present.

I was given leave to move the motion, I explained it, and we are now discussing whether the motion should be adopted.

Senator Lafond: Honourable senators, as it happened, there were two contretemps. The first contretemps occurred this afternoon. I should have known that the Standing Senate Committee on Health, Welfare and Science was meeting at 4 o'clock. However, because of my absence since Thursday evening on other business, I was not aware of this, and I apologize for carrying on the meeting of the Subcommittee on National Defence until 4.05 p.m. I can say that it will not happen again.

The second contretemps occurred the moment that meeting was over because I left the premises and if anyone had wanted to reach me within the next few hours, I was not available. In any event, I gather that the matter is resolved and that the committee has permission to sit at 4 o'clock tomorrow afternoon.

Senator Smith may have stated as much before I entered the chamber for the second time, but I believe that the committee chairmen have agreed to put to the leadership of the Senate on both sides the proposal that in order to help with committee scheduling it should be more or less routine for one committee—if need be, a designated committee—to sit at 3.30 on Wednesday afternoons. When I say "designated", I mean on a first-come-first-served basis.

Senator Frith: Honourable senators, we have not implemented the suggestion that a committee have the automatic right to sit on Wednesday afternoons. The question now is whether the explanation, quite properly asked for by Senator Smith, is sufficient to show that there was an attempt to give proper notification. Senator Lafond has said that he would not have been able to deal with the matter of that kind of notice because he was not available. So the question is whether, such permission not having been given in advance, there has been sufficient explanation for the Senate to agree to this motion.

Hon. Robert Muir: Honourable senators, with all due deference to Senators Smith, Lafond and Bird, it was through my efforts, with the co-operation of all honourable senators, that Bill C-78 was brought before the committee. Senator Bird very kindly presided over the committee, and we worked hard at dealing with the legislation.

Perhaps I did not hear Senator Bird correctly, but I believe she said that no representative of the opposition was present at the meeting. I was there until the meeting finished. However, if a senator who is a member of the Liberal Party would like to continue the meeting of the committee in order to obtain further information—and there was one—then he has every right to demand that. We hope to conclude our business tomorrow so that the bill may be passed as quickly as possible. I hope I have shed some light on the situation.

• (2025)

Hon. Andrew Thompson: Honourable senators, it is not my wish to prolong this matter, but I think I was the person who asked that the meeting be adjourned. Senator Muir expressed the hope that we could continue, although he did not mention that fact in this chamber just now.

We have dealt with Part I of the bill, and two parts remain to be dealt with.

In fairness to the deputy chairman of the committee, there are still many questions we would like to ask on this bill, and perhaps that could be done tomorrow.

Senator Smith: Honourable senators, it is certainly not my wish to cause any difficulties for this committee, but I must say that, as chairman of a committee, I have encountered many such difficulties. I thought we had disposed of the likelihood of any such difficulties occurring in the future as a result of our meeting last week.

I heard Senator Lafond, for whom I have the greatest respect—as I have, of course, for Senator Bird and the other senators who have spoken—and, in the circumstances, as long as Senator Lafond is satisfied I have no complaint to make.

Motion agreed to.

OFFICIAL LANGUAGES

MEETING OF SPECIAL JOINT COMMITTEE—QUESTION OF PRIVILEGE

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I ask Senator Murray if, in setting up the meeting of the Special Joint Committee on Official Languages, which he referred to earlier, he followed the procedures that were explained a few moments ago.

Hon. Jacques Flynn (Leader of the Opposition): That does not apply.

Hon. Lowell Murray: In answer to the question, I can only tell the minister that a motion was moved, seconded and passed in committee that the Special Joint Committee on Official Languages meet again tomorrow afternoon. Upon that motion being passed, I instructed the clerk of the committee to so notify the members of the committee.

Senator Olson: Is it not a fact that you did not comply with any of the rules with which every other committee has to comply?

Hon. G. I. Smith: What are you talking about? You were not there.

Senator Olson: I am asking if he did it; that is all.

Senator Flynn: If you want to attend, go.

Hon. Raymond J. Perrault (Leader of the Government): Did you have a long, tough debate in committee?

Senator Olson: The rules apply to everyone except Senator Murray.

Senator Murray: On the point that has just been raised by the Minister of State for Economic Development, and on a number of spurious points made by the Leader of the Government in the Senate, I should point out that the Standing Joint Committee on Regulations and other Statutory Instruments met within the last few days while the bell was ringing summoning the members of the other place to their places.

Hon. Royce Frith (Deputy Leader of the Government): We are talking about while the Senate is sitting.

Senator Olson: Have you asked for permission to sit while the Senate is sitting?

Hon. Joseph-Philippe Guay: Honourable senators, I would point out that ever since I have been a member of the Special Joint Committee on Official Languages, now over a year, a procedure has been followed whereby members are informed of committee meetings ahead of time.

My question, to the Leader of the Government in the Senate or, alternatively, to Senator Murray, is: Is it not appropriate that permission should be sought from the Senate for that committee to sit while the Senate is sitting tomorrow afternoon? Our usual procedure has been to ask for permission for a committee to sit while the Senate is sitting. We may be instigating a new procedure if Senator Murray calls a meeting of the Special Joint Committee on Official Languages for tomorrow, Wednesday, since that committee does not usually sit on that day of the week.

Hon. Peter A. Stollery: What about the steering committee?

Senator Guay: As a rule, it deals with such matters prior to a committee meeting. I am sure that Senator Murray is aware of that, because he sits on the steering committee.

● (2030)

So, my second question is: Has the steering committee also agreed to this?

[Senator Olson.]

Senator Murray: Honourable senators, a number of questions arise because of the—

Senator Frith: Deal with the one he asked.

Senator Murray: —events of today.

As the honourable senator has just pointed out, the steering committee decided on a schedule of meetings some time ago, and that schedule was adopted by the full committee when the full committee adopted, I think, the ninth report of the steering committee. Included in that schedule was a meeting for today, Tuesday, March 9, 1982. That was a decision of the steering committee and it was adopted by the full committee.

Of course, the first question I had to face, as a member of the Senate and as joint chairman of that committee, was whether—in view of the decision taken by the steering committee and the full committee to hold the meeting today, Tuesday, March 9—it was in order for one of the joint chairmen—that is to say, Mr. Corbin of the House of Commons—to cancel the meeting unilaterally.

Senator Flynn: He could have attended.

Senator Murray: To his assertion that he was authorized to do so, honourable senators, I, as a representative of the Senate and as joint chairman, took the position that he was not, and that I was going to show up at the committee meeting. When I attended the committee meeting there was a quorum, a quorum representing both houses. That being the case, I saw no choice but to call the meeting to order. Four members, according to our—

Senator Olson: Without the other joint chairman?

Senator Smith: That often happens.

Senator Perrault: Without the other joint chairman?

Senator Frith: You were going to go ahead without his being present?

Senator Murray: There was a quorum present representing both houses, so I called the meeting to order. I noted the absence of the witnesses who had been invited, and—

Senator Perrault: A kangaroo committee!

An Hon. Senator: We've got a kangaroo government.

Senator Murray: —in due course, a motion was moved, seconded and passed by a quorum—that is to say, by the full committee—calling a meeting for tomorrow afternoon. That decision was taken by a quorum, the full committee. As joint chairman, I had no choice but to put the motion. It carried unanimously.

Senator Perrault: That was a tough decision.

Senator Guay: I have a supplementary question.

Hon. R. James Balfour: Are you already in opposition?

Senator Guay: My supplementary question is this: Ever since I have been in Ottawa, in the other place and in the Senate, it has been the common practice of all committees that I have sat on to wait for all parties to be represented, or at

least one representative from each party, before the committee sits.

Some Hon. Senators: Hear, hear.

Senator Guay: Your party—that is, the Conservative Party—is so technical about wanting to follow rules and regulations that I think you ought to set the example when you are the one who advises them and are paid a large salary. You ought to follow the proper procedure.

Senator Olson: Earn that $60,000, Senator Murray.

Senator Perrault: Earn that $60,000.

Senator Smith: May I ask the Leader of the Government why he always gets so upset when he does not have his own way?

Hon. John M. Godfrey: Honourable senators, as the Joint Chairman of the Standing Joint Committee on Regulations and other Statutory Instruments, I can say that we met last Thursday and that we will meet this Thursday. There is no reason for our not meeting and, as far as I am concerned, Senator Murray has followed exactly the right procedure.

There is no requirement that our committee have representatives from each party. As long as there is one senator and one member of the House of Commons present, we can meet, and we shall continue to follow the same procedure as Senator Murray has followed.

Some Hon. Senators: Hear, hear.

Senator Frith: Honourable senators, just so there is no question about oral questions being asked of committee chairmen, rule 20 provides that questions may be asked, without notice to the chairman of a committee—

Senator Flynn: We know that.

Senator Frith: Someone called "Order!" when I tried to put a question to him.

The Leader of the Opposition says that I am in order, so now I will ask the question.

Just to be absolutely clear, both Senator Murray and, I take it, Senator Godfrey are saying that they, as joint chairmen representing the Senate, can call meetings of their respective committees and can call such meetings to order without the co-operation, consent or presence of their joint chairman. Is that what Senator Murray is saying? Am I not right that that is what he did?

● (2035)

Senator Perrault: That is what he did.

Senator Murray: The Deputy Leader of the Government is completely inaccurate in one very important respect: I did not call the committee. The committee—

Senator Frith: Senator Murray said he called it to order.

Senator Olson: Senator Murray called the meeting to order.

Senator Murray: The committee meeting was called by the steering committee, many weeks ago, for Tuesday, March 9, a decision that was adopted by the full committee.

Senator Flynn: The notice is in *Debates of the Senate.*

Senator Murray: My contention is that one of the joint chairmen may not cancel that meeting unilaterally.

Senator Frith: But he can call it to order, which is what Senator Murray said he did.

Senator Murray: There was a quorum present. One can call, one has called and one does call a meeting to order when there is a quorum present.

Senator Frith: Just to be perfectly clear, do I understand that Senator Murray could call the meeting to order and also that he could call the meeting himself tomorrow?

Senator Flynn: No, no; that is not what he did.

Senator Murray: On the contrary.

Senator Flynn: Senator Frith should listen to what Senator Murray says.

Senator Frith: Well, I'm trying to. Let him tell me.

Senator Murray: On the contrary, the position is—

Senator Perrault: Senator Murray needs your help, does he?

Senator Flynn: The leader's help would certainly not be very useful.

Some Hon. Senators: Order!

Senator Flynn: Senator Perrault's remarks are more confusing than helpful.

Senator Murray: The position is that the full committee meeting today, including representatives of both chambers, passed a motion calling a meeting for tomorrow afternoon. I, as joint chairman, had no choice but to put the motion and, as I said—

Some Hon. Senators: Oh, oh!

Senator Murray: —it carried unanimously.

Senator Frith: It depends on whose action is unilateral. That is what counts.

Senator Stollery: Honourable senators, I should like to pursue one element of this matter. My question to Senator Murray, as joint chairman of the joint parliamentary committee, is: Does Senator Murray think that it is proper to preside over a parliamentary committee and to take decisions in Parliament with only one party being represented? Further, did Senator Murray seek advice from any of the officers at the Table in either chamber before taking the decision?

Senator Murray: To answer the second part of the question first, I requested that the opinion which Mr. Corbin told me he had from his officers be relayed to me in writing. This, for their own reasons, the Table officers in the House of Commons declined to do. I then had inquiries made of the officers of the Senate, and I invited them to tell me that I could not proceed because Mr. Corbin had attempted to cancel the meeting, but the officers of the Senate were unable to give me that advice. Whereupon I proceeded.

Senator Stollery: Would Senator Murray be so kind as to answer the first part of my question, which is: Does he believe it appropriate that a parliamentary committee sit and take decisions without members of both parties being present?

Senator Flynn: Sure.

Senator Frith: The same thing holds true for the House of Commons.

Senator Perrault: Let the government vote in the House of Commons and ignore the bell then, shall we?

Senator Frith: And let Senator Murray set the precedent.

Some Hon. Senators: Order!

Senator Murray: Senator Murray believes in conducting himself scrupulously within the rules.

Some Hon. Senators: Hear, hear.

Senator Perrault: Let me suggest to Senator Murray—

Senator Flynn: Sit down!

Senator Smith: Sit down!

Senator Perrault: —that he is not within the traditions of Parliament. Typical Conservatives, not willing to let parliamentary democracy operate.

Some Hon. Senators: Order!

Senator Flynn: Sit down!

Senator Perrault: Typically Conservative! Typically Tory! Muzzle Parliament, that is what you are trying to do.

Some Hon. Senators: Order!

Senator Perrault: That is what you are trying to do, using an axe against Parliament and destroying Parliament.

Some Hon. Senators: Order!

● (2040)

The Hon. the Speaker: Order!

Senator Perrault: Senator Murray says that technically he is correct. But his actions in relation to the joint committee fly in the face of the traditions of Parliament and the practices which Parliament has established.

Senator Flynn: Stop making a fool of yourself.

Senator Smith: Honourable senators, I have a point of order, and it is this: If the Leader of the Opposition insists on making himself look foolish, in the interests of good conduct—

Senator Perrault: You said "Leader of the Opposition"!

Senator Smith: —and order in this house, we should prevent him from doing so.

Senator Perrault: You said "Leader of the Opposition".

Senator Smith: You do not have to prove yourself foolish every day.

Senator Godfrey: Honourable senators, may I say a few words of explanation on the question as to whether or not the opposition needs to be guarded. When our committee met at its organization meeting, one of those present was Mr. Nielsen, who proposed a motion that we could not meet without representatives of both parties being present.

Some Hon. Senators: Hear, hear.

Senator Godfrey: I pointed out that our committee had acted in a non-partisan fashion for seven or eight years, that partisan politics had never entered into our deliberations, and that in view of that fact I did not consider that we should have that as one of our requirements. Mr. Nielsen was overruled, and we have been going along quite happily for seven or eight years with only the requirement that a senator and a member of the House of Commons be present for a quorum, and it has worked out fine.

Some Hon. Senators: Hear, hear.

Senator Guay: Honourable senators, if we were to follow Senator Murray's version of how to proceed with the committees, I am sure the House of Commons could take the vote right now and solve the matter.

Senator Flynn: That's none of your business.

QUESTION PERIOD

[*English*]

CANADIAN WHEAT BOARD

1982-83 CROP YEAR—INITIAL PAYMENT

Hon. Joseph-Philippe Guay: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board, of which I have given him advance notice. As he is probably aware, this is the time of year when the minister usually makes his pre-seeding recommendation to the prairie farmers. Until last year he announced his initial price for the coming crop year. As it is important for farmers, particularly those in the area I come from, to know what the initial payments will be before they start seeding, will the minister indicate to the house his plans in regard to this matter?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I thank the honourable senator for his question. I will give a little background information. It is true that last year's announcement of the 1981-82 initial prices in July marked a departure from the practice of the last decade. Two years ago I announced the 1980-81 initial prices in March, as usual. Farmers complained that they were too low, but they did reflect world market conditions at that time.

World prices improved by July and I was able to announce an increase in the 1980-81 initial price. Prices continued to climb and I was able to announce a further increase in 1980-81 initial prices and make an adjustment payment.

World prices then dropped. So rather than announce no initial payments for 1981-82 last March that would not neces-

sarily reflect market conditions that would prevail in August, I decided to delay announcing initial payments until July.

Although the initial price for No. 1 CW Red Spring Wheat was 50 cents higher than August 1, 1980, it constituted a reduction from the 1980-81 adjusted initial price by some 60 cents per bushel. Again farmers complained that it was too low, but again it reflected world market conditions.

My annual pre-seeding report, which suggests how many acres should be seeded to various crops, is in the final stages of preparation and should be available for release at an early date.

Farmers and farm organizations have made it clear that they consider initial payments an important guide when making their seeding plans. Therefore, I have decided to accept their advice and I have placed before cabinet recommendations for initial prices for the 1982-83 crop year. I am hopeful that a decision will be reached in time to make the announcement before the end of this month. This announcement will be accompanied by the details of the pre-seeding recommendations.

Hon. G. I. Smith: Honourable senators, why does the minister not have courage enough to make a ministerial statement, instead of arranging to plant a question with a colleague?

Some Hon. Senators: Shame!

Senator Smith: The minister should feel ashamed.

Senator Argue: I believe my courage in this place compares favourably with that of the honourable senator, so I do not consider that that kind of innuendo is necessary. In any event, Senator Guay gave me notice of his question. It is not an announcement of policy because the policy has not yet been formulated. I am not yet able to announce it. It is a statement that I have submitted recommendations to cabinet.

Surely, the purpose of the Senate is to raise questions and to receive answers. I consider the question a good one. I believe that producers in western Canada are interested in the question and answer, and in view of the shenanigans which have gone on during the last half hour or so, I believe the question and my reply compare quite favourably.

Senator Smith: If the minister feels so confident of his courage, then I do not challenge it; but I am asking why he does not make it a ministerial statement so that it can be dealt with as such.

Senator Guay: Order!

Senator Smith: Order? What is the honourable senator talking about? He heard the nonsense that was going on over here a while ago. Why is he calling, "Order"?

Senator Guay: On a point of order, if Senator Smith will look up the record of our proceedings for last year, he will find that I asked a similar question last year. It was my intention to do so again this year, and the record will speak for itself. I don't appreciate the honourable senator's comments.

Senator Smith: That makes two of us.

Hon. Jacques Flynn (Leader of the Opposition): You don't have to get excited about nothing, Senator Guay.

UNITED NATIONS

OUTER SPACE TREATY—CANADIAN INITIATIVE

Hon. Andrew Thompson: Honourable senators, I should like to ask what I believe is an appropriate question dealing with disarmament.

Hon. G. I. Smith: You are right.

Hon. Jacques Flynn (Leader of the Opposition): Détente.

Senator Thompson: As background for my question to the Leader of the Governmnent, Canada was involved in the original move for the 1967 Outer Space Treaty. Honourable senators may recall that Senator Bonnell, on his return from a NATO conference, reported that there was dissatisfaction with the treaty and that it required more teeth.

My first question is: What initiative has the Canadian government taken to give this Outer Space Treaty more teeth?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that question will be taken as notice.

INTERNATIONAL SATELLITE MONITORING AGENCY—CANADIAN INITIATIVE

Hon. Andrew Thompson: Honourable senators, I have another question concerning the International Satellite Monitoring Agency. The United Nations issued a report last year about such an agency. What initiative is being taken by Canada with respect to that report?

Senator Perrault: Honourable senators, the question also will be taken as notice. I do not have any information on the specific point this evening.

FISHERIES AND OCEANS

NEWFOUNDLAND—ANNUAL SEAL HUNT—DYE SPRAYING OF SEALS BY PROTESTERS

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government, which he will probably have to take as notice. There is an intent on the part of the Greenpeace organization to interfere with the current seal hunt off the Magdalen Islands, to the extent that the crew of the Greenpeace vessel have threatened to spray the coats of the seals with green dye.

Two years ago the Food and Drug Directorate indicated that the green dye could interfere with the relationship between the mother and baby seal. If the Greenpeace Organization is so humane, why does it intend to use this dye when it knows that it will cause harm to the seals? Indeed, if the green dye is used in increasing proportions, it could do more than damage the coats. It will have a detrimental effect on the baby seals. If the organization is so humane, why is it doing that?

• (2050)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I do not know whether any information is available from the Department of Fisheries and Oceans on the possible deleterious effects of dyes on the seals and seal pelts. However, that information will be sought. In the meantime Senator Marshall may want to contact the Greenpeace organization. Perhaps they would provide an explanation for him.

Senator Marshall: Honourable senators, I think it would be dangerous if I contacted them.

I wonder if the evidence is in the files of the food and drug section of the Department of National Health and Welfare. In any event, could the Leader of the Government in the Senate ask for a copy of that letter, even if it is two years old? Could he also ask if there is any new evidence on the green dye that the Greenpeace organization might be using, or will use, and whether the department can provide a sample of it.

Senator Perrault: Honourable senators, when the information is made available it will be brought to the Senate.

Hon. G. I. Smith: That is no answer.

FREEDOM OF INFORMATION

STATUS OF PROPOSED LEGISLATION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, in response to Senator Nurgitz's question about freedom of information legislation and the status of negotiations with the provinces, I can say that consultations with the provincial attorneys general have recently taken place. The government is now re-examining certain aspects of the legislation in light of the representations made by the provinces on the subject.

Senator Godfrey inquired whether the government and its officials will act as if the freedom of information legislation has been passed. I have made inquiries on this point and can report that the policy announced by the Prime Minister has not been countermanded or nullified. However, it is certainly difficult to give a definitive answer on this point since certain aspects of the legislation are being re-examined. Obviously, we may end up with slightly different provisions in the bill when it comes before Parliament again.

Senator Nurgitz asked whether the government would separate the protection of individual privacy provisions from the freedom of information legislation and introduce them in a separate bill. Honourable senators, the government views Bill C-43 as a whole, including the provisions protecting individual privacy. Also, certain aspects pertaining to privacy are also being re-examined consequent to representations made by the provinces.

EMPLOYMENT AND IMMIGRATION

REFUGEE STATUS DETERMINATION PROCESS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Haidasz on February 11, 1982, as reported at page 3608 of Senate *Hansard*, regarding the refugee status determination process. Honourable senators, the answer is a rather long document. I am prepared to have it printed in the record of today's proceedings, if honourable senators agree, and then perhaps other questions can be asked.

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

Hon. Senators: Agreed.

(*The answer follows:*)

In reply to the first question of the honourable senator, I would like to inform him that the refugee status determination process was reviewed by a Task Force on Immigration Practices and Procedures appointed in September 1980, and their report was released in November 1981. Three positive steps were taken at that time.

(1) The number of private members appointed to the Refugee Status Advisory Committee was increased from four to seven.

(2) The pamphlet "Claiming Refugee Status in Canada", which has been prepared jointly by the CEIC and the UNHCR, was revised and given wider distribution.

(3) Committee members were advised that in all cases of tie votes, recommendations were to be made in favour of the claimants.

(4) A commitment was made to hold a symposium in late February to discuss the report.

The symposium was held in Toronto on February 20 and 21, 1982, and new guidelines were announced for the Refugee Status Advisory Committee dealing with both the criteria for determination and the assessment of credibility.

Henceforth, the committee is to be governed in its deliberations by two overriding presumptions. First, the applicant is presumed to be telling the truth unless there is clear evidence to the contrary; and secondly, the benefit of the doubt must always be resolved in favour of the applicant. This pertains both to the application of the criteria as well as to the assessment of credibility.

When the current Immigration Act was being considered in a parliamentary committee, refugee determination was discussed in the context of removal procedures. This fact has given rise to the perception by some that a refugee claim is simply a device to beat the Immigration Act.

Changing this attitude is even more important than clarifying each and every aspect of the definition or of credibility. There are, to be sure, important issues that demand clarification. For example, the RSAC was instructed that an individual need not be singled out for persecution to be a convention refugee, that highly visible political activity is not a prerequisite for refugee determination; that a person may be a refugee even if there is no evidence of past persecution but there are reasonable grounds to fear persecution in future; or that the possession of a valid passport is not a basis for rejecting a refugee claim.

Guidelines to assist in the assessment of credibility are equally important. By issuing these new guidelines, it is hoped that, together with the explanatory material set forth in the UNHCR'S handbook on procedures and criteria for determining refugee status, they will assist committee members in meeting both the legal requirements of the legislation and the "spirit" of Canada's international commitment to refugees.

Other changes were also announced dealing with the composition, the structure and the operational procedures of the RSAC. First of all, the RSAC is to be made independent of the Immigration Commission. It will have its own resources sufficient to allow five panels to operate weekly. This will cut down on the long period of uncertainty and anxiety faced by claimants. Also announced was an increase in the number of private members from seven to ten and that the RSAC will make appointments to ensure regional representation. In this context, the minister will also be reviewing all the existing appointments.

The Minister also intends to appoint immigration or external affairs officers who are to serve on the committee. In the future, departmental appointees will be required to serve full time and be free of departmental responsibilities during the term of their appointment.

The secretariat of the RSAC will be substantially increased and positions will be established at a sufficiently high level to attract and retain the quality of individuals who can carry out this extremely important and demanding work. The minister is particularly anxious to immediately enhance the research capability of the committee so that the fullest and most current documentation on conditions in refugee producing countries is made available to members of the RSAC. This would include information from human rights groups such as Amnesty International and from church groups and other agencies and individuals. The Minister also feels that the RSAC secretariat, like the committee itself, would benefit from the recruitment of some individuals from outside the government.

In reply to the question as to whether the Immigration Appeal Board will be expanded to include a special refugee panel, this also was discussed at the national symposium and is now under review. That was one of the recommendations made by the Task Force on Immigration Practices and Procedures in its November 1981 report.

THE SENATE

SEATING PLAN—REQUEST FOR CHANGES IN BROCHURE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this is by way of a final answer to a question asked by Senator Godfrey on the matter of the seating plan. It will be remembered that there was a discussion on the form this should take. I put an answer on the record in relation to this matter previously, and tonight we have that plan realized. I think it is a great improvement, and I assure honourable senators that by next week, when it is reproduced by the offset process, it will look even more handsome.

GRAIN

CROWSNEST RATES—GOVERNMENT NEGOTIATOR—TERMS OF REFERENCE

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, Senator Roblin asked me some questions regarding the terms of reference for Dr. Clay Gilson's negotiations with regard to freight rates on grain. I was subsequently able to provide some information to Senator Roblin, but I believe I now have the complete answer, in that Dr. Gilson's terms of reference have been released by the Minister of Transport today. I have them in my hand. If it is agreeable to the Senate I would ask that they be printed in today's *Hansard*.

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

Hon. Senators: Agreed.

(*The terms of reference follow:*)

The responsibility of the federal representative on western rail transportation, Dr. Clay Gilson, will be to identify and enhance the consensus among agricultural organizations on a number of issues related to the transportation of grain and to propose to the government specific measures which in his judgment will most effectively achieve the objectives contained in the Government of Canada's policy statement on western rail transportation. He should do this through intensive consultation with the major agricultural organizations in western Canada and the railways. More specifically, he should address with them the subjects listed in the policy statement requiring discussion, together with such other subjects he might consider appropriate.

In developing the consensus, the federal representative must have due regard for the financial limits contained in the government's statement, especially the total of $3.2 billion the government is prepared to commit to the western railway system over the next four years, of which about $440 million has been committed for branch line rehabilitation and the cost of existing hopper cars. Some of the funds will also be required to procure additional hopper cars. The residual will be the total amount of funds the government is prepared to make available as its share of meeting the cost of transporting grain over the fiscal years 1982-83 to 1985-86 inclusive.

The federal representative shall determine the appropriate procedure for the consultative process in order to accomplish the objectives outlined above.

The Minister of Transport will assume primary responsibility for consultation with the provincial governments concerning subjects related to western rail capacity. The federal representative may at his discretion seek information or advice from provincial officials.

He will advise the Minister of Transport on the progress of the consultations on a regular basis and will seek ministerial approval on those subjects which might require it during the consultative process.

At the conclusion of the consultative process, the federal representative will report to the Minister of Transport on the

results of his consultations and make recommendations relating thereto.

The federal representative will also be available to provide the Minister of Transport and other ministers with advice on implementation of the western rail transportation policy including advice on required legislative measures.

The federal representative will be based in Winnipeg and will be provided with an office and support services to be funded out of an overall budget for his office. All salaries and expenses, with the exception of those of federal government employees will also be funded from this budget.

QUESTIONS ON ORDER PAPER

REQUEST FOR ANSWER

Hon. Jack Marshall: Honourable senators, I wonder if the Leader of the Government has an answer to Question No. 59 on the Order Paper, which will become a year old in a few days. This question has to do with the order of precedence, and considerations of protocol, being destroyed on Parliament Hill. I think the answer should be available by now, unless the government is embarrassed lest the answer proves that a destruction of the order of precedence and consideration of senators is, in fact, taking place.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I regret the delay in supplying an answer to this question, and I thank Senator Marshall for reminding me of the matter.

THE ESTIMATES

DISTRIBUTION TO SENATORS—QUESTION OF PRIVILEGE

On the Orders of the Day:

Hon. Jack Marshall: Honourable senators, I wonder if the Leader of the Government in the Senate can tell us whether he has any information on the tabling of the estimates, referred to by me on February 24 last, and also whether he can give us the reason why the Senate is always the last to receive them. The leader said he would make an investigation as to why they were so late in arriving.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the investigation has not yet been completed.

Hon. G. I. Smith: Has it been started?

CANADA ELECTIONS ACT

BILL TO AMEND—SECOND READING—ORDER DISCHARGED

On the Order:

Resuming the debate on the motion of the Honourable Senator Austin, seconded by the Honourable Senator Goldenberg, for the second reading of the Bill S-11, intituled: "An Act to amend the Canada Elections Act".—(*Honourable Senator Macquarrie*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, last week, when this order was called, Senator Macquarrie asked that we try to have some final answer for him this week, in order to avoid his having to continually ask the Senate to stand it. I undertook to do this.

Honourable senators will recall that Senator Macquarrie's reason for requesting an explanation was the problem created by the fact that the bill, being a private member's bill, stands in the name of Senator Austin, who is now a minister of the Crown.

Senator Austin is here and will speak to the matter. I just want to advise honourable senators that I had a little research done on the procedural framework for dealing with this motion and this bill.

There are three possibilities on the basis of precedents. There is precedent for a motion by a senator that his name be substituted for that of Senator Austin as sponsor of Bill S-11. I should point out that all of the precedents I could find supporting that procedure involved situations in which the sponsor had either been defeated or unseated, or had died, or something of that kind, which does not seem to be perfectly applicable in this case.

Hon. G. I. Smith: Well, from the head up, at least.

Senator Frith: A second possibility is that a motion could be made to discharge the order for the second reading of Bill S-11, and to withdraw the bill. Another senator could then present a bill exactly the same as Bill S-11, if so advised. There is a recent Commons precedent, dated January 1981, supporting that procedure.

A third possibility would be to leave the order standing on the Order Paper until the end of the session. I understand that many senators do not feel that this is a good alternative, and I do not think it is either, so it seems to me, and I think Senator Austin agrees, that the second option is the most desirable. I recommend it to Senator Austin. Of course, he will require leave to have the order discharged and to withdraw the bill.

Hon. Jack Austin: Honourable senators, I would like to ask the Senate for leave to remove Bill S-11 from the Order Paper. As I have become a minister of the Crown, I understand that it is not possible for that bill to remain a private senator's bill.

The principle of the bill is a most important one in my part of Canada, and in asking leave to withdraw the bill, which has been supported by senators on the other side of this chamber as well as on this side, I would like to say that I am pressing, and am pressing with optimism, for the introduction of a bill constructed on similar principles by the government itself.

With that, honourable senators, I ask leave to withdraw Bill S-11 from the Order Paper?

Hon. Heath Macquarrie: Honourable senators, I may say that I can hardly take exception to that proposal, since I pointed out about 11 weeks ago that something had to be done about this bill. I might say to my friend across the way that

there is no use having good advisers around if no one is smart enough to take their advice. Justice delayed is not as desirable as justice promptly executed, but I do appreciate that a correction has been made.

• (2100)

Of course, it could not be a private member's bill of the Senate if a minister moved it. I had hoped, in the interval that I have been waiting, that Senator Austin would have received the support of his cabinet colleagues and that this, in fact, would have emerged as a government bill. It deals with a very important matter, one which I think has the support not only of the Senate but of the people of this country. To that extent, then, I will forego delivery of the great speech with which I am pregnant—

Hon. C. William Doody: No, no!

Senator Macquarrie: —hopefully to say a word another day.

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear!

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Order discharged and bill withdrawn.

OFFICIAL LANGUAGES

MEETING OF SPECIAL JOINT COMMITTEE—QUESTION OF PRIVILEGE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, by way of further information on the point of order raised previously regarding the Special Joint Committee on Official Languages, I think I can give you what might be called good news and bad news.

A question was raised as to whether Senator Murray needs the authority of the Senate to sit while the Senate is sitting tomorrow. The good news is that the terms of reference provide:

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

For the benefit of honourable senators, the reference appears at page 137 of the *Minutes of the Proceedings of the Senate* dated May 27, 1980. Therein it is provided:

> That the Senate do unite with the House of Commons in the appointment of a Special Joint Committee to consider the Report of the Commissioner of Official Languages, 1978, tabled in the Senate on February 20, 1979, and the Report of the Commissioner of Official Languages, 1979, tabled in the Senate on April 22, 1980;
>
> That six Members of the Senate, to be designated at a later date, act on behalf of the Senate as members of the Special Joint Committee;
>
> That the Committee have power to appoint from among its members such subcommittees as may be deemed advisable and necessary and to delegate to such subcommittees all or any of its powers except the power to report directly to the Senate;
>
> That the Committee have power to sit during sittings and adjournments of the Senate;
>
> That the Committee have power to report from time to time, to send for persons, papers and records, and to examine witnesses and to print such papers and evidence from day to day as may be ordered by the Committee;
>
> That the Committee be empowered to retain professional, clerical and stenographic help as may be required;
>
> That the quorum of the Committee be four members—

Obviously, from what Senator Murray said, there were four members present and, therefore, there was a quorum.

Hon. Jacques Flynn (Leader of the Opposition): Yes.

Senator Frith:

> That the quorum of the Committee be four members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented—

Senator Flynn: Sure.

Senator Frith: Honourable senators, here is the bad news:

> —and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, when three members are present so long as both Houses are represented; and
>
> That a Message be sent to the House of Commons—

Senator Flynn: Finish the sentence. It says that to hear witnesses only three members are needed. Your interpretation is incorrect when you say that both chairmen are needed to decide; it says there that only three members of the committee are required to hear witnesses. Four members are required to make decisions and three members are required to hear witnesses. Finish the sentence.

Senator Frith: I will finish the sentence. Before I do, I want to say that I did not make an interpretation. I was reading from the *Minutes*. I did not interpret a single thing. I will read it again:

> That the quorum of the Committee—

I am not interpreting; these are the words.

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

Honourable senators, it says right here that "the Joint Chairmen be authorized to hold meetings,"—

Senator Flynn: No, no, no. You are mixing it all up again.

Senator Frith: No, I am not. I am reading exactly what it says.

Senator Flynn: I just read it a moment ago.

Senator Frith: I am reading what it says; I am not interpreting. I suggest that there is no need to read it again. I have already read it twice. Honourable senators, I have not made an interpretation. The words in the order are what I read, not what I interpreted.

Senator Flynn: It is quite clear from the wording of that resolution—

Senator Frith: —that you are wrong!

Senator Flynn: —that only three members need be present to hear witnesses. It is only when a decision is taken—

Senator Frith: Nobody is disagreeing with that.

Senator Flynn: No, but you did not read that on the first occasion.

Senator Frith: Of course I did.

Senator Flynn: Three members must be present in order to hear a witness. If somebody from the other house wants to be present at the committee meeting, if he does not want to go and vote, he can attend. The two joint chairmen do not need to be there.

Senator Frith: According to the order, "the Joint Chairmen be authorized to hold meetings,".

Senator Flynn: Either of them.

Senator Frith: It says "joint chairmen"—plural.

Hon. Raymond J. Perrault (Leader of the Government): "Chairmen"—right.

Senator Flynn: That is your interpretation. You are wrong and you know it.

Hon. C. William Doody: A most disorderly meeting! I am shocked. We never had anything like this in Newfoundland.

The Senate adjourned until tomorrow at 2 p.m.